

Utah State Building Board



MEETING

March 10, 2010

MINUTES

Utah State Building Board Members in Attendance:

Mel Sowerby, Chair
Steve Bankhead
George Daines
Wilbern McDougal
Jeff Nielsen
Sheila Gelman
John Nixon, Ex-Officio

DFCM and Guests in Attendance:

Gregg Buxton	Division of Facilities Construction & Management
Kurt Baxter	Division of Facilities Construction & Management
CeeCee Niederhauser	Division of Facilities Construction & Management
John Nichols	Division of Facilities Construction & Management
Alan Bachman	Attorney General's Office/DFCM
LaPriel Dye	Attorney General's Office/DFCM
Chris Hipwell	Wadman Corp.
David R. Tanner	Southern Utah University
Ken Nye	University of Utah
T. J. Winger	Babcock Design
Debra Caruso	Diamond Phillips
Melanie Meriwether	IBI Group
Chris Coutts	Architectural Nexus
Cynthia Cook	FFKR Architects
Curtis Burk	DAS
Jenniel Allen	Health Department
Andrew Carlino	State Fairpark
Chris Hofheins	BHB Engineers
Jessie Robertson	Envision Engineering

On Wednesday, March 10th, the Utah State Building Board held a regularly scheduled meeting at the Utah State Capitol Complex, Room 250, Salt Lake City, Utah. Chair Mel Sowerby called the meeting to order at 9:04 a.m.

☐ APPROVAL OF MINUTES OF February 1, 2010

Chair Sowerby sought a motion for approval of the minutes.

MOTION: Jeff Nielson moved to approve the meeting minutes of February 1, 2010. The motion was seconded by Wilbern McDougal and passed unanimously.

☐ APPROVAL OF LONG TERM LEASE REQUEST FOR DEPARTMENT OF CORRECTIONS, DIVISION OF ADULT PROBATION AND PAROLE AND THE DEPARTMENT OF PUBLIC SAFETY, DIVISION OF COMMUNICATIONS AND DIVISION OF THE UTAH HIGHWAY PATROL.....

John Nichols, Real Estate Manager from DFCM proposed the long term lease request in behalf of Division of Adult Probation and Parole, Department of Corrections and the Divisions of Communication and Utah Highway Patrol, Department of Public Safety. He indicated that he was bringing this lease to the Board because it is a long term lease with an initial term of 10 years. Specifically this lease covers 10,874/sf of office space in Vernal in a new building constructed by Utah County. The housing of these divisions together facilitates better coordination between state law enforcement agencies and local/county agencies. The cost will be \$18.50/sf flat.

Mel Sowerby voiced a question regarding the structure of the lease and whether this was a full service lease which covers utilities and other costs? He also asked for a description of the "at cost" amount? Mr. Nichols indicated "at cost" is considered the cost of construction. This is a full service lease which includes utilities, O & M and all those items. They would not be paying separately for utilities.

Jeff Nielson asked how much money this would cost annually. Mr. Nichols said \$18.50 x 10,000, which would be about \$185,000 a year. Full service included.

Mel Sowerby inquired if the square footage costs are then amortized over the term of the lease? Mr. Nichols answered yes, that is the intent here. They purposely waited until very late in the process before signing this lease to make sure that they knew exact costs and that these costs were acceptable to the agencies involved.

Mel Sowerby inquired if there were any special attributes to this building that would make it cost more than a normal office building? Mr. Nichols explained this was not your typical office building. Adult Parole and Probation will have holding cells and office space. In addition, all the amenities normally placed in a Utah Highway Patrol Office

are going to be here. Communications will have a dispatch center but that would be paid for the Department of Public Safety. Mr Sowerby expressed his concern with the substantial construction costs over a ten year period which was \$1.8 Million for 10,000/sf.

Jeff Nielson inquired about the occupancy of the building. Mr. Nichols said that he believed they would have the top two floors of the building which was not quite 50% of the building space.

Jeff Nielson asked if Mr. Nichols had any idea of the total cost of the building. He expressed concern that \$1.8 Million seemed like a like of money for a 10 year lease. There was some discussion concerning the cost of the lease agreement and current construction costs which have decreased substantially over the past year.

John Nichols assured the Board that one of the reasons they had delayed signing the contract was to be sure of actual construction costs. He reminded the Board that the costs were considerable, but then again, this was not your typical office space. He said that they had worked very hard with all agencies involved to make sure that the lease costs actually reflect the cost of the building.

Mel Sowerby sought a motion for approval of the Long Term Lease Request.

MOTION: Jeff Nielson moved to approve the Long Term Lease Request for Department of Corrections, Division of Adult Probation and Parole, and the Department of Public Safety, Division of Communications and Division of the Utah Highway Patrol. Motion was seconded by Steve Bankhead and passed unanimously.

☐ CAPITAL IMPROVEMENT FUNDS REALLOCATION FOR DNR

Kurt Baxter presented the information concerning the DNR reroofing project. DNR had a roofing project that was allocated by the Building Board. However the DNR ended up constructing the project themselves because it was an emergency situation which needed a timely response. They would like to reallocate the funds to a different DNR roofing project on Antelope Island. The amount is \$30,000.

Mel Sowerby asked for a motion for approval of the reallocation of funds for the DNR

MOTION: Steve Bankhead moved to approve the Capital Improvement Funds Reallocation for DNR. The motion was seconded by Wilbern McDougal and passed unanimously.

CAPITAL IMPROVEMENT FUNDS REALLOCATION FOR MATC

Kurt Baxter indicated this was a similar situation to the previous reallocation. Money was approved by the Building Board to remodel unused space in the MATC Auto Shop Building in Spanish Fork into a composite lab. However they discovered that the cost and the feasibility of putting it there was more than they could afford with their present funding. They decided to keep the plastics laboratory at American Fork. Therefore they are requesting to use that money to do a study at the Geneva Building in Orem in the amount of \$35,000.

Mel Sowerby asked if they want to reallocate these funds to planning? Mr. Baxter responded that these funds were never used in the construction. They have a new building that they have acquired that needs a fair amount of investigation programming to determine the feasibility of what it could be used for. The funding is for the same agency but different needs within the agency. This is going directly to them for planning and programming.

Mel Sowerby asked for a motion for approval of the reallocation of funds for MATC.

MOTION: George Daines moved to approve the Capital Improvement Funds Reallocation for MATC. The motion was seconded by Jeff Nielson and passed unanimously.

CAPITAL IMPROVEMENT FUNDS REALLOCATION FOR SNOW COLLEGE...

Kurt Baxter reported that this reallocation regards the Scene Storage Building at Snow College on the west campus. The Scene Storage Building was originally scheduled for reroofing. When the contractor inspected the roof he discovered that it wasn't attached to the building and there was no way to correct this problem because the CMU building had no reinforcing or grouting. Instead of trying to structurally reinforce the entire building and then finish the roof, which would be about \$60,000, they decided the building wasn't worth repairing. This building was originally built by some of the staff at the old Snow College just after World War II. It is probably only worth about \$25,000 to \$30,000. So we are requesting that the \$60,000 that was originally allocated to this project be reallocated to another roofing project on campus.

Jeff Nielson asked Mr. Baxter to clarify the name and location of the building. Mr. Baxter said that the Scene Storage Building is not on the main campus but is located to the west as part of the technical campus built many years ago. It is not heated but does have lights. It lacks reinforcement and is made of steel and concrete. The construction is similar to the structures in Haiti that didn't have any steel or grout in the cells. It's very old, however it keeps things dry. If they upgraded a building like that then the building officials are going to require you to attach the roof structure to the walls. It is very difficult to attach a roof structure to a CMU building without any substance to it so they would have to go in and basically reinforce all the walls. This would be a considerable expense for a building that is

just used to store props. Therefore Snow is requesting to reallocate the funds to the Activities Center roof.

Mel Sowerby asked if Snow College was searching for a place to use the money or was this new project a scheduled repair? Mr. Baxter reported that the Activities Center roof was the next project on the list that needs improvement and that is where they came up with that project.

Mel Sowerby asked for a motion for approval of the reallocation of funds for Snow College.

MOTION: Steve Bankhead moved to approve the Capital Improvement Funds Reallocation for Snow College. The motion was seconded by Sheila Gelman and passed unanimously.

☐ ADMINISTRATIVE REPORTS FOR UNIVERSITY OF UTAH AND UTAH STATE UNIVERSITY

Ken Nye gave the Administrative Report for the University of Utah. He reported under Professional Services Agreements, they had 6 design agreements and 7 other types of agreements awarded. Under Construction Contracts, they had 2 site improvement contracts awarded this period. The second one on the list was for the high temperature water system pipe that is failing all over campus. This capital improvement project that was already funded for a section of campus had a major failure and rather than wait for the bidding process they did an emergency award to Foley Company.

Mel Sowerby asked where on campus did this failure take place? Mr. Nye indicated that it was north and east of the basketball arena, down the steps toward the parking area. Foley was selected because they had been the low bidder on previous high temperature water projects and they were already mobilized on campus for another project in a different area of campus.

There was no activity for the Project Reserve Fund however there were several draws from the Contingency Fund this last recording period. The first one was for project 20001 MEB Fume Hood and Hazardous Exhaust Systems Upgrade. This was a challenging project. The transfer of \$158,000 covers a number of unknown problems. The biggest draws were for things like ducts that were contaminated with hazardous materials by an experiment 10, 20, 30 years ago leaving a residue of hazardous materials such as arsenic and asbestos that had not been detected in surveys. In addition, they discovered that they were trying to tie into sewer line drains under the basement of buildings that were approximately 50 years old. These drains had collapsed or corroded to the point that they were not usable. They had to replace some of the lines in that area.

Mel Sowerby questioned the longevity of this project. Mr. Nye indicated that this project began approximately 4 years ago.

The next one was Project 20030 for the MREB & Wintrobe Buildings Fume Hoods. Many of the problems with this project occurred because of the age of the building. As they got in and tried to deal with the duct work, they discovered that some of the ducts previously not targeted for replacement had collapsed and failed in many places. As a result, they had to replace a lot of duct work that was not originally planned. There were a couple of small items as well, but almost all of the \$102,000 covers the cost of replacing these ducts.

The next Project 20218 was HPER Complex HTW Lines. This is the same project we reviewed previously where they had to do an emergency contract award to the contractor. Because of the need to move quickly they had to put the contractor on board before the drawings were complete. The primary area that wasn't complete would tie into the existing system. As the details were resolved there was another \$27,000 in costs to resolve this issue. This failure caused a serious condition on campus with approximately 4,000/sf of building space without heat.

Project 20024 was for the High Temperature Water Lines Replacement in the Health Sciences Area. This transfer of \$61,000 covers the cost of rerouting the new line around existing utilities that were discovered to be in the way as they were digging up that part of campus. Utility maps didn't show the lines in the exact location they were supposed to be. This was in a very tight area so when you run into utilities it becomes very challenging work because of the limited space between buildings.

Project 13312 was for the East Campus Chiller Plant Expansion. They ran into a few issues on this project. One problem was that they had to connect to a different water main than originally identified in the design. The water main that was originally planned didn't have adequate water flow and they also had some other problems with the design drawings with inaccurate dimensions while the contractor was in the field. There were additional costs to complete work that wasn't identified in the bidding.

The Contingency Reserve Quarter Report shows very little or no contingency draws. All of those projects have been addressed individually as problems occurred over time.

Mel Sowerby questioned if any of these problems were the result of careless mistakes cause by contractors working in other locations on campus? Mr. Nye responded that the problems were from utility lines that were placed almost 50 years ago. Virtually every situation they've had occurred from running into electrical duct banks or a sewer line placed years ago which was inaccurately identified in the as-built drawings.

Jeff Nielson voiced concern with the selection process for contractors. If an emergency happens and another water line breaks, do they call the same contractor every time to have it repaired? Mr. Nye explained that if it is a quick repair or a repair that is small enough, it doesn't require a bidding process. We choose from a list of contractors that do a lot of work for the University.

Jeff Nielson asked what dollar amounts constitute this requirement? Mr Nye said that under the Building Board's procurement rules, anything under \$10,000 for construction does not require a bid. If it is an emergency then they may have to deal with this by going to 2 or 3 firms and asking them for a quick price. They take the best price, but sometimes they don't know for sure what they are dealing with so sometimes they choose a firm we have worked with previously. Our projects, with the exception of one emergency contract award, went through the regular bidding process.

For the Summary of Capital Improvement Projects, anything that is marked complete is closed out and anything marked substantially complete is in the process of being closed out. Almost all of their older projects will be off the list for the next reporting period.

Our Construction Contract Status Report shows a few projects past due. Project 20152 shows 35 days over due, but in reality this is a construction management agreement where they awarded the first bid package and are finalizing the pricing on the second bid package so they will extend the time as added for the second bid package. As soon as they get the bid package added it will show that there is plenty of time left on the contract.

Mel Sowerby asked for a motion to approve the Administrative Report for the University of Utah.

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

Kurt Baxter provided the Utah State University Administrative Report. He indicated that Utah State could not attend because of illness and vacation issues. He acknowledged that there were 2 professional contracts – Sargent Engineers and AJC Architects. AJC Architects is doing the Utah Botanical Center Classroom Building which is a privately funded project. There are five construction projects. Their contingency and project reserve is healthy at this point and sufficient for what they have out for construction and design. The contingency is at \$607,000 and the project reserve at \$384,000. According to Fred Hunsaker at Utah State, all of the delegated projects received this year will be under contract or completed before the April 1st deadline. Mr. Baxter said that he didn't have a way of verifying that information, however meeting the deadline is a determining factor to verify how successful Utah State has been with the projects that have been delegated to them – do they get them all done, etc. Utah State appears to have done this. The last three pages of the report are a list of contracts that are open and closed by the University.

Mel Sowerby asked for a conditional approval of the Utah State Administrative Report because representatives from Utah State were not present to answer questions, however conditional approval was denied.

MOTION: Steve Bankhead moved to table the Administrative Report for Utah State University until next month. The motion was seconded by Sheila Gelman and passed unanimously.

☐ ADMINISTRATIVE REPORT FOR DFCM

Kurt Baxter presented the Administrative Report for DFCM. They had no significant lease items except for the item reported previously from John Nichols.

There were 19 construction contracts issued since the last meeting. A couple of notable ones was the Utah National Guard – Manti Armory Upgrade and the SUU Tennis Court Rebuild. Those projects came in a little over budget; however SUU funded the overage on their project.

There were several items that affected the project contingency with one large decrease of \$1.75 Million from the DFCM Multi Agency Office Building. This was for DTS wiring and DEQ equipment. Their Contingency Reserve Fund now stands at \$10.3 Million and their accounting people have said that this is sufficient and adequate at this point. They have a few items that decreased add notes. USDC Development Center Range Free Building Remodel drew about \$81,000. The Post Academy for Utah Public Safety had about a \$20,000 contingency draw. They are trying to get both projects closed out. They have run into several issues that they are trying to fix and contractors have long defaulted and gone out of business so they will continue to have draws from that project until it is closed.

The Project Reserve stands at \$1.8 Million. According to our accounting people, that is where it needs to create a safety net for future projects. That concludes the report for DFCM.

Mel Sowerby asked for any other discussion or business.

There was discussion and a motion regarding the Building Board's priorities and the Legislature. This was not an Agenda Item.

☐ ADJOURNMENT

MOTION: Mel Sowerby moved to adjourn at 9:53a.m. The motion was seconded by Steve Bankhead and passed unanimously.