

# Utah State Building Board



## MEETING

June 2, 2004

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### MINUTES

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

Larry Jardine, Chair  
Kerry Casaday, Vice Chair  
Steven Bankhead  
Manuel Torres  
Katherina Holzhauser  
Richard Ellis (Ex-Officio)

#### DFCM and Guests in attendance:

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| F. Keith Stepan  | Division of Facilities Construction & Management |
| Kenneth Nye      | Division of Facilities Construction & Management |
| Shannon Lofgreen | Division of Facilities Construction & Management |
| Kent Beers       | Division of Facilities Construction & Management |
| Blake Court      | Division of Facilities Construction & Management |
| Camille Anthony  | Department of Administrative Services            |
| Alan Bachman     | Attorney General's Office/DFCM                   |
| Rick Stock       | Architectural Nexus                              |
| Michael Raddon   | Spectrum Engineers                               |
| Chris Coutts     | MHTN Architects                                  |
| Kyle Taft        | MHTN Architects                                  |
| Erika Oler       | VCBO Architecture                                |
| Doug Wright      | Department of Corrections                        |
| Gary Adams       | Department of Workforce Services                 |
| Raymond Duda     | Utah National Guard                              |
| Mike Perez       | University of Utah                               |
| Nancy Lyon       | University of Utah                               |
| John W. Huish    | University of Utah                               |
| Jim Harris       | Weber State University                           |
| Kevin Hansen     | Weber State University                           |
| Bob Askerlund    | Salt Lake Community College                      |
| Gordon Storrs    | Salt Lake Community College                      |
| Greg Stauffer    | Southern Utah University                         |

Matt Rich  
Darrell Hart  
Brent Windley  
Ernie Nielsen

Jacobson Construction  
Utah State University  
Utah State University  
Brigham Young University

On Wednesday, June 2, 2004, the Utah State Building Board held a regularly scheduled meeting in room 303 of the Utah State Capitol, Salt Lake City, Utah. Chairman Larry Jardine called the meeting to order at 9:05am. Keith Stepan excused Camille Anthony from the meeting.

**APPROVAL OF MINUTES OF MAY 5, 2004.....**

Chair Jardine sought a motion to approve the minutes.

**MOTION: Manuel Torres moved to accept the meeting minutes of May 5, 2004. The motion was seconded by Steve Bankhead and passed unanimously.**

**CAPITAL DEVELOPMENT PRIORITIZATION PROCESS.....**

Kenneth Nye introduced Ernie Nielsen, Brigham Young University, who had previously presented a model for prioritizing projects. DFCM had since developed a draft model to be used as a guideline to evaluate projects. Mr. Nye asked Mr. Nielsen to provide additional comments on his views regarding the Building Board's position and direction. Mr. Nye would then address specifics of the draft of the proposal.

Mr. Nielsen congratulated those who were involved in developing the draft. He stated the overall purpose of a scoring model is to begin discussions regarding the allocated money being based on a strategic alignment with state objectives as understood by the Board. The first column of the model highlighted strategic objectives which should be a good statement of the Board's desire for accomplishment. The second column highlighted the evaluation criteria to personalize those objectives. The third column focused on the scoring anchors to aid the Board in determining how strongly the project meets their objectives. Substantial discussion should take place when discussing these anchors. Mr. Nielsen suggested the Board provide a definition between substantial and moderate improvement to provide consistency. The Board also needed to complete a weighting system to determine the more substantial strategy.

Mr. Nielsen was impressed by the first draft, but felt it would need to be matured throughout the process and the model would create some flexibility. The model is built to anchor the dialogue around similar strategic objectives to allow for resolution of disparity. He also noted there would be trumps.

Keith Stepan stated this model would provide the Board the potential of extreme credibility. Kenneth Nye stated several comments have been expressed by various individuals struggling to understand the Board's priority decisions. He contemplated the model would aid the Board in explaining its priority process and anticipated the Board would not wish to score each individual project on different criteria and develop their scores independently. He considered requesting the information from agencies and institutions be submitted and tailored around these objectives. They may wish to submit their own scoring and justification for the score. Staff input would also be provided to the Board.

The source of the objectives has been laid out internally within DFCM. Mr. Nye wished to explain the logic behind some of the objectives and the scoring matrix. The key emphasis of the strategic objective of providing facilities necessary to support critical state programs and initiatives is not to say what level of support is there for a specific project. It is asking for the critical programs and initiatives that have received emphasis through different levels of state government and if the project supports those initiatives.

Steve Bankhead stated some issues concerned him regarding the scoring anchors and the evaluation criteria in objective number one. Based on the scoring anchors, he felt projects would need to be politically supported to receive high scores. There are projects that are critical state programs that do not have a constituency. He desired to have the scoring anchors adjusted to allow critical programs and needs without constituency to receive a fair value evaluation.

Mr. Bankhead could not foresee a way to weight the scoring anchors in a way where they would be seriously considered. He feared the smaller needs would not be focused on by a substantial portion of the Legislature. Mr. Nielsen stated it was a very valid concern and the scoring anchors should focus precisely on a specific objective of the organization. Meeting the requirements will be apparent in objective one. He suggested looking at the aggregate to determine if it would address the concerns.

Kenneth Nye noted similar concerns were addressed when looking at how to score the objectives. He explained the scoring matrix of the scoring anchors and how they would be influenced by the Governor and Legislature.

The second objective was initially sought as two separate concepts to address life safety and other deficiencies in existing buildings desiring renewal or replacement. Condition assessments are addressed to identify deficiencies. The scoring anchors include those projects with a documented cost of deficiencies exceeding 60% of the total request; documented cost of deficiencies between 30% and 45%; and documented cost of deficiencies less than 15%. These percentages would need to be assessed to determine if they were appropriate benchmarks and encompassed the total project request. There were

also arrows indicating that the points could be adjusted based on a potential increase or decrease in points. This is due to some projects posing a substantial threat to life and property requiring additional consideration through weighting of the bonus points.

The third objective deals with growth and DFCM's attempt to deal with documented growth as opposed to hoped for growth. If a program has currently outgrown its existing space, it is a clear indication that additional space is warranted. The need for additional space must be warranted through demographic information on population growth, enrollment projections accepted by the Board of Regents, or similar items. DFCM anticipated that each of the agencies and institutions would include the demographics and support in their request. The scoring anchors identified a score of five to allow project scope to match demographics for existing demand, plus a reasonable allowance for future growth for the essential program. A score of three would be for the project scope matching demographics for existing demand and growth for the essential program while also incorporating other needs. A score of one would be for the project scope exceeding the level justified by demographics or where no demographics are provided.

The fourth objective deals with cost effective solutions. DFCM hoped to keep the requests cost effective and appropriate to the facility. He recognized there are some projects that warrant a higher level of expenditure per square foot. This objective also included opportunities for a bargain. This was addressed in the scoring anchors by providing a bonus point if a bargain opportunity requiring immediate action was provided. This would not include alternative funding. DFCM anticipated most projects would score a three in the scoring anchors. A score of five would be given for an alternative approach that is substantially less costly to the State in the long term than a standard approach. A score of three would be awarded for a project that is a cost effective solution appropriate to the facility. A score of one would be provided if it is more costly than is appropriate for the facility need.

Objective five deals with improving program effectiveness and/or capacity. This was initially focusing on taking advantage of opportunities for advancing in technology, but then determined it would not be beneficial to limit projects requesting technology for the sake of receiving points. The evaluation criteria assesses if the project makes use of technology or innovative methods to improve the delivery of services. The scoring anchors included substantial improvement in program effectiveness for a score of four and moderate improvement in program effectiveness for a score of two. These may need to be defined more tightly. Potential for bonus points or decreases were also provided, but will require further discussion.

The sixth objective is to take advantage of alternative funding opportunities for needed facilities. Mr. Nye suggested that if there is a perception that the request is not critical without the alternative funding source, it will lose a point. The scoring anchors indicated

that five points would be awarded if more than 60% of the funding came from alternative sources. Three points would be awarded for 20% to 40% of alternative funding being provided. One point would be awarded if no alternative funding was provided. The Board discussed modifying this objective to address alternative funding sources other than donations, that have time frames to them and potentially granting them a bonus point for timing constraints on non-donation alternative funding sources. This would eliminate the bonus point identified in the draft for this objective.

Ernie Nielsen felt the fifth objective implied effectiveness is the strategic objective for improvement in capacity. He proposed including an increase in effectiveness and capacity for the rating of five in attempt to remove the substantial and moderate out of the explicit conversation. Kenneth Nye proposed leaving it just as capacity, but clarifying it encompassed more than increased space. Mr. Nielsen suggested rewording the scoring anchors for the scoring of three to include an increase in effectiveness, but not necessarily capacity. Number two would be an increase in capacity only and number one would be no increase. The bonus rating would remain as a weight. This would make the anchors slightly more binary.

Chair Jardine stated the Board desired more time to review the concept; however he wished to get the information out to the agencies and institutions immediately to allow them to prepare their requests.

Mr. Nielsen stated it would be beneficial for a few key players from DFCM and the Building Board to meet to discuss a few projects to determine how they fared with this evaluation guide. This would also provide a period of time to assess this situation.

Steve Bankhead expressed desire to be involved in this process. The weighting is going to make a significant difference. On strategic objective one, the scoring anchors and the evaluation criteria make this a measure of political acceptance of the project. Strategic objective six measures how much money outside of the normal procedure could be obtained. Those two things are going to lend themselves for popular projects. What makes a program critical for state programs and initiatives is further clarified. He would like to see two through five weighed more heavily to help the Board make their determination.

Keith Stepan stated one of the essential points of strategic objective number one is to get to the point where there is a bridge between the Building Board and the legislative process. The Building Board's list should develop a valid list that has credibility with the legislature.

Katherina Holzhauser discussed weights based on projects discussed last year. These weights could change yearly. Ernie Nielsen felt the various projects would need to be discussed differently.

Keith Stepan suggested allowing the Board to review the material for two weeks. In that period, DFCM could run some test scores and determine possibilities on some projects with their proposed ratings.

Steve Bankhead proposed adding a bonus point on strategic objective one and eliminating the one point for the lower level official. The bonus point would be for constituencies that are not well represented so that there would be a way for the Board to pay attention to programs that aren't going to receive wide press and a big public movement in their support.

Darrell Hart asked how the Board of Regents Q&P process would fit into the scoring anchors for strategic objective number one. Kenneth Nye stated the objective did not address a specific project need, but more the broad objective by identifying the broad initiatives and programs the State wishes to pursue and how the project is meeting those needs as opposed to how well the project is supported. The Q&P is not directly addressed in this formula although Regents' initiatives would fall within the category of a statewide governing board.

Steve Bankhead suggested deleting scoring anchor one of the lower level official and replacing it with a bonus point for programs addressing critical needs of the state that may not receive broad support and may not have widespread constituencies. Katherina Holzhauser asked if the scoring anchors could include the word "program" instead of project.

Chair Jardine asked if capacity could be increased without increasing square footage and clarified that capacity does not mean square footage alone. Kenneth Nye suggested the Board look at capacity as an increase in the volume of programs delivered in the amount of space that is already there.

Kenneth Nye questioned if DFCM should prepare scoring based on the suggested weights or scoring without the weights. Katherina Holzhauser reiterated that the scoring for strategic objectives one through six would be .5, 1.5, 1.5, 1.5, 1, and 1.5 respectively. The Board agreed to this tentative weighting for the purpose of developing test scores on sample projects.

Chair Jardine suggested the Board digest this information over the next few weeks and in the meantime DFCM will work on scoring based on the criteria discussed. This information will be distributed to the agencies and institutions to help them begin developing their requests.

Chair Jardine sought conceptual approval of the capital development request evaluation guide.

**MOTION: Steve Bankhead moved that the Board adopt the capital development evaluation guide as discussed and modified for conceptual use by state agencies to use in presenting their building requests before the Board. The motion was seconded by Kerry Casaday.**

Katherina Holzhauser and Kenneth Nye sought comments from the audience regarding feedback on the discussions.

Kenneth Nye expressed appreciation to Ernie Nielsen for his donated assistance provided to the Board and to Katherina Holzhauser for her input.

Kenneth Nye stated in regards to DFCM's effort in providing the Board with some sample scoring, it will be accomplished without the benefit of the agencies and institutions presenting their proposals. If they had the opportunity to develop the scoring after they had developed their own demographics and done their effort to meet these objectives, it may be a different scoring. It will not be definitive for the whole process.

Steve Bankhead suggested taking projects five through twelve to determine scoring results.

**☐ DFCM CLAIM RESOLUTION PROCESS .....**

Keith Stepan stated this was the response to the legislative assignment to DFCM to produce rules for claims resolution.

Kenneth Nye has been working with the committees and would be meeting with the advisory group later that afternoon. The packet included the objectives agreed upon to identify their desired accomplishments with the process and guides for the advisory panel. DFCM encouraged a fair and timely settlement on claims on disputes and also wished to encourage resolution of issues on an informal basis before formal claims develop. DFCM sought to keep the process simple and minimize the cost of pursuing resolution of claims, as well as maintaining contractual relationships and responsibilities. It was assumed this would be the most controversial portion of the discussion as it dealt with granting access by subcontractors to submit a claim directly to the State. DFCM also discouraged frivolous or excessive claims. The committee determined that legitimate use of a claims resolution process will not be viewed negatively in the selection process. Appropriate effort to resolve disputes will be viewed positively. Failure to pursue or facilitate resolution may be viewed negatively.

Mr. Nye distributed the framework for the overall dispute resolution process, which the advisory panel will spend a majority of their time and address their discussions on a conceptual basis. One of the major changes proposed is to require a preliminary resolution effort for items submitted in the formal claims process. DFCM had previously developed a

concept in the construction contracts called a request for equitable adjustment, which is an optional process under the current contracts. DFCM suggested making this a mandatory process in effort to resolve issues on an informal basis before they become a claim. This process is a formalization of the normal process on current construction projects. The details will vary for different processes, but essentially there will be time frame and documentation requirements, and flexibility provided for additional information. DFCM wished to retain all of the options that the Legislature provided the Board regarding the process for evaluating the claim.

DFCM desired to keep the process informal and the committee also provided determination of documentation and timeframes. The committee made some basic suggestions on allocating cost for the dispute resolution process. One of the key issues with the passed legislation was that DFCM indicated they would not have an increase in costs based on the assumption they would be able to allocate the costs among the parties as it was appropriate. Essentially the cost of resolving a dispute would be allocated on the same basis as the responsibility for the claim issue. DFCM would also provide a protocol for resolving a specific dispute as agreed upon by all parties.

Steve Bankhead speculated the possibility of having a level of dispute resolution where a subcontractor could simply inform the DFCM Project Manager of the situation and then coordinate a meeting with the superintendent/general contractor to attempt to resolve the issues. He felt that holding discussions with all parties involved, the issues would be resolved more easily. Alan Bachman stated the proposed framework did not address the subcontractor issues and should be discussed in the future.

Kenneth Nye added this was one of their biggest challenges in attempting to balance the legitimate needs of addressing subcontractor issues from DFCM with the occasional impact that could have on DFCM of becoming the general contractor by default. This would be a difficult balance.

The advisory panel would be meeting later that afternoon and their next meeting would be held June 23. Reports of these meetings will be presented to the Building Board at the July meeting. At the August meeting, the Board would need to grant conceptual approval on an administrative rule for presentation to the Legislative Interim Committee.

**☐ WEBER STATE UNIVERSITY PLANNING EFFORTS.....**

Blake Court stated for the last several months, Weber State University has been working on master planning issues and focusing on the Student Union Building. This is an auxiliary building funded by student fees. The building is 40 years old and has had no major renovations. Weber State wished to possibly renovating the building. After several months of discussing options and masterplanning, a final option was presented to the students in

their election process, which they approved funding to proceed. Over the next few years, programming, design, and construction will be completed, with programming beginning this year. Weber State will seek approval from the Legislature next year for a non-state funded project, and design will be done next spring, with construction will begin in the spring of 2006. The project will take approximately two and a half years due to the phasing.

Another master planning effort pertains to the bell tower in the quad and library buildings three and four. The bell tower is an icon on the campus, but because of the surrounding facilities it is not accommodating to students. Weber State is ready to start phase one of the master planning, which includes part of the bell tower area and the entrance to the library, which has had some problems over the last few years.

Kevin Hansen, Weber State University, stated their central focus of this effort began with the Union building. The initial phase of the Union building was built in 1962 and the second phase was built in 1969, with no substantive improvements or adjustments. The building was originally designed for 4000 students and is now servicing 18,000 students. The infrastructure has worn out and the building has served its purposes very well, but has become under utilized in some areas and overused in some areas. There are some opportunities now for WSU to take care of new technologies and a new approach to help the building accommodate the 20,000 plus students that will participate on the Ogden campus for the foreseeable future.

WSU hired MHTN Architects to provide a conceptual analysis of the building to use as the basis for the students. WSU evaluated the entire building of four floors in the two separate sections and found there were several opportunities to reutilize and reconfigure space and to capture some outdoor space. There is a big, central breezeway on the first floor with an overhead deck which could be captured relatively inexpensively and made into a major library to allow students to congregate and lounge. They could also provide consolidated food services, a bookstore, and other activities on the high traffic level. The bookstore would also be extended to the second level. The third floor would house a substantial ball room and would be used for administrative services, student services, and the student government functions.

WSU would capture about 12,000sf of additional space for a new entrance way, capturing the tunnel area and making it usable space for the students to utilize. Mr. Hansen showed the area of where the entrance way would be encompassed.

WSU desired to start the programming process to develop something more refined. He felt they had a good conceptual development and a good idea of how to best utilize the space to make it appropriate for their needs. He wished for the Board's concurrence to proceed in this direction.

Coincident to the Union building is the central core of the campus, with the bell tower being the iconic symbol for Weber State University. The area is currently a big area of concrete that creates climatic problems. They desire to create a place where students will gather and have a learning educational experience. WSU would like to create a green space in this area with a water feature and will be integrated with the design of the Union building. There will be a link between the interior and the exterior. WSU also proposed to amend an area between the library and the Union building. One of their concerns is that the library building has a very difficult entrance to locate and structural problems exist on the deck along the library. WSU would like to fix a long time leak permanently and propose redoing the landscaping, change the entrance to the library, fixing the structural problems and capturing some existing library space. A tunnel would be built under the library since it is in two sections. This would improve the circulation between these two major facilities for the students and fix the structural problems.

Weber State proposed completing this in four phases with the first phase addressing the high traffic areas surrounding the library. They would make the entrance to Lampros Hall more visually distinctive and capture the space between the two phases of the library building, placing the entrance of the library at the lower level. This would make the area easier to circulate and congregate.

In phase two, they would capture the main area of the bell tower plaza by elevating it and putting in a new access for handicap and greenery. This would be covered predominantly through University funds and capital improvement funding if approved next year.

Phases three and four are coincident with the capital development projects. Eventually they would propose to replace buildings one and two, the two oldest buildings on the campus, and replace them with a new classroom structure. They would eventually replace buildings three and four with a new classroom structure and finish out the plaza development in conjunction with those projects. This would be about a fifteen year plan with the first phase beginning next year.

Keith Stepan stated DFCM has toured the WSU campus and they think that the plans are very feasible and well thought out and they give their support as a staff.

**REALLOCATION OF CAPITAL IMPROVEMENT FUNDS AT DEPARTMENT OF CORRECTIONS .....**

Kent Beers stated DFCM recommended the Board reallocate \$512,000 in FY2005 capital improvement funds from the Department of Corrections Uinta Five HVAC and electrical upgrade project to three other projects namely \$110,000 to the Draper Prison Sewer Grinder project, which is currently pending; \$363,000 to the Draper Prison Oquirrh/Uinta Control Room project; and \$39,000 to the Oxbow Jail Renovation.

The Uinta Five HVAC and electrical upgrade is a high priority need at the Draper prison. DFCM recommended the project for funding at the May Building Board meeting. At the same time, however, DFCM also authorized Johnson Controls to analyze the project for possible ESCO (Energy Service Company) funding. Johnson Controls recently completed their energy saving audit for phase II of the Draper prison ESCO project and recommended the Uinta Five HVAC and electrical for funding.

Because of the importance of this project, DFCM did not want to take a chance of it not being funded. Consequently, DFCM felt it appropriate to pursue both avenues of funding concurrently. The Board should note that one of the benefits of an ESCO is the ability to provide funding for projects that could otherwise only be funded with Capital Improvement funds. Mr. Beers stated this is one benefit of the ESCO program and the \$500,000 can be moved to other projects at Corrections.

Phase one of the Corrections ESCO project was \$6.5 million, which is now completed. Phase two is in the process of preparing the contract for financing and it will be another \$5 million. Within the next two weeks, DFCM will be soliciting finance proposals for UVSC's ESCO project, which will be about \$8.3 million. The Ogden Regional Center will be \$500,000. In total, DFCM will have brought to the table an additional \$20 million to do projects that would have been otherwise funded through capital improvement project dollars. \$100,000 was included in the budget for capital improvements this year to allow DFCM to hire a project manager for the ESCO projects.

Steve Bankhead withdrew from voting for this reallocation because he performed the initial design and estimate for the Oquirrh control room project and possibly submitted a bid.

**MOTION: Manuel Torres moved to accept the reallocation of capital improvement funds. The motion was seconded by Kerry Casaday and passed with Mr. Bankhead abstaining.**

Kent Beers explained the objective of doing the pilot programs was to demonstrate the benefit to the Legislature in hopes they would issue additional monies each year for the funding and financing of these ESCO projects as part of their general obligation bond. Until that occurs, they do have the private sector and great interest rates.

**ADMINISTRATIVE REPORTS FOR UNIVERSITY OF UTAH AND UTAH STATE UNIVERSITY .....**

John Huish, University of Utah, provided a summary of the administrative report for April 17 to May 14, 2004. Seven architect/engineering agreements were awarded for this period. There were two new remodeling contracts and two site improvement contracts awarded

and three projects were completed in the statewide accounts. Four projects were completed in the capital improvements account.

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

Brent Windley, Utah State University, provided the administrative report for April 14 to May 12, 2004. There were four new professional contracts awarded and six new construction contracts were awarded. He added that a decision was made on the architect for the Learning Center and it is well underway in the design process.

Manuel Torres questioned why the HPER upgrade was \$40,719 above the estimate. Mr. Windley stated it was due to steel prices.

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

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

Keith Stepan stated there were ten architectural/engineering agreements awarded for the period. There were 22 new construction contracts awarded. The summary of the administrative report reported these amounts incorrectly.

DFCM has six new leasing projects. The contingency reserve fund has \$6.3 million, which will take it through the next year and will be the monies that will help fund DFCM as they were not funded for the third year in a row. The reserve fund is also high and, with steel prices increasing, it has cost an increase in the reserve fund.

An additional handout was provided pertaining contract status. Approximately one year ago there were over 400 projects still open and DFCM has made a real focus to close projects. They now have only 137 projects open and they are continuing to close and resolve their situations.

Kenneth Nye commented that this report was discontinued temporarily due to technical difficulties, but will be continued in the future.

**☐ OTHER.....**

Larry Jardine will participate in the short list of the University of Utah Sutton Geology and Geophysics Building Programming. Manuel Torres will participate in the selection committee.

**□ ADJOURNMENT.....**

The next meeting will be held on Wednesday, July 14, 2004.

**MOTION: Manuel Torres moved to change the next meeting to July 14, 2004. The motion was seconded by Steve Bankhead and passed unanimously.**

The meeting adjourned at 11:07am.