
Idaho State Capitol Commission

Official Minutes

September 20, 2007

A meeting of the Idaho State Capitol Commission was held on this date in the Multi-Purpose Room of the Idaho State History Center in Boise, Idaho. Commissioner Stephen Hartgen called the meeting to order at 9:35 a.m.

Attendees

Members Present:

Stephen Hartgen, Acting Chairman

Andrew Erstad

Evan Frasure

Sandy Patano

Jeff Youtz, Director, Legislative Services Office, and Ex-Officio Member

Janet Gallimore, Executive Director, Idaho State Historical Society, and Ex-Officio Member

Mike Gwartney, Director, Department of Administration, Secretary/Ex-Officio Member

Members Absent:

Major General Jack Kane, (Ret.), Chairman

Carl Bianchi

Others Present:

Gary Daniel, Communications Liaison, Idaho State Capitol Commission

Becky Henke, Communications Assistant, Idaho State Capitol Commission

Teresa Luna, Communications Manager, Dept. of Administration

Rick Thompson, Administrator, Div. of Insurance and Internal Support, Dept. of Administration

Connie Smith, Fiscal Officer, Div. of Insurance and Internal Support, Dept. of Administration

Jan Frew, Deputy Administrator and Capitol Restoration Project Manager, Division of Public Works, Dept. of Administration

Kelly Berard, Relocation Project Manager, Division of Public Works, Dept. of Administration

Ken Swanson, Idaho State Historical Society

Linda Morton-Keithly, Idaho State Historical Society

Robyn Lockett, Relocation Specialist, Legislative Services Office

Matt Freeman, Budget Analyst, Legislative Services Office

Peter Morrill, Idaho Public Television

Jeff Tucker, Idaho Public Television
Vivian Otero-Epley, Idaho State Building Authority
Larry Johnson, Endowment Fund Investment Board
Rich Bauer, Lemley+3D/I
Jim Mallon, Lemley+3D/I
John Maulin, CSHQA Architects

General Commission Business

Approval of Minutes

MOTION: Commissioner Sandy Patano moved to approve the minutes of the August 21, 2007 Idaho State Capitol Commission meeting as written. The second was by Commissioner Gwartney; the motion passed unanimously.

Capitol Restoration Updates

Design/Construction Update, *Jan Frew*

Hazardous material removal is complete. Demolition is near completion in the Garden level and is underway on the first floor. Marble has been removed and stored in the warehouse along with the historic light fixtures, hardware, and doors. Installation of the interior marble protection system continues on all levels.

Bids are being solicited for phase two of the project, which includes tenant improvements and mechanical, electrical, plumbing, and fire protection systems. The due date for phase two bids has been extended to October 4th. The remaining design work for the project includes civil and landscaping design. Design for the tenant improvements in the wings is being completed.

Demolition on both the East and West stairs has been completed and the protection systems for the porticos, which will be left in place, have been installed. Support shoring on the porticos will begin next week.

Permanent shoring and lagging has been installed for the East Wing and footing excavation is being completed along Sixth Street. Temporary shoring has been completed on the West Wing and some of the permanent shoring has been installed. Ms. Frew recently toured the site and learned how the waterproofing will be installed.

Connections Change Order, *Jan Frew*

The last major piece of the design build contract is the connections of the Garden Level wings to the Capitol Building. McAlvain, Inc. submitted a change order in the amount of \$3,057,681.00, which completes their scope for the connection between the existing building and the new wings, but does not include tenant improvements of the interiors. The change order will leave the porticos in place during construction, which will be repaired after the connections are built and then the stairs will be added.

Ms. Frew said that the change order is about \$400,000.00 over the projected project budget for the connection, which will be made up through savings on other portions of the project

which have come in under budget and by contingency funds. The project budget does not change as a result of this change order and Ms. Frew recommended approval of the change order. She reported that the change order has been approved by the Department of Administration Director, Commissioner Gwartney, and is now at the Idaho State Building Authority for approval.

Commissioner Gwartney noted for the record that this bid first came in at approximately \$6 Million and was rejected. He reiterated that this new change order, which reduces the cost of the connection to just over \$3 Million dollars, reflects hard and vigorous work by the team.

Budget Format Change & Status Report, *Jan Frew*

Ms. Frew distributed a DPW Project 30-Month Budget and explained the new format for the budget report which shows the Capitol Restoration (Project #2006-016) and the Expansion Wings (Project #2006-017). This one page report tracks the dollars spent on each project and reports the remaining budget for the combined project. The project 2006-017 budget will increase by the amount of the change order previously discussed. Ms. Frew said, "As we go forward, we will inform the Commission of budget changes." She also indicated that more budget details are available to the Commission, if requested.

Schedule Status Report, *Jim Mallon*

Mr. Mallon explained the changes to the format of the monthly report. He reported that the project is on schedule. Mr. Mallon walked the commission through the program schedule, noting that completed activities will be collapsed for space efficiency in the next report.

Mr. Mallon reported that the Capitol Annex remodel is on schedule and substantial completion is scheduled for October 5, 2007. The inspections are being scheduled. He also reported that CSHQA has done a good job of maintaining the design schedule.

Phase one and phase two bid packages occurred as scheduled. Phase two bid packages are due early next month and phase three bid packages are due October 19. The new connections design requires additional time, but the Design Build contractor and the Construction Manager At Risk (CMAR) have negotiated a solution to maintain the current completion date for the project by allowing the CMAR to begin tenant improvements before the wings shell has been completed. After all bid packages are complete, the CMAR will deliver the Guaranteed Maximum Price (GMP) for the project.

Capitol wings expansion construction is proceeding on schedule. Because this project is a design-build-bid procurement, construction activities may proceed before 100% of the architectural work is complete. This fast track method allows for time compression allowing the project to be completed sooner than a more traditional method.

The Capitol restoration is on schedule. Historic finishes have been compromised over time and will be repaired in phase two. The majority of the materials removed during demolition are being recycled rather than going to the landfill.

Other Design & Construction Elements

Impact of Idaho Code §44-1001, *Mike Gwartney*

Commissioner Mr. Gwartney explained that this 1933 statute requires that 95% of the employees in major projects must be bona fide Idaho residents, living in the state for at least one year. The Statesman ran a story last week and another will run in the Boise Business Weekly in late September about the statute. Finding companies to bid on some aspects of the project is challenging because of the statute.

The CMAR has been working to resolve this issue by teaming large national companies with smaller Idaho companies. Commissioner Gwartney reported to the Commission that he has met with the Speaker who agreed to look at the statute early in the 2008 session. The Commission discussed the importance of asking legislators for their support repairing this statute, which presents potential challenges for large construction projects statewide.

Budget and Funding Issues

Revenue & Expenditures Report, *Rick Thompson*

Mr. Thompson referred to the FY 2007 Budget Worksheet and 2007 Sources and Uses of Funds reports for the period ending August 31, 2007, both are available to the Commission.

He explained that \$21,431 has been spent of the \$73,061 in Personnel Costs that were carried over from FY 2007. Operating expenditures carried forward from FY 2007 remain unspent but must be used this fiscal year. The cost to move the communications team from the LBJ building to the Division of Public Works was \$4,700. The first quarter Endowment Fund Investment Board (EFIB) fees of \$27,400 were paid.

The Sources and Uses of Funds report shows a beginning \$1.8 million cash balance in the Income Fund. The beginning cash balance of the Permanent Building Fund is \$299,485 and \$5,039,373 remains in the Capitol Furnishings fund, which is tracked separately as requested.

After expenditures and liabilities, the Income Fund has a cash balance of \$1,235,830 and the Permanent Building Fund balance is \$120,000. The Endowment Fund balance is \$6,207,194. Liabilities are in the amount of \$582,415 in the Income Fund, \$157,166 in the Permanent Building Fund, and \$5,038,973 in the Capitol Furnishings Fund.

The estimated market position of the Income Fund is \$1.2 Million dollars and the Endowment Fund estimated Market Position is \$16.9 Million.

Mr. Thompson explained that all interest earned on these funds are going into the Income Fund currently and asked for direction if the Commission wants to split the interest otherwise.

Commissioner Hartgen asked if the equipment and furnishings fund was adequate at \$5 Million to meet the need. Commissioner Jeff Youtz said that it was probably premature

and that the Commission would be able to address the question in January more sufficiently. Commissioner asked that this be added to the December or January agenda.

Commissioner Erstad asked Mr. Thompson what are the benefits of distributing the interest payments rather than putting it all in the Income Fund. Mr. Thompson explained that if it were split according to the fund which earned the interest, then slightly more money would be added to the Capitol Furnishings every month. If the Commission wants to split the interest earnings, the fiscal office can adjust it back to the beginning of the fiscal year. The Commission will address this topic again when the Capitol Furnishings budget is discussed in January.

Endowment Fund Revenues, Projections and Timber Revenues, *Larry Johnson*

Mr. Johnson provided the Commission with copies of his PowerPoint presentation. He explained that the Capitol building is endowed by approximately 7,200 acres of land, over 90% of which is forested. The Capitol Permanent Endowment Fund balance is \$17.7 Million. The Permanent Fund includes any earnings of the fund, the sale of lands and timber, proceeds of leases and any retained earnings to compensate of the effects of inflation. The goal of the Endowment Fund Investment Board (EFIB) is to provide professional investment management services to stakeholders consistent with constitutional and statutory mandates. The Capitol Endowment has been invested with the EFIB since 2005.

Mr. Johnson summarized the Capitol Endowment flow of funds process for the Commission. The land assets provide income through the sale of timber and other revenue sources (such as leases and investment earnings) which flow into the Endowment Fund. The endowment fund distributes some of the income to the Capitol Endowment Income Fund at an annual rate of 5% of the three-year average value of the Permanent Fund.

He said that the Endowment Fund asset mix consists of 30% bonds and 70% in equities. The Endowment Investment Performance report shows an annual return of 16.6% for the one year, 12.4% for three years, and 11.1% for five years. Mr. Johnson expects land revenues will likely diminish starting in 2011 because a heavy cycle of harvesting is coming to an end and the forecasted timber sales are expected to fall almost to zero while the next crop of trees is growing. Commissioner Hartgen asked Mr. Johnson to provide the commission with a copy of the EFIB Investment Report each month.

The group also discussed the Department of Lands fees assessment for timber costs and asked Mr. Johnson to explain why the fee continues to be high even during years when there are no active timber sales. Mr. Johnson explained that the fee is a flat annual fee and doesn't change according to sales, and he suggested that the question may be better addressed by the Department of Lands. He reported that the Department of Lands has created a new position to look at higher and better use of State owned land assets. Commissioner Youtz asked if the Capitol Commission has control over how the lands are managed and Mr. Johnson responded that the Department of Lands is the trustee who oversees the land for the State Land Board, so legally the Land Board will decide how State lands are managed.

The Commission decided to revisit this issue at the next meeting, and that they would like to

have a representative from the Land Board update the Commission on their plans for Capitol Endowment lands and to help the Commission understand why the Department of Lands fees are so high.

Public Outreach, Art & Culture

Public Relations/Outreach Activities, *Sandy Patano*

Commissioner Patano reported on the following outreach activities:

- The Idaho Chamber Alliance asked the Capitol Commission to make a presentation at their annual meeting in January. Ms. Patano asked Chairman Kane to facilitate a panel discussion, and also asked Commissioners to participate in this meeting.
- A wood workers magazine is printing an article on the success of the wood working projects from the Capitol.
- She commended Mr. Daniel and Ms. Henke on the successful media tours at the Capitol.
- Mr. Daniel led the Board of Trustees for the Historical Society through a tour of the Capitol construction site.
- Staff members Mr. Daniel and Ms. Henke joined the Senior Executive Project Manager's team to Utah to talk with their Capitol Preservation board as the Utah Capitol restoration nears completion. They will make a presentation at the next meeting.
- Mr. Daniel shared an example of the response to the public invitation from the Capitol Commission seeking historic items about the State Capitol. An approximately 90-year old globe light fixture was returned to the State from a Cascade resident.
- The Capitol Commission web site has had approximately 5,000 hits since the addition of the cameras. iBeam, the construction camera contractor, reported the page to be their most popular site. The public can access the cameras from the Commission's home page. www.capitolcommission.idaho.gov/restoration/construction_cameras.html

Committees of the Commission

Commissioner Hartgen delayed the presentation of the committees of the commission until the October meeting.

Airport Exhibit Update, *Janet Gallimore*

Commissioner Gallimore reported that the subcommittee is ready to recommend this project. Ken Swanson, Idaho State Historical Society Project Manager distributed a handout to the commissioners and reported that the plan is to construct a three dimensional exhibit about the Capitol Restoration in the Boise Airport. The project is divided into four 30-day phases. Phase one includes scoping and contracting with design companies. Phase two includes the nuts and bolts of the project, including choosing display items, photographs, and text. Phase three is the testing of the collection items and developing the narrative. Phase four is installation of the artifacts, display, and lighting. The estimated budget for the project is \$25,000.

Commissioner Patano asked what is the intended duration of the exhibit, who the audience for the exhibit is and if this is the best venue. Mr. Daniel reported that 3 million ticketed passengers visit the Boise airport each year and this does not include the people who are picking up the passengers. Commissioner Gallimore and Mr. Swanson explained that there are two major locations available to the Commission, one within security and one in the more public area near baggage claim. The airport baggage claim area is one of the highest foot traffic areas in the city. The exhibit duration is approximately 18 months and the goal is to

create a modular format, so this exhibit can be used again easily. Mr. Daniel suggested that it could be re-signed to announce the grand opening event.

The Commission discussed the funding sources for the \$25,000 program costs and if the \$25,000 is enough money to fund the project properly. Mr. Thompson mentioned that the carryover funds are allocated for one time projects like this ones. The Chairman asked Mr. Swanson to return to the next Commission meeting with detailed, line-item costs for a three dimensional exhibit and for a two-dimensional exhibit.

Monthly Meeting Schedule, *Chairman Kane*

The Commission decided to combine the November and December meetings, and scheduled the next meeting for December 13th at the Idaho State Historical Society. The January meeting will be scheduled in conjunction with the Chamber Alliance meeting on either January 28 or 29, 2008. The Chamber Alliance will confirm the date.

Commissioner Youtz reported that the Legislative Council is tentatively scheduled to tour the Capitol on Friday November 2nd and all Commissioners are invited to accompany them.

Adjournment

Commissioner Hartgen adjourned the meeting at noon. Commissioners were invited for a tour of the State Historical Archives.

Becky Henke, Communications Assistant
Idaho Capitol Commission