

MINUTES

STATE BUILDING COMMISSION MEETING

EXECUTIVE SUB-COMMITTEE

NOVEMBER 9, 2005

The State Building Commission Executive Subcommittee met this day at 9:00 a.m. in Executive Conference Room, Ground Floor, State Capitol, Nashville, Tennessee.

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS PRESENT

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

OTHERS PRESENT

Mike Fitts, State Architect
Charles Garrett, Department of Finance and Administration
Georgia Martin, Department of Finance and Administration
Charles Harrison, Comptroller's Office
Dave Thurman, Legislative Budget Analysis
Mark Wood, Secretary of State's Office
Nancy Blevins, Department of Finance and Administration
George Brummett, Department of Finance and Administration
Charles Ross, Ross/Fowler Architects
Ron Bommer, Barber McMurry Architects
Belinda Bolton, TRICOR
Greta Beard, TRICOR
Keith Pyle, Ray Bell Construction
Elvis Butler, Ray Bell Construction
Martha Staley, Department of Finance and Administration
Amanda Sluss, Department of Correction
Lola Potter, Department of Finance and Administration
Debbie Inglis, Department of Correction
Jim Thrasher, Department of Correction
Greg Steck, Department of Finance and Administration
Joan Watkins, Department of Correction
Ken Scalf, Department of Finance and Administration
Emory Crews, Hanscomb, Inc.
Cathy Posey, Department of Correction
Gayle Ray, Department of Correction
Mary Margaret Collier, Comptroller's Office
Claire Drowota, Legislative Oversight Committee on Correction

Commissioner Goetz called the meeting to order at 9:10 a.m. and requested action on the following matters as presented by Assistant Commissioner Charles Garrett.

DEPARTMENT OF CORRECTION

MORGAN COUNTY CORRECTIONAL COMPLEX, MORGAN COUNTY, TENNESSEE

- 1) Charles Garrett began a discussion of bids received on October 12, 2005 for the Morgan County Correctional Complex, Morgan County, Tennessee. Commissioner Little was recognized and gave a synopsis of the situation to date recognizing the following:
 - Bid overrun
 - Deadlines to commit and expend State and federal dollars
 - Site selection and design
 - Operational cost benefits
 - Delay effect and market conditions

He recommended that they proceed with the award to Ray Bell Construction Company in the amount of the base bid less the negotiated items in consideration of all the items discussed. He followed with a recommendation that they look hard at the Bledsoe concept, and revisit that scope in detail, and utilize value-engineering concepts. Commissioner Little said the Morgan County project was a big risk for all parties involved, and he thought they if they waited, there was no assurance that the climate would get better, and it could get worse. He added that they need to look at longer-range issues such as policy on managing prison population.

The Subcommittee cited the risk of losing \$61 million in federal funding as a reason to move ahead with the project even with the higher cost. In addition, Commissioner Little stated that the State will lose about \$1 million each month that the opening of the new prison is delayed because it will be less expensive to operate than the old prison. He said that Correction officials explored the possibility of trying to keep the old Brushy Mountain prison in operation. He said that would cost about \$20 million in renovation expense and the State would still spend an extra \$1 million per month in operating costs.

Claire Drowota was recognized. She stated that leaders of the Select Oversight Committee on Correction were astounded by the dramatic cost increase, but they saw no other viable option and supported Commissioner Little's position.

Charles Garrett thanked Bell Construction for their cooperation and stated that they had all come together and worked as a real team. Secretary of State Darnell thanked Bell who, he said, was willing to work to reduce the cost by approximately \$13 million. He said at least everyone has put his or her head together to try and find the best way to do it. Treasurer Sims said it was very well thought out, examining options and presenting choices. He said the commitment to break down Bledsoe and re-

examine so not to repeat this situation at the next facility was good. He said he was not sure that they have a good choice relative to Morgan County, but they had effective competition and good bids. He said he was not happy about where they are, but he thought he knew what needed to be done.

Comptroller Morgan asked, given the size of this project, what lead to getting only two bids. Charles Garrett responded that the bid date was extended in hopes of getting four bidders, but one had their license expire, and the other effectively moved to the Gulf Coast. He added that bids were received from subs from across the country. He said their management consultant, Hanscomb, had also looked over the bids. Commissioner Goetz said the problem is it takes so long for State government to go from conception to turning dirt. He said the Governor and he wonder how things can be processed better internally.

Treasurer Sims made a motion to adopt Commissioner Little's recommendation, contingent upon their talking to the Speakers, to increase funding from \$131,400,000 to \$180,500,000 and authorization to award a contract to Ray Bell Construction Company in the amount of \$163,179,000, which includes Alternates 1-4, based on bids received October 12, 2005, with the understanding that the parties have agreed upon an immediate deduct change order in the amount of \$12,117,066. The motion was seconded and passed without objection.

Revised Estimated Project Cost: \$180,500,000.00
SBC Project No. 142/028-01-2003

There being no further business, the meeting adjourned at 9:35 a.m.

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