
Idaho State Capitol Commission

Official Minutes July 19, 2000

A meeting of the Idaho State Capitol Commission was held on this date in the Senate Caucus Room, #350, Idaho State Capitol Building. Chairman Eiguren called the meeting to order at 1:35 p.m.

Attendees

Members Present:

Roy Lewis Eiguren, Chairman
Carl Bianchi, Director, Legislative Services Office and Ex-Officio Member
Andrew Erstad
Steve Guerber, Director, Idaho State Historical Society, and Ex-Officio Member
Stephen Hartgen (via conference call)
Sandy Patano
Will M. Storey

Absent and Excused:

Pam Ahrens, Director, Department of Administration, and Secretary/Ex-Officio Member
Skip Smyser

Others Present:

Donna Hartmans, Capitol Architect, Arrow Rock Architects (via conference call)
Jeff Shneider, CSHQA Architects
Jerry Lowe, CSHQA Architects
Jan Frew, Manager, Design/Construction, Dept. of Administration, Div. of Public Works
Mike Despot, Manager, Department of Administration, Division of Public Works
Rick Thompson, Internal Management Systems Administrator, Department of Administration
Marta Watson, Division of Financial Management
Jennifer Carrington, Analyst, Legislative Services Office

Doug Dorn, Dorn, Helliesen & Cottle, Inc.
Jim Glass, First Counsel (via conference call)
Diane Garcia, Management Assistant, Department of Administration

Approval of Minutes

MOTION: Mr. Storey moved and Mr. Erstad seconded that the minutes of the May 5, 2000 Idaho Capitol Commission meeting be approved as written. The motion unanimously passed.

Introduction of New Commissioner, Sandy Patano

Chairman Eiguren announced Governor Kempthorne's recent appointment of Sandy Patano to replace Commissioner Louise Shadduck, who resigned in January. Ms. Patano is from Coeur d'Alene and is currently the State Director for Senator Larry Craig. Prior to that she was Manager of Public Relations for the Sunshine Mining Company. She has been actively involved in the community and in politics for many years—she is second vice chairman of the Idaho Republican Party. Ms. Patano has held leadership positions with the Rotary Club and was the first female president of the Coeur d'Alene Club after 75 years. In addition, she has served as president of both the Kootenai Medical Foundation and United Way Board of Directors.

Review FY00 Budget

Mr. Thompson introduced analyst, Jennifer Carrington, from the Legislative Services Office who will take over for Jason Hancock, the Commission's previous budget analyst.

The Commission completed its second year of operations on June 30, 2000, Mr. Thompson reported. It began Fiscal Year 2000 with a \$238,000 budget (\$63,000 in Operating Expenses and \$175,000 in Capitol Outlay). The Commission requested, and was granted a \$20,000 supplemental appropriation early in calendar year 2000. That \$20,000 was earmarked for communications expenses, and was transferred to the Capitol Master Plan Public Works project.

At the end of FY2000, the Commission had spent all its operating budget but \$478. Spending authority totaling \$29,103 was transferred to the Capitol Mall Master Plan project--\$25,361 of which was unspent Capitol Architect fees, he said. Other

expenditures were \$1,800 for a communications public opinion survey, and \$1,348 in travel expenses for statewide town hall meetings.

He reminded the Commission that the \$25,000 budgeted for the battle flag restoration in FY99 has been carried over into FY01 to be used to cover the cost of that project.

The Endowment Income Fund balance is just over \$2 million at the end of FY00, and the Permanent Endowment Fund's balance is currently at \$3.3 million, he concluded.

Final Master Plan Approval

In 1905, Chairman Eiguren reviewed, the Governor and the Legislature created the first Idaho State Capitol Commission with the responsibility to decide whether or not to rehabilitate the existing Capitol, or to build a new Capitol. The construction of a new Capitol commenced on July 17, 1905 and moved forward until 1920 when the main part of the building and the two wings were completed. At the conclusion of its construction, he explained, the Capitol Commission ceased to exist.

It wasn't until 1998 when Governor Phil Batt, President ProTem Jerry Twigg and Speaker of the House Mike Simpson determined it was necessary to review how the Capitol is operated and maintained, and could ultimately be restored. A decision was made at that time to re-establish the Idaho State Capitol Commission. The first statutory obligation given to the Commission at that time was to develop a master plan for the reconstruction, restoration and rehabilitation of the Capitol Building.

CSHQA Architects of Boise and Isthmus Architects from Wisconsin were selected to develop the master plan to include input from the public through town hall meetings held around the state.

For the purpose of this meeting, he said, the architects summarized by point the master plan recommendations and considerations for each section of the plan. If the Commission approves the master plan, he said, it would by law constitute the document by which future remodel, reconstruction, restoration or any other significant work to this building must follow.

Chairman Eiguren noted that in the course of the town hall meetings and discussions with the executive branch officials and legislative leadership, it was recommended the office space allocation plans contained in the master plan be deleted until further discussion can occur between the executive and legislative branches of government. This is necessary, he said, because at the same time the restoration of the Capitol

Building is underway, the Department of Administration is also administering the Capitol Mall Master Plan. Included is a plan for use of the old Ada County Courthouse, now owned by the state. Once that plan has been completed, the office space allocation recommendations for the Capitol and the Courthouse will be presented to Legislative leadership and the Governor, taking into account future space needs of their tenants.

Mr. Lowe then discussed with the Commissioners the listing of approved master plan recommendations and considerations (attached).

Executive Summary: Suggested changes to this section include:

1. Only limited areas of the exterior stone, windows, and roofing assemblies are to be cleaned.

Mr. Lowe explained that based on the evaluation to date, it is CSHQA's recommendation to clean the granite and selected areas of the sandstone, which either has biological growth or is stained, for example.

Preservation Plan: Suggested changes to this section include:

- 1. Decorative moldings at ceilings throughout are to be restored to the original height.*
- 2. The restoration of the public corridor at the first floor west wing should also include the 4th floor.*
- 3. CSHQA will explore the possibility of returning both the 3rd and 4th floors to their original condition, primarily the cork flooring and replicas of the historic furniture, complete with electronic capabilities.*

Mr. Bianchi also expressed there is a strong concern by legislators that the wall enclosures around the Senate and House chambers and galleries remain in tact.

Mr. Lowe commented that the section on life safety and code analysis contains recommendations and guidelines for ADA accessibility throughout the building.

Exterior Building Assemblies: Suggested changes to this section include:

- 1. Mr. Shneider agreed to double check with the consultants on their recommendation to clean and point the wide cracks in the terra cotta with matching mortar, but not to repair the hairline cracks.*
- 2. CSHQA will conduct further investigation on the method to best repair the terra cotta dome of the lantern on top of the structure. Mr. Lowe suggested*

this investigation be expanded to include research of the eagle's condition and anchorage as well.

Roofing Assemblies: Suggested changes to this section include:

- 1. Further research will be accomplished on whether or not to replace windows in the drum with divided light units to match the original design, or to replace the windows as they were initially constructed.*
- 2. All visible telecommunications equipment will be removed; however, sensitivity will be exercised in considering accommodations for the next step in communications technologies.*

Lifesafety, Accessibility and Code Analysis: Suggested changes to this section include:

- 1. Consideration will be made regarding the provision of two exits from the House and Senate chambers opposed to the installation of fire and sprinkler system alarms.*
- 2. Consideration will be given to provide a high-speed elevator large enough to accommodate a gurney.*

Ms. Frew indicated this would be the proper place to insert anything the Commission may want to investigate regarding seismic research/analysis on the building. It would not necessarily mean a seismic upgrade will be done, but would provide information so we would know what the conditions are, she said.

Mr. Shneider expressed a full seismic analysis of the building would be quite expensive. Mr. Erstad mentioned there was discussion of a seismic study on the building earlier, and at that time it was determined the building had weathered a number of earthquakes with no damage. The purpose of the master plan, he pointed-out, is to design its renovation as it relates to historic applications, new updates, and space utilization. Mr. Shneider added the difficulty in a seismic analysis is determining what is to be used as the standard--the seismic code is very evolutionary.

Mr. Storey noted there are really two issues at hand. First is the fundamental structure of the building—it has experienced seismic activity but there are no signs of repercussions. Secondly, there is an issue of isolated objects that could shift and fall in the event of a quake, and those issues will be addressed as the project progresses. **Chairman Eiguren reiterated Mr. Erstad's recommendation that the total seismic evaluation be held off for another time; however, the immediate precautionary elements will be addressed as the project progresses. There were no objections from the Commissioners.**

Interior Finish Systems: Suggested changes to this section include:

1. *Non-historic items, including drinking fountains, public phones, HVAC wall units, artwork and display cases located in public corridors and entranceways will be removed, replaced, or “renovated”.*

Mechanical Systems Guidelines

1. *The recommendation to replace existing point-of-use hot water systems with central hot water system will be re-evaluated.*

Electrical Systems: Suggested changes to this section include:

1. *The site lighting system will be tied into the Capitol Boulevard Beautification plans.*
2. *The Commission will consider options for enhanced exterior lighting of the Capitol Building.”*

Communications Systems and Infrastructure:

Ms. Hartmans suggested a site visit to view other solutions at state capitols involving both security and communications systems as a basis of reference. Chairman Eiguren suggested a small group visit the Ohio State Capitol, which has state-of-the art systems.

Mr. Lowe noted one of the solutions proposed in the space concept is to develop a centralized common area for computer equipment, telephone switches, etc. that could be centrally located in the basement and secured, as opposed to installing individual systems throughout the building. Mr. Shneider indicated the master plan would include easements and the pathways as well as utilize a hub concept. No matter where equipment is eventually located, this strategy will adapt to future communication modes.

Security Systems: Suggested changes to this section include:

To eliminate the possibility of jeopardizing security in the building, no specifics were included in this section, as part of a public document. Security details will be developed during a separate security analysis and design. Chairman Eiguren expressed that the Commission’s guiding principle is to use technology whenever possible as a mechanism for security, and to maintain as often as possible public access to the building.

Space Utilization: Suggested changes to this section include:

1. *CSHQA recommended deleting space solutions from the master plan. That particular section of the plan should be modified and returned to the vision of space according to statute that says the Governor allocates space on the first and second floors, and the Legislature on the third, fourth and basement. The specific occupants can be addressed during the schematic design phase.*

Chairman Eiguren added the Governor and Legislative Leadership have requested the professional team of architects continue to work with them in terms of space planning allocation. It is their desire to wait until it is known what space might be available in the old Ada County Courthouse Building, then collaborate with professional assistance in actually developing the space allocation plan, which will be a separate document. They are supportive of, and fully follow the recommendations made by the Commission in regard to the public spaces of the building.

2. *An additional guideline will be included to address guest/visitor informational and directional issues.*

Citizen Committee and Public Input: Suggested changes to this section include:

1. *The Commission will address the philosophical approach it will take in regard to citizen input, recognition and public contribution.*

Chairman Eiguren mentioned it is his suggestion the Commission recognize public input, in particular the financial contributions in a way that would be appropriately defined through the funding program. Also, he said members of the public who took the time and effort to communicate with the Commission would receive a letter on behalf of the Commission thanking them for their input.

MOTION: Mr. Erstad moved and Director Guerber seconded the Commission adopt the master plan as modified. The Commission members passed it unanimously.

This is an historic moment, Chairman Eiguren said. The last time a similar event took place was when the Commission approved the original plans by J.E. Tourtellotte. He asked each of the members to sign a “certificate of approval” which will be attested and logged appropriately with the Secretary of State and the state archives. The next step, he said, is for CSHQA to finalize the document.

Initial Draft “Funding Program” for Restoration

Chairman Eiguren explained he and Mr. Doug Dorn, the Commission's Financial Adviser, have been working on a comprehensive mix of funding mechanisms for recommendation to the Legislature and the Governor as to how the Commission would fund the restoration of the Capitol Building. Costs could range anywhere from \$35 to \$65 million.

The funding program, he said, will need to accompany the master plan when submitted to the Legislature. He dispersed a draft document for discussion only (see attached), which is not an official document and does not necessarily reflect the official position of the Commission, he added.

The first component, he explained, would be a general account appropriation fashioned either as a one-time lump-sum appropriation from the general account's FY02 projected surplus, or a series of five separate appropriations from the general account during the period FY02 through FY06. This component assumes \$20 million from the General Account.

The second component is from the Capital Endowment Fund. When the statute was designed in 1998, established for the first time was a Capital Endowment Fund in which the residue of 7,000 acres of commercial timber land were placed as well as the dollars that had not been spent from the sale of the timber (about \$3.3 million).

There would be two ways to utilize the Capitol Endowment Fund moneys. One would be to have a continuing stream of payments from the commercial sale of timber over a period of time from the endowment land based on a type of Present Net Value Basis whereby the projected annual revenue stream from this option would be identified. The second would be a sale of the 7,000 acres of lands that exist in the Capitol Endowment Fund to the Public School Endowment Fund, which has nearly \$2 billion worth of timberland, and \$800,000 in its Endowment Fund. This could produce approximately \$20 million from the sale of those lands. The cash from the sale would be placed into the existing endowment of \$3.3 million that would round it out to about \$24 or \$25 million.

From the stream of income from that endowment, the Commission would be able to pay toward the debt service of the bond that would be issued by the Idaho State Building Authority (ISBA), he said. He explained that most all of the buildings in the Capitol Mall complex were purchased through the ISBA through the sale of long-term bonds. With a \$25 million endowment, if the Commission were to sell 20-year bonds at an average interest rate of 5%, and assuming a 7.25% rate of return from the endowment, it would come up with an additional \$20 million of net proceeds.

The third component of the funding program, he continued, came up during discussions with legislators at recent town hall meetings. There seems to be some enthusiasm for issuing on a one-time basis only, commemorative license plates for the restoration of the Capitol that would be available for five years. A very conservative estimate would be annual revenue of about \$400,000 providing a total of \$2 million.

The fourth component of the program is the Federal Conservation and Restoration Act of 2000, which just passed the U.S. House and is now pending in the U.S. Senate. Assuming it will become law, it could be possible that Idaho would be eligible for about \$400,000 annually for 5 years for a total income of \$2 million.

Finally, Chairman Eiguren said, *a fifth and important part* of the fund raising effort is donations from the private sector. To conduct this effort, the Commission hired Mr. Jim Glass from First Counsel to assist in obtaining about 20% of the total needed, about \$10 million. All five fundraising components added together would total about \$54 million, he estimated.

Mr. Dorn added that when discussions begin on financing a project such as this, first to be considered is who should pay for it. For discussion only, he explained two extremes. One is to locate \$50 million out of the surplus, which would mean that the citizens who pay taxes this year pay for the entire thing. Another way would be to issue \$50 million of general obligation bonds and fix the building, which would mean that citizens who pay taxes for the next 20 to 30 years would pay for the project.

Neither of these solutions is acceptable, he explained, so a middle ground must be identified. The notion of having the private sector pay for 20% of the total cost is a good notion. The majority of the expense will have to come from what is left of the Endowment Fund and municipal bonds.

There are a couple of options to pursue, he said. One is to arrange for a land exchange because the endowment lands are contiguous to other lands that the Department of Lands manages; therefore, it is worth more to them. The problem is trying to figure out today what the values of those lands are that are to be sold, and to be harvested over the next several years.

The other way to do it is to ask the Department of Lands what kind of annual cash flow they could give the Commission for these lands. One scenario is to do a harvest in the next 20 years—at a 60-year replacement rate, one-third of the trees are cut at a time. The other scenario is to cut all the trees within the next 20 years so that all the cash flow is coming in, and in which case the bonds will be paid off in 20 years.

Chairman Eiguren noted that Mr. Dorn, representatives of the Division of Financial Management, Legislative Services Office and himself would design a fairly comprehensive funding program to present to the Commission at its next meeting.

First Counsel Update

Mr. Glass reported about 89 individuals have been identified across and outside of the state to be interviewed for fundraising purposes. He said he will refine that list and then in the next several weeks actually begin the interview process. Additionally, in looking through the master plan report, he pulled out areas in which the private sector funding might have the most interest:

- Restoration of the light shafts
- Restoration of decorative moldings
- Restoration of the Governor's Suite
- Restoration of House and Senate Furnishings
- Restoration of reception lobby and Statuary Hall
- External landscaping and restoration of historic elements
- Central Communications Center
- Video and audio services

He said the key to securing support from the private sector is to identify some of the most visible elements of the project for donations to be directed towards. Chairman Eiguren suggested the list also include the unfinished 5th floor area, the proposed exhibit hall in the basement, and restoration of the eagle and silver lining of the Capitol roof. Mr. Glass said he would go out into the field to get a professional opinion as to whether or not the possibility of raising \$10 million is on target.

Mr. Hartgen expressed it is imperative the Commission set guidelines and standards so not to mislead people on how their contributions will be recognized. His concern is that donors will feel the Commission may be offering recognition for sale. Mr. Glass reassured the Commission that once the framework of the guidelines and standards are sketched-out, they are included in all fundraising documents.

For the interviews, he said, he will design a brief presentation about what the Commission is about. He will distribute the interview questions to the Commission members for approval, as well as the recognition guidelines.

Mr. Glass noted his contract calls for interviews of 65 individuals, but at the point that he has interviewed 45 or 50, it will be determined whether additional interviews are necessary. There is also the possibility the number of interviews will increase. The feasibility study will be ready in January to present to the Legislature, he concluded.

Schematic Design Phase Scope of Work

Mr. Shneider addressed the list of tasks that the design team will move forward on (see attached) as part of the schematic design. Task orders will be issued in the form of amendments to the contract authorizing CSHQA to proceed.

Motion: Director Bianchi moved and Ms. Patano seconded that the document entitled, Restoration of Idaho State Capitol – Schematic Design Phase, which defines the schematic design phase of work to be done by CSHQA, be approved. The Commission passed it unanimously. Mr. Erstad and Mr. Storey were absent from voting.

Mr. Shneider inquired about the Commission's direction in proceeding with the public works projects currently funded for the Capitol Building (below). He queried whether or not the Commission would like them to proceed with the work, or to wait until the entire project is accomplished.

Fire Protection, Phase I	\$330,579 (Planning was done in 1996)
Fire Protection, Phase II	\$333,000
Education Center	\$ 3,524
Masonry Repair/Cleaning	\$547,400
Interior Lighting	\$175,000
Repair E/W Stairs	\$872,205

There are two philosophies involved, he said. One is that since the Legislature appropriated the funds, the Commission should make a good faith effort to move forward in a rapid manner to utilize those moneys. The other philosophy is it may be more appropriate to delay the work until the area's construction documents are put together and then accomplish the work all at once. In the case of the light fixtures, the question is whether or not fixtures should be installed now, and then removed later when that area is renovated.

Ms. Frew explained the Legislature made the appropriation in 1999 for the light fixtures, and the concern is if we do not put those funds to use, it may put the Commission in jeopardy for securing future funding. Also, the Commission had made mention that it would like to do something visible and quickly showing some physical improvements to the building, and it identified the lighting fixture project for that purpose. She reminded the group the lighting project is for the corridors on the first and second floors only. If

they are installed and then taken down for future renovation, it shouldn't add much additional cost to the work.

Chairman Eiguren expressed his opinion that the Commission waits on all of the work. The project should be done in a holistic, comprehensive way and it is his intent to move forward on the master planning, the schematics, and the funding program so that it can all be approved by the Legislature during the next session. He mentioned that during the last Legislative session JFAC made it clear it did not want any work to be done on the Capitol without its prior approval.

Ms. Patano agreed that by delivering a well-defined plan to the Legislature, it will not appear as though the Commission is piecemealing the project. Director Bianchi expressed his concurrence, and asked Ms. Carrington if she feels the Legislature will understand this philosophy. Ms. Carrington responded that in response to JFAC's direction not to proceed without approval, a complete package of the master plan with a total funding program up front would be appropriate. Chairman Eiguren explained when the decision unit package is presented to JFAC, the six previously-funded projects will be noted.

Capitol Commission Communications Plan

Mr. Eiguren reminded the Commission that \$20,000 was appropriated during the 2000 Legislative session for public involvement and public communications. The Commission's Communications Subcommittee, chaired by Marc Johnson, has recommended issuing a Request For Proposal (RFP) to select a firm to help the Commission throughout the project on a video, newsletter, etc. The firm would also be asked to give the Commission a recommendation on how to spend the \$20,000 supplemental toward communication efforts.

Motion: Ms. Patano moved and Director Guerber seconded the Commission go through an RFP process to select a consultant to assist the Commission with public involvement and public relations and that the consultant also make a recommendation for the expenditure of the \$20,000. The Commission passed the motion unanimously. Mr. Erstad and Mr. Storey were absent from voting.

Adjournment

The meeting was adjourned at about 3:55 p.m.

Roy Lewis Eiguren, Chairman
Idaho State Capitol Commission

Diane K. Garcia, Management Assistant
Department of Administration