

MINUTES

STATE BUILDING COMMISSION MEETING

EXECUTIVE SUB-COMMITTEE

FEBRUARY 27, 2003

2:00 P.M.

The State Building Commission Executive Sub-committee met this day in the Robertson Room, William R. Snodgrass Tennessee Tower, Nashville, Tennessee.

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS PRESENT

Dave Goetz, Commissioner, Department of Finance and Administration
Steve Adams, State Treasurer
Riley Darnell, Secretary of State
John Morgan, Comptroller of the Treasury

OTHERS PRESENT

Mike Fitts, State Architect
Georgia Martin, Department of Finance and Administration
Larry Kirk, Department of Finance and Administration
Charles Garrett, Department of Finance and Administration
George Brummett, Department of Finance and Administration
Genie Whitesell, Attorney General's Office
Dennis Raffield, Tennessee Higher Education Commission
Keith Robinson, Tennessee Board of Regents
Jerry Preston, Tennessee Board of Regents
Mark Wood, Secretary of State

Karen Hale, Comptroller's Office
Pat Haas, Comptroller's Office
Nancy Blevins, Department of Finance and Administration
Bob Woolf, Department of Finance and Administration
Jim Dixey, Department of Finance and Administration
Cliff Steger, Department of Finance and Administration
Charles Harrison, Comptroller's Office
Ken Scalf, Department of Finance and Administration
Jim Gunn, Department of Safety
Mike Dover, Department of Safety

Commissioner Goetz called the meeting to order at 2:12 p.m. and requested action on the following matters as presented by State Architect Michael A. Fitts.

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DEPARTMENT OF SAFETY

TENNESSEE LAW ENFORCEMENT TRAINING ACADEMY, NASHVILLE, TENNESSEE

- 1) Approved a request to reallocate the budget on a project for **Instructional Facility Renovation** at the Tennessee Law Enforcement Training Academy, Nashville, Tennessee.

Estimated Project Cost: \$2,500,000.00
SBC Project No. 502/020-01-99

TENNESSEE BOARD OF REGENTS

UNIVERSITY OF MEMPHIS, MEMPHIS, TENNESSEE

- 1) Approved a request for a revision in the sources of funding and acknowledgment of the source of funding for **Athletic Training Center Additions and Modifications** at the University of Memphis in Memphis, Tennessee.

Estimated Project Cost:
SBC Project No. 166/007-01-97

\$ 8,825,000.00

MIDDLE TENNESSEE STATE UNIVERSITY

- 1) Jerry Preston reported on the progress of the project for the **Honors College** at Middle Tennessee State University. He indicated several problems that had arisen with the contractor - 101 Construction Company - including poor quality workmanship and materials and failure to adequately staff the Work to achieve completion on time, so that the Work is presently only about half complete with about three-quarters of the Contract Time used, and no reasonable expectation of completion by the early-May due date. He further stated that his office and the designer - Everton-Oglesby-Askew – have pressed vigorously for remedy of the problems; that after inadequate response from the contractor, the designer has recommended termination; and, that Mr. Preston's office is now taking steps to terminate the employment of the contractor and pursue completion through the Surety. Commissioner Goetz asked about the possibility of debarment, and was briefed on the SBC policies and procedures for such a course of action, and advised that such steps were also being pursued. The Subcommittee thanked Mr. Preston for keeping them informed.

SBC Project No. 166/009-05-00

DEPARTMENT OF FINANCE AND ADMINISTRATION

CLOVERBOTTOM MANSION, NASHVILLE, TENNESSEE

- 1) Approved a request to **Demolish a Barn** on the grounds of the Cloverbottom Mansion in Nashville, Tennessee.

Estimated Project Cost: \$14,000.00
SBC Project No. 529/019-01-03

STATEWIDE

- 1) Mr. Fitts presented a request for approval to exercise the option to extend the master contract for **Management Assistance** to Department of Finance and Administration and Tennessee Board of Regents facilities statewide. He said that the contract with Heery International is a 5-year contract of three years plus two 1-year options that is within five months of expiring. He explained that if the second year option is not approved, preparations will need to be initiated quickly to advertise for a new assistance contract or hire in-house personnel by July 2003.

Larry Kirk stated that when the Subcommittee approved the 4th year extension of the contract, they asked staff to take a good look at taking that function in-house, and they have done that. He distributed a handout showing this comparison that indicates outsourcing costs about 35% more. He added that the Tennessee Board of Regents relies 100% on construction services from outside contractors. He said they would like to ramp up their existing staff to cover a basic level. He said there is an advantage to having contract people in the places far from town. He added that they would like to request some improvement positions in the next budget to bring these people in-house but they would still want to go out with an RFP for some contract services. Comptroller Morgan asked why they would have to wait until next year's budget. He said they could go to the Commissioner of Finance and Administration and tell him they can save money as soon as these positions are created. Jerry Preston said they may want to do it in two steps as they would not want to ask for too many State positions. He said they would like to consider doing a 1/2 ramp down this year and 1/2 next year and make better budget decisions. He said it was hard to predict what the manpower load will be. Comptroller Morgan asked how many positions they were talking about. He said that they would only want to fill them as it makes sense, and that this was not a funding issue. Mr. Kirk said he was projecting dropping three Heery positions in the 5th year and that they would want to staff up to that minimum level. Treasurer Adams asked how much they spent in each of those years, and noted that they had not approved a capital outlay project in three years. He said he felt the only advantage of the Heery contract is that once the job is through, they can go home.

Mr. Fitts explained the history of the development of the Management Assistance contract. He said one of the driving forces was the State's inability to develop approved positions sufficient to hire quality people. Mr. Preston added that it started in 1987 with the Correction program. In 1995 when the Board was decentralized, they only had office staff and it was a way to fund positions with bond dollars. Mr. Kirk said they were not looking for licensed architects and engineers; they just wanted good construction support people. Commissioner Goetz asked if they would be willing to do it at a lower rate, and Mr. Kirk responded "yes". Comptroller Morgan said he was comfortable going forward with the extension and they can be thinking about how to make some of the changes suggested. He said it would be helpful to review quarterly and see where things stood. Commissioner Goetz suggested the existing Management Assistance contractor take a 9% reduction in their rate. He said this was an early model or process that they are going to be recommending for renewals. Mr. Preston commented that Heery bid the job 3-1/2 years ago that locked them in the same rate and years four and five allowed for escalation. He suggested that they be asked to give up the escalation for the 5th year, in lieu of a 9% reduction, and going back to the base rate established in the original bid.

After discussion, the Subcommittee agreed to an extension of the contract conditioned upon the rates established to be at the level originally bid in the three year contract with the understanding that status reviews would be presented quarterly.

SBC Project No. 529/000-01-99
166/000-02-99

JAMES K. POLK STATE CENTER, NASHVILLE, TENNESSEE

- 1) Mr. Fitts presented a request for approval to involve ICE, Inc. (commissioning agent) relative to a project for **ADA / Restroom Renovations** at TPAC in the James K. Polk Center, Nashville, Tennessee. He stated that their particular expertise is needed to assure that State HVAC systems are operating properly and not a contributory cause of damage to artifacts in the State Museum during the renovation project at TPAC. He said the estimated cost is approximately \$6,500. After general discussion, Mr. Fitts' request was approved as presented.

SBC Project No. 529/075-05-00

STATE BUILDING COMMISSION

MINUTES OF MEETING OF STATE BUILDING COMMISSION

- 1) Approved the Minutes of the State Building Commission Executive Subcommittee meeting held on January 21, 2003.

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Following approval of the Consent Agenda, the meeting adjourned at 2:53 p.m.

CONSENT AGENDA

Approved the following real property transactions that have been reviewed and recommended for approval by Sub-committee staff:

- A. Agency: **Tennessee Board of Regents – Rutherford County**
Trans.: Acquisition in Fee

- B. Agency: **Environment & Conservation – Franklin County**
Trans.: Disposal by Easement with Right-of-Entry
Provision: Waiver of Advertisement and One (1) Appraisal

- C. Agency: **TN Wildlife Resources Agency – Maury County**
Trans.: Disposal by Easement with Right-of-Entry
Provision: Waiver of Advertisement and Appraisals

- D. Agency: **Department of Health – Montgomery County**
Trans.: Lease Agreement

- E. Agency: **Finance & Administration – DeKalb County**
Trans.: Lease Agreement for the Departments of Human Services and Children's Services

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY, and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: Rutherford County – 0.20+/- Acres with Improvement – 1810 Jordan Avenue, Murfreesboro, TN – Trans. No. 02-12-008 (LW)

Purpose: Acquisition in Fee of property adjoining Middle Tennessee State University property and in the master plan acquisition area.

Source of Funding: Institutional - Plant

Estimated Cost: Fair Market Value

Estimated Value: \$125,000.00

Owner(s): Irene Baldwin

SSC Report: 2-14-03. Staff referred to Sub-committee for consent agenda.

SC Action: 2-27-03. Subcommittee approved the request as presented.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by EASEMENT with RIGHT-OF-ENTRY and with WAIVER of ADVERTISEMENT and ONE (1) APPRAISAL as required by TCA 4-15-102 and 12-2-112.

Description: Franklin County – 200+/- Square Feet – Tims Ford State Park – Trans. No. 03-01-011 (GM)

Purpose: Disposal by Easement for construction of a concrete pad and placement of electronics pad and power cabinet, and to provide service to the Holiday Landing Resort and Marina.

Estimated Sale Price: Fair Market Value

Estimated Value: \$3,000.00

Grantee: Bell South and Duck River Electric Cooperative

SSC Report: 02-14-03. Referred to Sub-committee for consent agenda.

SC Action: 2-27-03. Subcommittee approved the request as presented.

TENNESSEE WILDLIFE RESOURCES AGENCY

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by EASEMENT with RIGHT-OF-ENTRY and with WAIVER of ADVERTISEMENT and APPRAISALS as required by TCA 4-15-102 and 12-2-112.

Description: Maury County – 0.14+/- Acres – Fountain Heights Road, Culleoka, TN – Trans. No. 03-01-010 (CH)

Purpose: Disposal by Easement for an existing water line under State property received from TVA for which TVA never received an easement. Landowner served by the water line wants to begin using the line and needs and easement and meter installed. No disturbance will occur on State land since the line is already in place.

Estimated Sale Price: Grant

Grantee: Mike Gilmer

SSC Report: 02-14-03. Referred to Sub-committee for consent agenda.

SC Action: 2-27-03. Subcommittee approved the request as presented.

DEPARTMENT OF HEALTH

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: Montgomery County – 1850 Business Park Drive, Clarksville, TN – Trans. No. 02-08-906 (TH)

Purpose: To provide clinic, training, and office and related space for continued operations of the WIC Program.

Term: May 1, 2003 thru April 30, 2008 (5 yrs.)

Proposed Amount:	<u>6,000 Square Feet</u>		
	Annual Contract Rent:	\$53,092.00	@ \$ 8.84/sf
	Est. Annual Utility Cost:	\$ 6,600.00	@ \$ 1.10/sf
	Est. Annual Janitorial Cost:	<u>\$ 6,600.00</u>	<u>@ \$ 1.10/sf</u>
	Total Annual Effective Cost:	\$66,292.00	@ \$11.04/sf

Current Amount:	<u>6,000 Square Feet</u>		
	Annual Contract Rent:	\$49,092.00	@ \$ 8.18/sf
	Est. Annual Utility Cost:	\$ 6,600.00	@ \$ 1.10/sf
	Est. Annual Janitorial Cost:	<u>\$ 6,600.00</u>	<u>@ \$ 1.10/sf</u>
	Total Annual Effective Cost:	\$62,292.00	@ \$10.38/sf

Type: New Lease – Advertisement – Only Proposal

FRF Rate: \$13.50 Per Square Foot

Purchase Option: None – Lease space part of multi-tenant facility

Lessor: James D. Amos Rev. Trust, Current Lessor
James D. Amos, Trustee

Comment: The proposed lease provides the (1) Lessor will furnish sewer and water, (2) provides no cancellation during the term of the lease except for cause and/or lack of funding, and (3) provides facility improvements at no additional cost to the State. The Montgomery County WIC Clinic performs many services and education to women, infants, and children. The Clinic is one of the largest single site rural clinics in Tennessee. The facility provides a Nutrition Education Center, a Mother's Room, a demonstration kitchen, and mini-mart.

Department of Health – Continued:
Montgomery County

SSC Report: 11-19-02. Charles Garrett presented the transaction for review and recognized Brenda Harper, Regional Director over the WIC Program. Ms. Harper summarized the request and functions performed at the Clinic. She stated the Program provides Nutrition Education to pregnant women and young children. She stated the Clinic consists of an intake area, clinic rooms with the necessary fixtures, laboratory, demonstration kitchen, grocery store, storage area for receiving pallets of infant formula, and related space necessary to the Program. Ms. Harper also stated the location is ideal in that it is very accessible to the military citizens of Tennessee and private citizens participating in the program.

Discussion ensued and centered around justification for waiving advertisement. Staff deferred action pending advertisement.

SSC Report: 02-14-03. Referred to Sub-committee for consent agenda.

SC Actio: 2-27-03. Subcommittee approved the request as presented.

DEPARTMENT OF FINANCE & ADMINISTRATION

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: DeKalb County – 715 Walker Street, Smithville, TN – Trans. No. 02-02-915 (RS)

Purpose: To provide office and related space for the Departments of Human Services and Children's Services

Term: December 1, 2003 thru November 30, 2013 (10 yrs.)

Proposed Amount: 4,680 Square Feet
Annual Contract Rent: \$39,780.00 @\$ 8.50/sf
Est. Annual Utility Cost: \$ 6,552.00 @\$ 1.40/sf
Est. Annual Janitorial Cost: \$ 5,148.00 @\$ 1.10/sf
Total Annual Effective Cost: \$51,480.00 @\$11.00/sf

Current Amount: 3,720 Square Feet
Annual Contract Rent: \$33,480.00 @\$ 9.00/sf
Est. Annual Utility Cost: \$ 5,208.00 @\$ 1.40/sf
Est. Annual Janitorial Cost: \$ 4,092.00 @\$ 1.10/sf
Total Annual Effective Cost: \$42,780.00 @\$11.50/sf

Type: New Lease – Advertisement – Lowest Proposal from (2) Proposers

FRF Rate: \$10.25 Per Square Foot

Purchase Option: None


Lessor: Steve C. Turner, Principal

Comment: The proposed lease provides (1) Lessor will construct a 4,680 square foot office building to include interior tenant build-out at no additional cost to the State, and (2) no cancellation during the first five years of the lease term except for cause and/or funding and 180 days notice thereafter.

SSC Report: 02-14-03. Referred to Sub-committee for consent agenda.

SC Action: 2-27-03. Subcommittee approved the request as presented.

APPROVED BY:



M.D. Goetz, Jr., Commissioner
Department of Finance and Administration