COMMITTEE MEMBERS: Charles Barrasso, Pamela Delphenich, (Telephone), Marilda Gandara, Thomas Ritter, Richard Schoenhardt, Charles Bunnell (Telephone), Charles Urso (Telephone)

BOARD OF DIRECTORS MEMBERS PRESENT: Francis Archambault


INVITED GUEST President Susan Herbst

GUESTS Michael Daniels Student Trustee (phone) Elizabeth Jockusch, BG&E Senate Representative

Committee Chairman Thomas Ritter convened the meeting of the Construction Management Oversight Committee (CMOC) at 10:00 am at the Rome Commons Ballroom, Storrs, Connecticut.

Chairman Ritter directed the committee to action agenda Item #1, Approval of the Construction Management Oversight Committee meeting minutes of September 3, 2014, requesting motion to approve, said motion was made by Committee member Charles Urso and unanimously approved, as circulated.


Mr. Patel provided a brief summary of his Quarterly report, highlighting the Change Order Monitor summary that had recently been incorporated into the construction project report and...
stated that certain improvements were still required. Mr. Patel added that problems no longer existed with adherence to policies and procedures with the next focus being quality improvement. Mr. Patel stated that the reorganization of Planning, Architecture and Engineering Services (PAES) ultimately resulted into the implementation of a cross matrix system (agenda item #3); along with a Capital Projects and Contract Administration (CPCA) policy revision reducing retainage from 10% to 7.5% (agenda item #7). Mr. Patel informed the committee that the CMOC Task Force was on hold and would be regrouping in January 2015. The OCA’s December 4, 2014 Quarterly Report is provided in its entirety below.

To: Chairman and Members of the Construction Management Oversight Committee

From: Bhupen N. Patel, Director of Construction Assurance

Subject: Office of Construction Assurance December 2014 Quarterly Report

Date: December 4, 2014

cc: Susan Herbst, President
    Rachel Rubin, Chief of Staff to the President &
    Executive Secretary to the Board of Trustees

Enclosures:

(1) Construction Project Status Report to Board of Trustees dated October 29, 2014
    (http://www.finance.uconn.edu/ProjectBudgets/ConstructionStatus10.29.14.pdf)

(2) Quarterly Construction Report for a period ending September 30, 2014
    (http://paes.uconn.edu/UConn_PAES_QuarterlyConstructionStatusReport_093014.pdf)

The report (1) is used as a tool to obtain the Board of Trustees (BOT) approval of project budgets at different stages of the project. This report does not go to CMOC members who are not BOT members. I have sent these reports to you in the past. Project budgets are developed initially with preliminary planning. As project scope is further defined and revised through planning and design phases, the budget gets more accurate and firm. Final budget phase generally is based on bids received or based on accurate estimate of anticipated bid values

The concept, preliminary planning and design phases related activities require a multitude of action on the part of University staff. Until ground is broken, few people will have an idea of work activities being performed.

The Construction Project Status Report provides a view of all activities related to construction projects. At the Storrs campus, twenty five projects are currently in the
planning stage, twenty in various levels of design and twelve at various levels of the construction phase; thus, a total of fifty seven projects are moving forward.

Cost estimates at different phases should be fairly close if the scope is well defined and higher quality of input is provided by entities participating in the scope development. Recently adopted new procedures called Memorandum of Understanding (MOU), should result into more accurate estimates at all three phases.

Enclosure (2) is the Quarterly Construction Report for the period ending September 30, 2014 prepared by PAES includes Change Order Monitor (COM) information. This new information is being reported in response to your previous comments. COM is a good tool for you to assess the quality of our construction management during all phases. We are also attempting to summarize all projects along with their Change Orders Monitor box. This will help you to evaluate the quality of our management by reviewing one or two pages without thumbing through hundreds of pages. Change Order percentages of projects reported here varies between 0% and 16%. The existing financial system does not properly record change orders. UConn Health has set a goal of 3%. Health Center reported projects are within the 3% range. There is a need for the University to clearly define “change order” consistent with industry standards and develop a system to monitor it. Internal auditors report confirms my conclusion on this matter.

The second report provides a current view of the project construction activities with a total of eighteen ongoing construction projects. As reported in my September 3rd report, there are no projects exceeding $10 million dollars currently in progress at the Storrs campus.

Construction activities at the UConn Health are moving in high gear. I continue to interact with appropriate staff at different events as an observer and provide my opinion when needed. I continue to attend Steering Committee meetings at the Health Center.

My review of files for completed projects has not revealed any missteps in the process. I have not heard or observed complaint about project timing delays caused by procedures. PAES is working on process improvements and have developed plans for project management based on three categories of projects, major, mid-sized and minor. PAES revised its administrative organization to facilitate the new project management style. The cross matrix of the organization appears to enhance better project management; this change will lead to improved efficiency.

Task force related work activities are temporarily being deprioritized due to other workloads. Laura has informed me that upon hiring a new Director, PAES will restart those activities.

Interim Executive Vice President for Administration and Chief Financial Officer, John Biacamanno, is in the process of lowering the retainage requirement on construction.
projects from 10% to 7.5%. Matthew Larson, Director of Purchasing, has briefed you in the past on this issue. I think it is a positive action.

Laura Cruickshank, University Chief Planner and Chief Architect, has informed me that bids for the Design Build project for Residential Life Facilities STEM Residence Hall have come in within budget and bids for the Technology Quadrant Phase III – Innovation Partnership building also came in within budget. This concludes my December 2014 Quarterly Report.

Committee member Gandara indicated that significant progress on policies and procedures had been made and the task force was at a good point to close out that aspect and take a look at the management side to see if similar policies and procedures could be developed.

As in the past, Chairman Ritter asked Mr. Patel if, as an independent person whose position was established by the State legislature, he had experienced any issues with obtaining information or any needs not met by the University. Mr. Patel responded that he was able to obtain all the information he required.

The CMOC meeting continued with agenda Item No. 3, Updates on Operational & Organizational Activities & Improvements with Mathew Larson, Director of Procurement Services, Capital Project and Contract Administration (CPCA) taking the lead.

Mr. Larson provided the committee with a brief CPCA update regarding activities in support of streamlining the capital program, while preserving the compliance and control requirements. Mr. Larson expanded on the University’s efforts to enhance access and opportunities for small and/or minority business and Connecticut based businesses within the University’s capital program by reducing the retainage percentage from 10% to 7.5%; consistent with the State Department of Construction Services, to assure the University stayed on par and consistent for the subcontractor community desiring to do business with UConn.

Mr. Larson stated that CPCA was also working on the prequalification process used for financial analysis to assure that the University was conducting business with viable companies and reducing some factors that may have eliminated some small or minority businesses from the opportunity to compete. Mr. Larson added that the University had met with the State Insurance Risk Management Board and others to determine if the OCIP program would programmatically align with some of the PAES projects providing an opportunity for small and minority business contractors who may find it difficult to individually meet the insurance requirements. Mr. Larson informed the committee that CPCA had also been actively participating in the Connecticut Contracting and Bidding Transparency Working Group focusing on bid shopping and subcontractor transparency.

Laura Cruickshank, University Master Planner and Chief Architect, continued with agenda Item No., 3 Updates on Operational & Organizational Improvements relative to PAES. Ms. Cruickshank provided a brief overview of the newly implemented Matrix Management System making each of the PAES director’s responsible for individual
projects from the beginning of conceptual design through project closeout. Ms. Cruickshank also notified the committee that a Director of Design and Stem Projects had been hired completing the PAES directorial team; with that, Mr. Robert Corbett Director of Regional Project & Development was introduced to present the QA/QC component of the presentation. Mr. Corbett stated that recent focus had been on Design Guidelines and Standards which had not been updated since 2000; with 90% of the text written/rewritten, with estimated draft completion by the end of the year. UITS, Health and Safety and Public Safety are also scheduled to be updated. PAES draft guidelines will be under review, finalized and approved in the spring of 2015.

Mr. Corbett advised the committee that the QAQC Compliance Officer continued to review 100% of all University change orders (CO), change order check lists are being adhered to, forms issued and utilized by all Project Managers. Currently being updated is the Contract Suite for the University along with contract updates for Bridging Architect and Design Build completed over last summer; and utilized on both Stem Residence Hall and the Honor’s Residence Hall projects. Mr. Corbett added that General Contractor Lump Sum and Construction Manager’s at Risk contracts would be finalized in the spring.

In closing, Mr. Corbett touched upon construction monitoring, with PAES having contracted with several Project Management Oversight organizations to assist in providing coverage of both administration and on site; i.e. Stem Residence Hall, Engineering and Science Building and the Innovation Partnership Building all managed by in house University Project Managers.

Mr. Brian Gore, Director of Project and Program Management for PAES continued with agenda Item No. 4, Status of Code Correction Projects. Referencing a recently emailed status report, Mr. Gore stated that four major projects i.e., Stamford, Wilbur Cross, Mansfield Apartments and Central Warehouse (along with 24 bundled programs) remained. A schedule and summary of cost to remediate a portion of the projects was included, and Mr. Gore stated that in kind services from architects, engineers and contractors held contributable for discrepancies, were being recovered; with anticipated completion of all discrepancies in 2016.

Mr. Gore continued with agenda Item No. 5 September 30, Quarterly Construction Report which had been issued to all committee members. Mr. Gore noted that a Change Order Monitor (COM) had been added to the report at the request of Mr. Patel; indicating both real and potential CO’s, as related to a percentage of the hard construction costs. Chairman Ritter indicated his concurrence with the addition of the change and effort to improve CO monitoring.

Chairman Ritter continued with agenda Item No. 6 State Legislation Pertaining to CMOC, and thanked President Susan Herbst for her attendance. Mr. Ritter provided a brief history on the creation of the CMOC from its inception to the present. Chairman Ritter stated that, in the past, several members had asked to resign, but at his request had agreed to stay beyond their appointment window for the sake of the committee, until the members felt comfortable that they had reached a sound conclusion. Chair Ritter thanked President
Herbst for attending to recognize the four CMOC committee members who had provided such valuable service to the University and the State.

Mr. Ritter referenced the draft resolution that had been prepared for transmittal to the State legislature stating that the three major components of the resolution were; one, to transfer the requirement that upon the completion of a named project, the review of the University’s management for its conformance with applicable policies and procedures be transferred from CMOC to the Office of Construction Assurance; two, maintain the Construction Assurance office at UConn with its independent employees, agreed to be a critical part of the legislation and should continue, substituting the Board of Trustees for CMOC; or three, make appointments to fill the four vacant CMOC positions.

Committee member (CM) John Barrasso expressed his agreement with Chairman Ritter, and added that everyone should keep in mind what was accomplished, avoid complacency and continue to hire only the best contractors for the University. CM Schoenhardt also spoke to the progress that had been made, indicating a more complete and detailed structure existed and was pleased that the OCA would be maintained with its independence and review. CM Pamela Delphenich registered her pleasure at serving, stating that UConn had transformed itself into a model of good process that others might aspire to. CM Urso concluded with his concurrence, indicating that the evolution of the process had come to a point that it had become a model that other State agencies could take example from, also indicating that the role of the Office of Construction Assurance was absolutely critical to the process. Mr. Urso indicated his pleasure at serving the University and the State concurring with the adjustments and the recommendations made.

Chairman Ritter proceeded to call for a vote, with the resolution being the acceptance of all four resignations, the charges previously outlined and asked Richard Orr, Vice President and General Counsel for the University, if there was anything further related to the topic that needed to be addressed. Attorney Orr responded that prior to circulating the draft resolution, one suggestion was the draft should include a notation that “the annual independent auditor continue to function and continue to report to the General Assembly.” This is in place but not affected by CMOC. A motion was made by CM Barrasso, and seconded by CM Schoenhardt to approve the attached proposal prepared by legal Counsel; and the vote was passed unanimously.

December 4, 2014  Draft 12/3/14

TO: Governor Dannel Malloy
State Capitol – Room 202
Hartford, CT 06106

Senate President Donald Williams
Legislative Office Building – Room 3300
Hartford, CT 06106

Senate Majority Leader Martin Looney
Legislative Office Building – Room 3300
Hartford, CT 06106

Senate Minority Leader John McKinney
Legislative Office Building – Room 3402
Hartford, CT 06106

Speaker Brendan Sharkey
Legislative Office Building – Room 4105

Majority Leader Joe Aresimowicz
Legislative Office Building – Room 4106
Minority Leader Lawrence F. Cafero, Jr.
Legislative Office Building – Room 4202
Hartford, CT 06106

FR: Construction Management Oversight Committee (CMOC)
RE: Recommendation for Statutory Change

The Construction Management Oversight Committee (CMOC) believes it has accomplished its statutory goals, and therefore is recommending that the General Assembly assign its remaining functions to the University’s Board of Trustees.

The CMOC includes four public members, their terms expired in 2009 and 2010, but despite requests for the appointment of replacements (see attached correspondence) no new appointments were made. In the absence of replacements they have continued to serve for up to five years after their original terms expired. Now they are resigning. In the event the General Assembly does not change the statutes to eliminate the CMOC, new members will need to be appointed by the governor and legislative leaders.

**Background**

The CMOC was created in 2006 pursuant to Public Act 06-134, as codified in Sections 10a-109bb, 10a-109cc and 10a-109dd of the general statutes, in response to significant problems with the UConn 2000 construction program. To address these issues, the CMOC was charged with the review and approval of the policies and procedures developed by the University to undertake any project of UConn 2000 concerning the selection of design professionals and contractors, contract compliance, building and fire code compliance and deferred maintenance. The CMOC statutes also required the University to submit an annual budget for deferred maintenance for review by the CMOC. Finally, the University’s Board of Trustees was required to establish a Construction Assurance Office, headed by a full-time director, to help staff the CMOC and to review the construction performance of named projects under UConn 2000. In fulfilling these responsibilities, the director reports both to the CMOC and the University’s president.

Since 2006, the CMOC has overseen significant process improvements in financial controls and capital projects contract administration throughout the University’s capital program. In the first two years of its existence, the CMOC focused primarily on the development of policies and procedures as required by statute. Since then, the CMOC has met on a regular basis, in conjunction with the BG&E Committee, to review reports from the Office of Construction Assurance, who monitors the project management, procurement policies and procedures and is headed by a full-time Construction Assurance Officer. CMOC also reviews the status of major projects and remaining code correction programs. It should be noted that the University discusses all policy and procedure updates with the Construction Assurance Officer and these matters are presented to the CMOC and the Board of Trustees’ Building, Grounds & Environment (BG&E) Committee at a joint meeting.
As a result of the CMOC’s work, the University received an outstanding audit commending UConn for the work it has done to assure quality construction consistent with its building statutes. The audit by McGladrey LLP examines UConn 2000 projects for the 2011, 2012 and 2013 fiscal years and found the following:

- The University has strong controls to ensure transparent and accurate accountability of UConn 2000 funds;
- The audit represents seven years of continuous improvements in governance, reporting and overall accountability for UConn 2000 funds;
- The University has the platforms in place to provide the same level of accountability for additional funding such as Next Generation CT; and
- The overall system – Board Governance, our CMOC Committee, the Finance Committee, the Joint Audit and Compliance Committee (JACC), internal audits, external audits and the established controls by the University’s administration – provide a high level of assurance of appropriate stewardship and integrity in reporting.

Although McGladrey did identify a deficiency in internal controls in connection with the audit of UCONN 2000 expenditures for the 2013 fiscal year, McGladrey concluded that the University management has taken steps to enhance the effectiveness of internal control to ensure that markup calculations are accurate and in accordance with contract terms.

Based on the CMOC reviews and oversight of the University performance since 2006, the CMOC has concluded that while there is no further need for the CMOC itself to exist, it is essential that the University maintain the existing Construction Assurance Office with its independent employees but substitute the Board of Trustees for CMOC as the entity to receive the quarterly reports from that Office. The CMOC recommends that, upon completion of a named project, the responsibility for reviewing the University’s management of that project for compliance with applicable policies and procedures should be given to the Construction Assurance Office. The Construction Assurance Office should continue to monitor policies and procedures and make recommendations as appropriate. Finally, the Board of Trustees should be substituted for CMOC as the entity that receives the annual budget for deferred maintenance.

In conclusion, the CMOC supports changing the statutes to eliminate the committee and transferring certain remaining functions to the Construction Assurance Office and the University’s Board of Trustees. Attached is proposed draft legislation that would accomplish that change.

In the event the General Assembly prefers to maintain the status quo and keep the CMOC, the governor and legislative leadership will need to appoint four new public members.

cc: Senator Steve Cassano
Representative Roberta Willis
Representative Gregory Haddad
Senator Toni Boucher
Representative Timothy LeGeyt
Senator Robert Duff
Representative Themis Klarides
Draft Legislation To Eliminate CMOC
Proposed By
The Members Of CMOC

Section 1. Section 10a-109bb of the general statutes is repealed.

[Sec. 10a-109bb. Construction management oversight committee. Duties. (a) There is established a construction management oversight committee consisting of (1) four members appointed jointly by the Governor, the speaker of the House of Representatives, the majority leader of the House of Representatives, the minority leader of the House of Representatives, the president pro tempore of the Senate, the majority leader of the Senate and the minority leader of the Senate, and (2) three members appointed by the Board of Trustees for The University of Connecticut, who shall be members of said board. The board of trustees shall replace any such committee member appointed by said board if such committee member's term on the board expires or otherwise ends. The members appointed pursuant to subdivision (1) of this subsection shall have expertise in the fields of construction management, architectural design or construction project management. The chairperson of the committee shall be designated by the board of trustees. All appointments of the initial committee shall be made no later than July 20, 2006. Appointments shall be for four consecutive years, except that two of the initial appointments pursuant to subdivision (1) of this subsection shall be for three consecutive years. Upon expiration of the initial members' terms and every four years thereafter, new members shall be appointed in accordance with the procedures for appointment set forth in this section. A majority of the members of the committee shall constitute a quorum for the conduct of business. The committee shall act by a majority vote of the members. The committee shall maintain a record of its proceedings in such form as it determines, provided such record indicates attendance and all votes cast by each member.

(b) The construction management oversight committee established pursuant to subsection (a) of this section shall review and approve the policies and procedures developed by The University of Connecticut to undertake any project of UConn 2000, as defined in subdivision (25) of section 10a-109c, concerning the selection of design professionals and contractors, as defined in subdivision (27) of section 10a-109c, contract compliance, building and fire code compliance, deferred maintenance, as defined in subdivision (29) of section 10a-109c, and an annual budget for such maintenance prepared pursuant to section 10a-109dd, project and program budgets and schedules and the authorization and review of contract changes. The committee shall prepare, biennially, a summary of construction performance of UConn 2000 based on reports submitted at least quarterly by the construction assurance office established pursuant to section 10a-109cc, and shall, upon the completion of each named project pursuant to section 10a-109e, conduct a review of the university's management of such project for its conformance with the applicable policies and procedures governing construction undertaken pursuant to section 10a-109n. Such review of completed projects shall incorporate information, including, but not limited to, that which is derived from reviews of the reports submitted at least quarterly by the construction assurance office, in accordance with section 10a-109cc.

(c) The construction management oversight committee established pursuant to subsection (a) of this section shall, upon completion of each assessment, summary and review conducted pursuant
Section 2. Section 10a-109cc of the general statutes is repealed and the following is substituted in lieu thereof (Effective from passage):

Sec. 10a-109cc. Construction assurance office. Not later than August 1, 2006, the Board of Trustees for The University of Connecticut shall establish the construction assurance office. Positions in the office shall be paid positions. The office shall be led by a full-time director who shall be responsible for reviews of construction performance of UConn 2000, as defined in subdivision (25) of section 10a-109c, and shall report at least quarterly to the [construction management oversight committee in accordance with section 10a-109bb] THE BOARD OF TRUSTEES and to the president of The University of Connecticut. THE OFFICE ALSO SHALL, UPON THE COMPLETION OF EACH NAMED PROJECT PURSUANT TO SECTION 10A-109E, CONDUCT A REVIEW OF THE UNIVERSITY’S MANAGEMENT OF SUCH PROJECT FOR ITS CONFORMANCE WITH THE APPLICABLE POLICIES AND PROCEDURES GOVERNING CONSTRUCTION UNDERTAKEN PURSUANT TO SECTION 10A-109N. THE OFFICE SHALL, WHEN APPROPRIATE, MAKE RECOMMENDATIONS TO THE BOARD OF TRUSTEES REGARDING REVISIONS OF SUCH POLICIES AND PROCEDURES

Section 3. Section 10a-109dd of the general statutes is repealed and the following is substituted in lieu thereof (Effective from passage):

Sec. 10a-109dd. Deferred maintenance needs. The university, as defined in subdivision (26) of section 10a-109c, shall conduct reviews of deferred maintenance needs at the university and annually submit to the [construction management oversight committee established pursuant to section 10a-109bb,] THE BOARD OF TRUSTEES an annual budget concerning deferred maintenance, as defined in subdivision (29) of section 10a-109c.

Thomas Trutter, UConn Health, Associate Vice President for Campus Planning, Design and Construction, provided a brief overview and update in the form of a PowerPoint presentation on the BioScience Connecticut projects. He stated that 3000 total workers had come through the site through September with approximately 82% of all contracts awarded to Connecticut companies noting that veteran hiring remained at 4% on the Hospital Tower project. Mr. Trutter informed the committee that the first moves into the Outpatient Pavilion were scheduled for January 2nd through the end of January from the Dowling Building; thus enabling Dowling’s demolition; thereafter the parcel would be handed over to Jackson Labs. Mr. Trutter added that progress was made on the L Building Renovations with the last floor being turned over in early 2015; and ground broken for the Cell and Genome Sciences Building Addition, with Incubator Lab steel erection in mid-January. He provided an OCIP update on the programs risk management system, information on construction quality risk, change order rates as well as the percentage of contingencies remaining. Mr. Trutter further stated that the biggest risk was on the Outpatient Pavilion project, where a change in occupancy required a redesign on the east end 8th floor,
using existing subcontractors only for the bid pool, created a less competitive bidding environment and a risk for higher prices.

Frank Archambault, Board of Directors, requested that Mr. Trutter expand on the type of services that would be provided in the new Outpatient Pavilion. Mr. Trutter stated that the Carol and Ray Neag Cancer Center would be there, General Medicine, Internal Medicine, surgical sub specialties, Ear Nose & Throat, and a newly created Spine Center as part of the overall Muscular Skeletal Institute Program along with faculty and staff.

Laura Cruickshank, University Master Planner and Chief Architect continued with agenda Item No. 8 Update of Current Construction Project Progress providing a Power Point presentation updating the Storrs based construction and renovation projects. Project updates included the Basketball Champion Center, Gateway to Fine Arts, North Eagleville Infrastructure Repair, North Hillside Road Water Line Replacement, FMRI Suite, Stem Residence Hall and the Innovation Partnership Building. Projects in design included Engineering and Science, Hartford, Monteith, Putnam Refractory, Honors and various utility projects. Ms. Cruickshank continued with projects in the planning phase; Campus Master Plan and the Science Facility Planning Study.

President Herbst questioned what was planned for some of the historic houses, specifically on Route 195. Ms. Cruickshank explained that the two houses on Route 195 would remain, as they had not yet been discussed with the State Historical Preservation Office; however, the two older houses on Gilbert Road were scheduled for demolition to accommodate the construction of the Honor’s Residence Hall project with construction drawings completed by spring 2015. Ms. Beverly Wood, Director of University Planning, added that a Heritage District would be created on campus allowing the University to address a number of scattered historical properties throughout campus which should continue over the next several years. President Herbst requested that efforts be taken to spruce up and secure several of the abandoned older building in the meantime and PAES staff agreed to take the required action.

Mr. Archambault asked if the Master Plan would include financing and payment information. Ms. Cruickshank responded that more information would be added in January. Mr. Daniels, Student Senate, requested elaboration on the Recreation Center project site stating that placement behind McMahon would severely impact available parking in the area and was a garage being considered. Ms. Cruickshank responded that parking decks would be sprinkled around campus and that reduced parking at that site would be accommodated.

The Construction Management Meeting was adjourned at 10:37 am.

Respectfully submitted,
Diane Cosma Marquis
Diane Cosma Marquis
Secretary to the Committee