

Utah State Building Board



MEETING

November 30, 2005

MINUTES

Utah State Building Board Members in attendance:

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

DFCM and Guests in attendance:

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
Randa Bezzant	Governor's Office of Planning and Budget
Rex A. Hadley	Hill Air Force Base Museum
Bob Arnold	Hill Aerospace Museum
Bill Love	Hill Aerospace Museum
Rick Stock	Architectural Nexus
Barbara Bruno	Herman Miller
RoLynne Hendricks	VCBO Architecture
Chris Coutts	MHTN Architects
Jackie McGill	Spectrum Engineers
Michael Wollenzien	USOR
Todd Harber	Utah Schools for the Deaf and Blind
Greg Peay	Department of Corrections
Kim Wixon	Department of Health
Peggy Grusendorf	Department of Human Services
Werner Haidenthaller	Department of Workforce Services
Brent Peterson	Davis ATC
Paul Hacking	Uintah Basin ATC
Darrell Hart	Utah State University
David Besel	Utah State University
Bob Askerlund	Salt Lake Community College

Gordon Storrs	Salt Lake Community College
Val Peterson	Utah Valley State College
Jim Michaelis	Utah Valley State College
Kim Wirthlin	University of Utah
Mike Perez	University of Utah
Randall Funk	University of Utah
Mike Benson	Snow College

On Wednesday, November 30, 2005, the Utah State Building Board held a regularly scheduled meeting in W125 of the Utah State Capitol Complex, Salt Lake City, Utah. Chair Larry Jardine called the meeting to order at 9:05am.

APPROVAL OF MINUTES OF SEPTEMBER 16 AND OCTOBER 20, 2005

Chair Jardine sought a motion on the joint meeting minutes of September 16, 2005, between the Building Board and Utah State Board of Regents.

MOTION: Motion to approve the joint meeting minutes of September 16, 2005, was made by Vice Chair Kerry Casaday. The motion was seconded by Katherina Holzhauser and passed unanimously.

MOTION: Steve Bankhead moved to approve the meeting minutes of October 20, 2005. The motion was seconded by Vice Chair Kerry Casaday and passed unanimously.

Chair Jardine excused D’Arcy Dixon Pignanelli and Representative Gregg Buxton from the meeting.

Keith Stepan introduced Robert Franson as the new Assistant Director over construction for DFCM. He will oversee the capital development and capital improvement sections in DFCM. He comes from the Department of Natural Resources and has an extensive background in construction.

Kenneth Nye will remain as the Director of Government Affairs. He will continue to work on the legislative efforts with the Building Board and special projects. Kent Beers will be the Director over Planning and Development. He will help to appropriate the funding for capital development and capital improvement projects.

FIVE YEAR BUILDING PLAN.....

DFCM recommended the Five-Year Plan for the Board’s consideration and approval. The projects included were listed with the distributed materials. State law requires the Building Board to update its’ five-year plan for inclusion in the Five-Year Building Program publication. Since the Board has not heard all of the requested projects, DFCM developed a proposed five-year plan for consideration by the Board.

Kent Beers reviewed the first two years of the proposed plan, which consist of the priority list approved by the Board in October and are split between the first two years. Projects not yet heard by the Board were shown beginning in FY2009 and were identified as new projects. The new projects were listed alphabetically by agency and institution, and in accordance with the priority listed by the agency with consideration of DFCM's understanding of projects coming forward.

The new projects not yet reviewed by the Board this year did not have detailed programs and budget amounts developed increasing the likelihood that the amounts will change in the future. DFCM will conduct a more comprehensive analysis of each project as they approach construction.

The increased state O&M was listed for projects ranked and reviewed by the Board this year. The estimated O&M costs for requests from higher education institutions were determined using the standard formula adopted by the Building Board and the Board of Regents in 2003.

The current funding requirements for capital improvements were listed each year at 1.1% of the replacement cost based upon this year's replacement cost, as well as a statement of support for the Capitol building renovation.

Mr. Beers referred to the five-year plan and noted an error in transposing information between Weber State University and the Unified Lab. A corrected document was distributed.

Mr. Beers noted adjustments may be made to the projects and locations presented by the Department of Corrections due to the Draper Prison study and the Gunnison facility reaching its capacity. It is important to note that an additional 200-300 inmates are retained each year and will continue to accrue as the population in Utah increases.

Kenneth Nye addressed the O&M aspects of the five-year plan. DFCM has not been able to fully finalize the O&M estimates for the higher education projects. Adjustments have also been made to the Fuel and Power component of the Higher Education O&M costs, as well as the model the Board previously approved to estimate the O&M for higher education. In situations where the project will either replace the existing space or renovate existing space, the model included cost estimates of a new building minus the current budget. DFCM has been unable to incorporate the current budget levels into the model, and the adjustment may have an impact on the numbers. DFCM anticipated meeting with UAPPA to further discuss the adjustments. DFCM requested leeway to adjust the O&M estimates based on the discussion and feedback received.

Chair Jardine sought a motion on the five-year plan and endorsement of the State Capitol statement.

MOTION: Steve Bankhead moved to adopt the five-year plan allowing leeway to DFCM to provide adjustments and endorse the statement pertaining to the State Capitol. The motion was seconded by Katherina Holzhauser and passed unanimously.

Katherina Holzhauser requested DFCM start capturing the projected rankings compared to the realistic rankings for capital funds and O&M in order to better enable the Board for next year's priorities. Keith Stepan noted DFCM has prepared a report to track past forecasts, along with project status of previously approved projects. This information will be provided to the Board prior to the legislative session.

❑ ECONOMIC DEVELOPMENT PROJECTS

This year DFCM received a few requests for facilities potentially requiring state funding, but that did not fit the typical state funded project request due to their primary purpose being economic development rather than servicing a traditional state program. Discussions were held with the Board to separate the projects from the other prioritizations, but to still obtain awareness and provide support. Kenneth Nye noted three options for the Board to consider when providing action for the requests including not taking an action, forwarding the project to the Legislature without a recommendation, and forwarding the request to the Legislature with an expression of support. The USTAR project potentially may receive state financial support without competing with the Board's priority list.

The USTAR proposal has been led primarily by the business community with Scott Anderson acting as a lead on the initiative. He is the President and CEO of Zion's Bank and the Chair of the Economic Development Corporation of Utah. Mr. Anderson presented the Utah Science Technology and Research Initiative as an innovative, aggressive, far reaching effort to bolster Utah's economy with high paying jobs to keep the state vibrant and competitive. The initiative was developed over 24 months and is supported by several business leaders and business associations, including the Salt Lake Chamber. The initiative's necessity is driven by IT as a driving force in economic development.

The USTAR initiative supporters requested legislative funds to bring world class research teams to the University of Utah and Utah State University to target research in disciplines where Utah has a competitive advantage to develop a multi-billion dollar market. These teams will develop their products and services and commercialize them through five innovation technology centers developed in southern Utah, Utah County, South Salt Lake, Northern Utah, and in the Uintah Basin.

The proposal requires one time support of \$250 million for infrastructure over the life of the project and an additional \$170 million for research facilities at the University of Utah and Utah State University campuses. Approximately \$25 million was requested annually to support research teams at both campuses, as well as \$3 million ongoing funds to support

the business innovation centers, and \$3 million to support the commercialization of the developed technology. With Utah's unique assets and the genealogical database, they felt there was nowhere better to exploit the rich potential of the scientific disciplines to potentially lead to multi-billion dollar markets.

Mr. Anderson acknowledged the significant cost of USTAR, but felt the return over the next 30 years would be significant as well. He estimated \$4.9 billion in new money will be obtained by the research universities in federal and private grants supporting the research, and approximately 422 new companies will be established. The competitive market will promote economic growth and create jobs. He encouraged the Board to support USTAR for the economic well being of the state.

Dr. Loris Betz, University of Utah, and Dr. Brent Miller, Utah State University, provided their perspective on USTAR and the impact on their respective universities. Dr. Betz stated Utah had very significant advantages in terms of economic development aspects and tools for the technological revolution. USTAR would provide additional funding to accelerate discovery and payoff, with the University of Utah focusing on human genetics.

USTAR would allow the University to recruit world class scientists to form approximately 30 research innovation teams. The teams would be headed by a senior scientist with a proven track record and the likelihood to bring significant funding with them to accelerate the program. Each team would ultimately have 50 employees and would require 10,000sf in new space. The U of U's preliminary planning proposed five floors designed to maximize interdisciplinary collaboration amongst the team, and allow individual and collaborative work. The prospective building site would be located near the health sciences and engineering complexes. The 260,000gsf is estimated to cost \$130 million, which can be partially attributed to the rising costs of steel and concrete and the utilities being at their current capacity.

Dr. Betz concluded the University of Utah is well positioned to support the USTAR initiative to help accelerate the state's economic growth.

Dr. Miller described Utah State University's project where they have also burgeoned to becoming more enterprise oriented to foster economic development. To allow their staff to thrive, USU has permitted patents to count toward faculty promotion and tenure, and increased the royalty on inventions to half for inventors. USU is also expanding their innovation campus from 38 acres to 150 acres. Several changes have also been made on campus in order to identify unique areas of strength to include micro biotechnology, advanced nutritional research and infectious disease. USU's initial discussions to incorporate USTAR have focused on the Bio-Innovations Research Institute. A recent feasibility study identified a site plan for the wet lab research facility to be housed. The cost for is approximated at \$400 to \$500/gsf.

Dr. Miller stated USU supported the USTAR initiative to aid them in creating new technology innovations to become the basis for new companies to provide well paying jobs and tax revenues for the citizens of Utah.

Lane Beattie, President of the Salt Lake Chamber, felt the USTAR project was very important from an economic standpoint. Trends have shown most economically viable regions in this country are tied to research institutions. He requested the Board's endorsement of a program they believed they could fund, and hoped to present proposals to the Legislature excluding state dollars.

Katherina Holzhauser recognized the importance of being able to obtain qualified employees and supported the program. She asked if opportunities to use Research Park in the interim were being considered. Dr. Betz responded the Legislature gave \$4 million to the USTAR initiative last year to begin to recruit the innovation teams. The teams are currently being recruited and will be located in temporary space until major buildings can be provided.

MOTION: Steve Bankhead moved to recommend the USTAR initiative to the Legislature with the Board's full support. The motion was seconded by Mel Sowerby and passed unanimously.

Keith Stepan offered DFCM's support and service to those involved in the USTAR initiative.

Kenneth Nye anticipated the Board may want to include a statement in the Five-Year Book regarding the USTAR initiative and asked for direction. Steve Bankhead suggested including a general statement with no restrictions as to if it should compete with the Board's priority list.

Retired General Rex Hadley presented a state fund request on behalf of the Hill Air Force Base Museum expansion. The current, original museum was funded initially by the State and built on leased property from the Air Force. The Foundation Board is composed of 24 people and is a 501(c)(3) organization that exists solely to support Hill Aerospace Museum. A staff of five Air Force employees and 130 volunteers run the day-to-day operations.

The Secretary of the Air Force authorized 11 field museums in 1982. Currently there are only four viable and functioning museums, and Utah is fortunate to have one of those functioning museums. Governor Bangertter authorized a study in 1987 to determine the requirements of the museum and at that time it was recommended. In 1988 the Legislature appropriated \$3.7 million for the seed money to build the 53,000sf museum. After the museum was built in 1991, the Board was determined to find historical aircraft for the museum and have since recovered four airplanes including a P38 for \$400,000, a P40 for \$250,000, a P51 for \$230,000, and a P24 is being completed at a cost of \$600,000. All totaled, they have paid \$1.5 million for the aircraft which came from the private sector. A

recent extension of the Fighter Gallery allowed all fighters to be located inside the 74,000sf facility.

Since opening in 1987, approximately 2.5 million visitors have signed their register. An estimated 200,000 guests visit the museum, with 46% of the visitors being from out of state. They are working with the Office of Tourism and are going to expand their annual attendance to 300,000 visitors by 2007. Unfortunately the existing infrastructure was built to accommodate 150,000 people, and it is a struggle to handle the 200,000 visitors.

Other problems with the infrastructure include limitations on maintaining the outside aircraft which causes deterioration and corrosion of the structural members of the airplanes. Without the ability to properly maintain the airplanes, they may collapse. The museum is also denying some aircraft because of space limitations.

A desire of the Foundation Board is to enlarge the Aerospace Center of Education and are they in the process of working with six school districts surrounding Hill Air Force Base. Two workshops have been held so far and they are excited to partnership with the Foundation on the educational center. They hope to provide students hands on learning with simulators and other training aids.

The original study done in 1987 indicated the need for a restoration area which is still needed to maintain the aircraft to museum quality. The currently rent a hanger at Ogden Airport at the cost of \$500 a month which is a strain on their budget.

General Hadley presented an overview of their present facility. The new 144,000sf building will house the Aerospace Education, a 300 seat theatre auditorium, expanded classrooms, and a restoration area. The building will also house the simulator laboratories and a mezzanine area. The cost of the expansion would be approximately \$14 million. They requested \$7 million and will match the other \$7 million with the hopes to start construction in October of 2006. If Hill Air Force Base is ever closed, all 36 acres and the assets will revert back to the State.

MOTION: Manuel Torres moved to support the recommendation to request the money from the Legislature for the Hill Air Force Base Museum. The motion was seconded by Vice Chair Kerry Casaday and passed unanimously.

☐ UTAH VALLEY STATE COLLEGE MASTER PLAN.....

Val Peterson, Vice President for Administration and External Affairs, and Jim Michaelis, Associate Vice President for Facilities and Planning, were present to provide a presentation on the master plan. Mr. Peterson stated they have visited with various community entities to develop a revised master plan which ties into the modernist architecture originally developed with the campus.

Jim Michaelis stated the master plan had not been updated for at least ten years and they wanted to examine how the Digital Learning Center would work in relation to the campus. Additions to the Business Building and Science Building, planned parking structures, a new center for the performing arts as well as additional classroom buildings were included in the five-year plan.

Mr. Peterson added other key features included the development of two enhanced entrances, including one for business and one for public. The development of a campus park atmosphere was also included by using some campus improvement money. The pedestrian, vehicular and indoor circulation of the campus was also addressed.

As transportation issues increase in Utah and Utah County, I-15 is constantly under study. To alleviate some of the congestion, UVSC would attempt to tie the west campus to the east campus, and provide a connection between 800 South and I-15. A pedestrian overpass would enable the lights at the intersection to work more efficiently.

Mr. Peterson thanked Gould Evans Architects and DFCM for aiding them in working through the master plan process.

Steve Bankhead questioned the capacity of UVSC if their plan came to fruition. Mr. Peterson responded that with the build-out of this campus, approximately 28,000 students could be accommodated on the central site. The master plan also recommends two satellite campuses in the north and south ends of Utah County which has long been a part of the higher education master plan. With the satellite campuses, approximately 40,000 students could be accommodated. The projected growth over the next 20 years is estimated to be approximately 40,000 students. Utah is experiencing a decline in higher education students, but the need to educate the students within the system remains. UVSC is also attempting to obtain accreditation as a university which is included in the master plan objectives.

MOTION: Manuel Torres moved to approve the UVSC master plan as presented. The motion was seconded by Steve Bankhead and passed unanimously.

The Board recessed briefly.

☐ STUDY OF THE FEASIBILITY OF RELOCATING THE DRAPER PRISON

Kenneth Nye distributed the executive summary of the Draper Prison study. The prison study was requested by the Governor and was funded by the Legislature last session with the objective of looking at whether it would be economically feasible to relocate the Prison from Draper by looking at the value of the property for using it for alternative uses versus the cost of relocation. DFCM was charged with leading the study which was conducted by

Wikstrom Economic and Planning Consultants. The property had a strong appraisal and A/E components when looking at the cost and value of the property.

The study looked at the relocation of the entire prison, as well as just a portion of the property. The findings of the study for the value of the property ranged from \$51 million to \$93 million depending on the use of the property and whether it was sold to a private developer immediately or held by the state as an investment to be sold as development pods over time. The mixed use development was the desire of both Draper City and the state when using it as an economic development tool. Mixed use has a lower value than residential development. The investment value to the state is higher than market value to a developer because of the lower return on money that is required by the state.

The study also examined the value of the water shares here and the benefit to Draper City if the property were sold and developed. This is additional tax revenue to the city net the additional costs for servicing the developed property over a 20 year period.

The total benefits from the relocation ranged from \$66 million to \$108 million, but the costs of relocating were substantially greater. The biggest component was construction costs which were estimated in three different ways by the consultants. The value reflected was the middle value of those three estimates, but was closer to the lower estimate. This option would provide for a new location with all the infrastructure and buildings required to house the 4000 inmates currently in Draper. Demolition for the current site was estimated at \$6.6 million.

The consultants also looked at the operating impact of relocating the Prison and identified several locations around the state for potential relocation. There was an increase in cost due to prisoners not requiring services in the Salt Lake area being transferred to Gunnison and county jails. A large proportion of the Draper population has health demands for normal medical care, mental health problems, drug treatment or sex offender treatment. Those inmates have a much greater demand to be seen by professionals generally not available in rural areas. The Draper prisoners also have a greater degree of court appearance along the Wasatch Front. Relocating these prisoners from the Wasatch Front increase their transportation costs for appointments and appearances.

The analysis determined the net cost to the state to relocate the prison would range from \$352 million to \$395 million depending on location and sell option. Those costs average a net cost of \$372 million. Based on that analysis, the Governor recently indicated he did not anticipate moving the prison in the foreseeable future based on the cost.

The study concluded it was not feasible to relocate the prison and the state should retain the excess property to gain the greatest benefit to the state. The state should also pursue a strategic master planning of the property to determine how to obtain the greatest benefit. The planning process is anticipated to begin over the next year and will look at the state's

needs for its own purposes, as well as opportunities to use the property for economic development.

An open house was held on November 30 to discuss the issue with the public. The study would be finalized after the public comment period.

Kenneth Nye stated the full study, as well as a condensed narrative of the study, is available on the DFCM website.

☐ LONG TERM LEASE REQUEST FOR THE STATE TAX COMMISSION WITH DAVIS COUNTY

Alyn Lunceford requested the Board authorize DFCM to proceed with the negotiations and completion of a long term lease with Davis County. This lease would be built in the area of the current Courts building, Youth Detention Facility, and the County Jail in Farmington, and would house the Division of Motor Vehicles of the Tax Commission.

The county has expressed an interest in building a facility to the standards and specifications required by the Tax Commission to deliver the program. They have agreed to a 20 year lease term where the lease rate is based on the actual cost of construction and financing of the building, along with a nominal rate of return on the county-owned property.

The facility will be a two story structure with the Division of Motor Vehicles occupying the first floor and the Davis County Attorney's Office occupying the second floor.

Chair Jardine asked how the \$20 to \$25 per square foot compared to other leases. Mr. Lunceford responded it was comparable or below market for a full service lease in the area.

The lease rates across the state have been on a very predictable path over the last few years and have been increasing by 2.5 to 3% each year. The lease rate is competitive to lock the portion of the lease into a fixed rate for 20 years.

Mel Sowerby asked how DFCM came up with the \$20 - \$25 per square foot lease rate. Mr. Lunceford responded Davis County will be issuing a lease revenue bond for the construction of the facility based on the estimated cost for construction of the building. All factors have been taken into consideration and they believe that is a fair estimate of the rate; however, the actual rate will be the actual cost of repayment of the bond for the space occupied by the state.

MOTION: Manuel Torres moved to accept the long term lease request for the State Tax Commission, Department of Motor Vehicles. 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 the period of October 7 to November 11, 2005. There were three new design agreements, one programming agreement and three study agreements. One remodeling contract was awarded, along with one site improvement contract. New funds were added to the contingency fund for FY05 and FY06 delegated projects.

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

Darrell Hart, Utah State University, introduced David Bessell as the new Director of Design and Construction for the University.

Mr. Hart provided the administrative report for October 5 to November 9, 2005. One professional contract was issued and five construction contracts issued for the period due to some furnaces and windows needing replacement in the Family Student Housing area. There were 55 projects currently delegated with 16 of those being complete or substantially complete, 20 under construction, 11 under design and/or study, and eight pending.

MOTION: Manuel Torres moved to approve the administrative report for Utah State University. The motion was seconded by Mel Sowerby and passed unanimously.

☐ ADMINISTRATIVE REPORTS FOR DFCM

Keith Stepan presented the administrative report which indicated 17 new A/E agreements had developed and 31 new construction contracts were initiated. Some project reserve funds were used for the Springville Fish Hatchery Tank Replacement due to the contract bidding over budget. Some project reserve funds were used for the Meadow UDOT Maintenance Station Addition due to the contract being bid over budget.

As DFCM realizes increasing construction costs, it is also more difficult to entice bidders for construction projects. This will be the last year DFCM will have excess contingency funds to fund DFCM or be reallocated by the Legislature.

☐ 2006 BUILDING BOARD MEETING SCHEDULE

Kenneth Nye presented the proposed Building Board schedule for 2006 recognizing the Board may wish to change some meetings at a later date. Some dates were changed to accommodate the legislative process, capital improvement projects, and holidays.

☐ ADJOURNMENT.....

Keith Stepan requested two members serve on the selection committee for the University

of Utah West Wing Hospital Project. Chair Larry Jardine and Steve Bankhead volunteered for the selection committee.

MOTION: Katherina Holzhauser moved to adjourn at 11:30am.