



# Blue Ribbon Commission

## Blue Ribbon Commission to Study the Building and Infrastructure Needs of the State Findings and Recommendations

Paul Davis Boney, FAIA

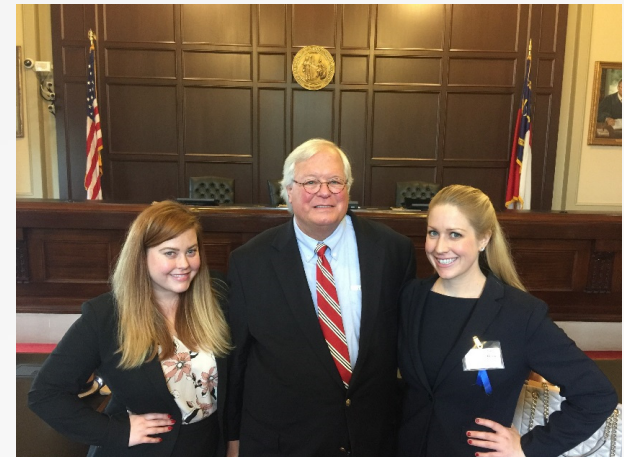
March 1, 2017



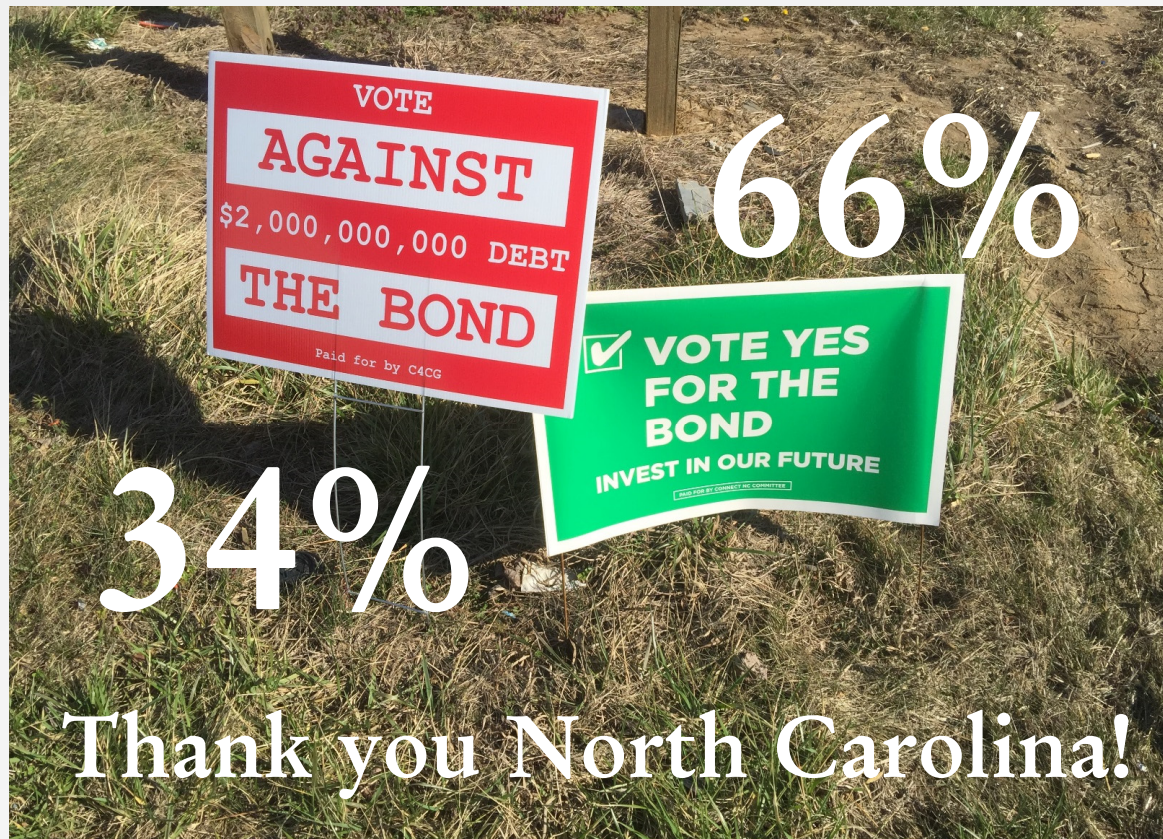
# Blue Ribbon Commission

## Take a Few Minutes To Say Thank You!

- Local and State Employees
- Local Building Officials and Approval Agencies
- Contractors
- Subcontractors and Suppliers
- Architects and Engineers
- **Lawyers** (*shameless plug for my two daughters*)



# Thank You to the Folks That Voted for the Bond Issue



# Blue Ribbon Commission to Study the Building and Infrastructure Needs of the State Findings and Recommendations



**What people want is  
a government that works!**



GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

SESSION LAW 2014-42  
HOUSE BILL 1043

AN ACT TO CLARIFY THE STATUTES RELATED TO THE USE OF PREQUALIFICATION IN PUBLIC CONSTRUCTION CONTRACTING, AS STUDIED BY THE JOINT PURCHASE AND CONTRACT STUDY COMMITTEE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 143-135.8 reads as rewritten:

"§ 143-135.8. Prequalification.

(a) Except as provided in this section, Bidders~~bidders~~ may not be prequalified for any ~~public construction or repair work project.~~

(b) A governmental entity may prequalify bidders for a particular construction or repair work project when all of the following apply:

(1) The governmental entity is using one of the construction methods authorized in G.S. 143-128(a1)(1) through G.S. 143-128(a1)(3).

(2) The board or governing body of the governmental entity adopts an objective

**When discussing H1043 – All agreed,  
NC State needs Capital Assets  
And A Financial Plan to Get Them!**



**SECTION 8.(a)** There is established a Blue Ribbon Commission to Study the Building and Infrastructure Needs of the State (Commission).

**SECTION 8.(b)** The Commission shall be composed of 20 members as follows:

- (1) Seven members appointed by the Speaker of the House of Representatives, as follows:
  - a. Three members of the House of Representatives.
  - b. One person upon recommendation of the North Carolina League of Municipalities.
  - c. One member of the public, licensed as an architect in this State.
  - d. One member of the public, licensed as a professional engineer in this State.
  - e. One person upon recommendation of the North Carolina Chamber.
- (2) Seven members appointed by the President Pro Tempore of the Senate, as follows:
  - a. Three members of the Senate.
  - b. One person upon recommendation of the North Carolina County Commissioners Association.
  - c. One person upon recommendation of the North Carolina School Boards Association.
  - d. One member of the public, licensed as a general contractor in this State.
  - e. One member of the public, licensed as an attorney in this State, with experience in infrastructure financing or infrastructure bonds.
- (3) Six members appointed by the Governor, as follows:
  - a. The State Treasurer, or the Treasurer's designee.
  - b. The Secretary of Administration, or the Secretary's designee.
  - c. The President of The University of North Carolina, or the President's designee.
  - d. The President of the North Carolina System of Community Colleges, or the President's designee.
  - e. A member of the State Water Infrastructure Authority.
  - f. The Secretary of the Department of Commerce, or the Secretary's designee.



# Commission Members – Speaker

The Honorable Dean Arp, PE

Chairman - Member of the House of Representatives

The Honorable Stephen M. Ross

Member of the House of Representatives

The Honorable David R. Lewis

Member of the House of Representatives

Honorable John S. Phillips

One person upon recommendation of the NC League of Municipalities

Paul D. Boney, FAIA

One member of the public, licensed as an architect in this State

Neil T. Deans, PE

One member of the public, licensed as a professional engineer in this State

Pamela “Pam” B. Townsend, PE

One person upon recommendation of the NC Chamber



# Commission Members - President Pro Temp

The Honorable Chad Barefoot	Chairman – Member of the Senate
The Honorable Kathy Harrington	Member of the Senate
The Honorable Ralph E. Hise	Member of the Senate
Jeffrey P. Carver	One person upon recommendation of the NC County Commissioners Association
Barry Shoemaker	One person upon recommendation of the NC School Boards Association
David Timothy “Tim” Clancy	One member of the public, licensed as a general contractor in this State
Michael P. Juby, Jr.	One member of the public, licensed as an attorney in this State, with experience in infrastructure





# Commission Members - Governor

The Honorable Janet Cowell

The State Treasurer, or the Treasurer's designee

The Honorable Kathryn Johnston

Acting Secretary of Administration, or the Secretary's designee

Charles "Charlie" Perusse

The President of The University of North Carolina, or the President's designee

Jennifer Haygood

The President of the North Carolina System of Community Colleges, or the President's designee

John David "JD" Solomon, PE

A member of the State Water Infrastructure Authority

Drew Heath

The Secretary of the Department of Commerce, or the Secretary's designee



# Blue Ribbon Commission

## § 143C-8-3. Capital improvement needs criteria.

The Office of State Budget and Management shall develop a weighted list of factors that may be used to evaluate the need for capital improvement projects. The list shall include all of the following:

- (1) Preservation, adequacy and use of existing facilities.
- (2) Health and safety considerations.
- (3) Operational efficiencies.
- (4) Projected demand for governmental services agencies.



# Commission Task

NEEDS

COSTS

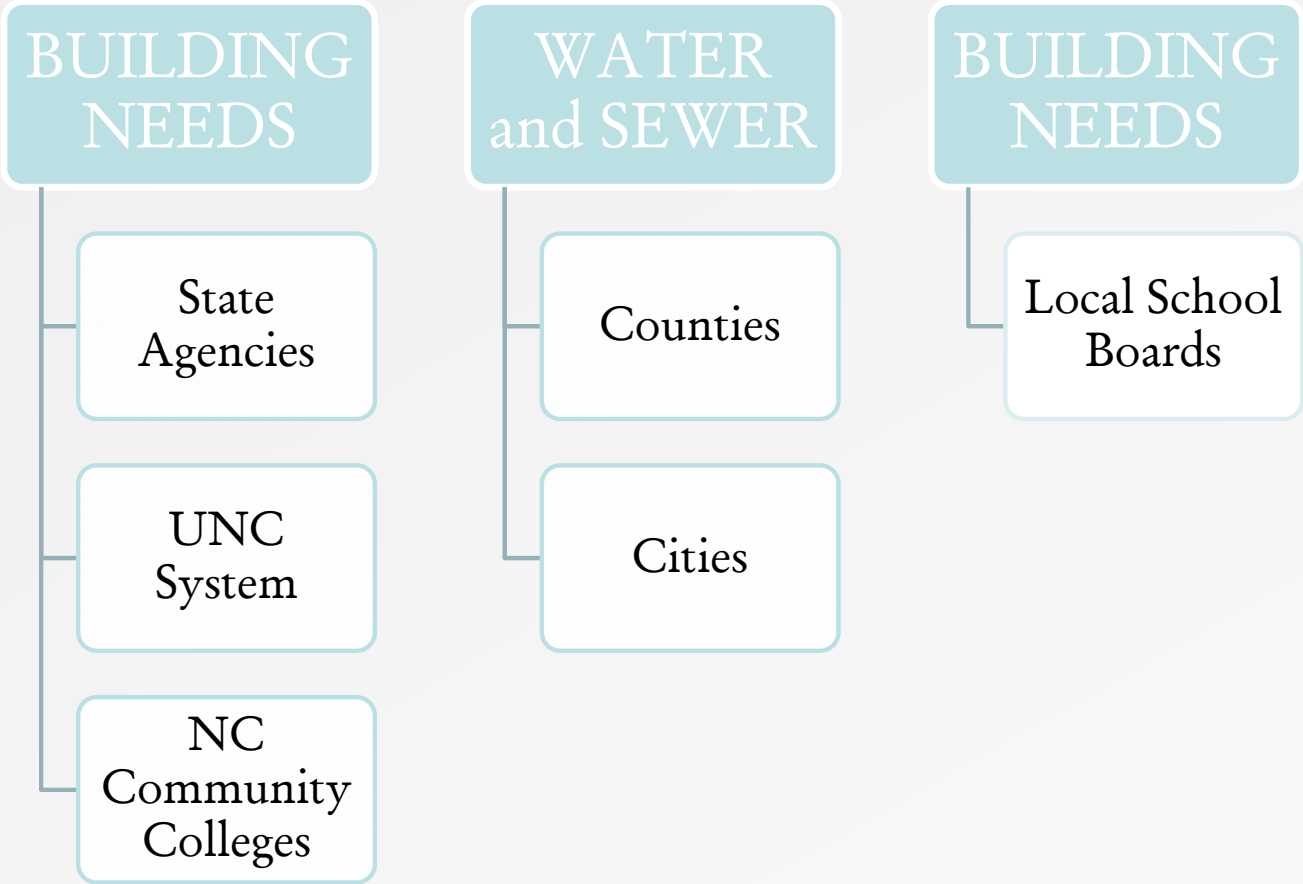
PROCESSES

FUNDING

... Look Ahead Til 2025



# Who?





# Commission Timeline

- **Interim Report 2015 General Assembly.**
- **Final Report Regular Session of the 2017 General Assembly.**
- **Commission shall terminate on 31 December 2016 or upon filing the Final Report.**

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**The mission of the Blue Ribbon Panel is to develop a Legislative capital budgeting process that addresses the long-range building and infrastructure needs of our state that is linked to a funding plan which prioritizes needs for economic development and public safety.**



# Commission Task

**Blue Ribbon Commission to Study the Building and  
Infrastructure Needs of the State**

## **Findings and Recommendations**

**REPORT TO THE 2017 GENERAL ASSEMBLY OF NORTH CAROLINA  
DECEMBER, 2016**



# Findings and Recommendations

## I. NEEDS & COSTS - FINDINGS

- The Department of Public Instruction (DPI) estimates that local school boards will require \$8 billion worth of capital investment in the next five years, primarily for new schools and renovations.





# Findings and Recommendations

## I. NEEDS & COSTS - FINDINGS

- **The public needs accurate information before voting on school bonds or the State invests funds for school construction**



# Findings and Recommendations

## I. NEEDS & COSTS - FINDINGS

- Department of Environmental Quality estimates that local governments will need between **\$7 billion and \$11 billion** for wastewater capital needs and,
- Between **\$11 billion and \$15 billion** for drinking water capital needs over the next 20 years.



# Findings and Recommendations

## I. NEEDS & COSTS – FINDINGS

- **Regionalization of the systems would allow small communities to join together to reap the benefits of scaled systems.**



# Findings and Recommendations

## I. NEEDS & COSTS - FINDINGS

- Incentives could be upfront appropriations from the General Assembly or greater priority for grants and 0% interest loans through the State's revolving funds run by the Department of Environmental Quality. The State should investigate new ways to help rural communities invest in capital improvements with a special prioritization for improvements focused on health and safety issues.



# Findings and Recommendations

## I. NEEDS & COSTS – RECOMMENDATIONS

**Recommendation IA** – Expand training programs for local government units, including school boards, to ensure capital improvement projects involving new building construction or water and sewer infrastructure improvements take into consideration the project's long and short impact on the unit's annual budget.



# Findings and Recommendations

## I. NEEDS & COSTS – RECOMMENDATIONS

**Recommendation IB** – Establish financial incentives for local governments demonstrating consistent improvement in fiscal stability through better cost-benefit analysis and long range planning when undertaking new building construction or water and sewer infrastructure improvement



# Findings and Recommendations

## II. PROCESS - FINDINGS

- **The State should evaluate the comparative costs to purchase, lease, or renovate buildings for capital needs.**
- **The financial model used by the State should include cost of capital, lease payments, cost of construction and design of a new facility, maintenance, operating cost, and future repairs and renovations cost to a State-owned building.**



# Findings and Recommendations

## II. PROCESS – RECOMMENDATION

**Recommendation IIA** – Develop and utilize a uniform system for all State agencies to weigh whether it's more cost efficient for the State to lease, renovate, or construct buildings for particular agency needs and, in the case of new construction, include within such system the ability to project the total life cycle costs of building ownership.





# Findings and Recommendations

## II. PROCESS – RECOMMENDATION

**Recommendation IIB** – Improve the data collection process to get a well defined picture of the true repair and renovation needs for State owned buildings.



# Findings and Recommendations

## II. PROCESS - RECOMMENDATION

**Recommendation IIC** – With respect to the State's Facility Condition Assessment Program (FCAP), all of the following:

1. Addition of a third three-person FCAP team.
2. Additional funding for a Construction Cost Estimator to support the FCAP teams.
3. Addition of utility, repair, and other general facility operating cost data to the FCAP costing formula by implementing standard building automation software.
4. Adoption of APPA: Leadership in Educational Facilities Level 2 or similar standards as the benchmark for maintenance standards for State-owned buildings.



# Findings and Recommendations

## II. PROCESS – RECOMMENDATION

**Recommendation IID** – Require performance audits of local government units, including school boards to ensure they are utilizing existing assets and planning for future expansion in the most efficient manner and consistent with Needs & Costs Recommendation IA.



# Findings and Recommendations

## II. PROCESS – RECOMMENDATION

**Recommendation IIE** – Require submission of the performance audit to the appropriate reviewing authority as part of any unit of local government's application seeking public grants or approval of debt for either new building construction or water and sewer infrastructure improvements.



# Findings and Recommendations

## III. FUNDING – FINDINGS

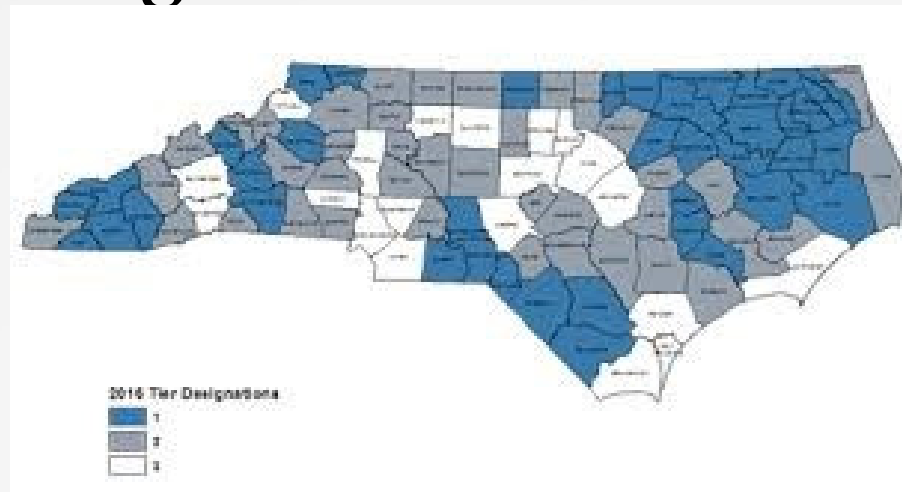
- Funding the repair and renovation of State owned buildings should be among the highest priorities of the General Assembly. A dedicated reserve accompanying the costs for construction would signal a commitment to maintaining the State's assets.



# Findings and Recommendations

## III. FUNDING – FINDINGS

- Rural communities in North Carolina are more likely to face population decline and have fewer options for raising local funds than larger urban communities.





# Findings and Recommendations

## III. FUNDING – RECOMMENDATIONS

**Recommendation IIIA** – The General Assembly should regularly fund the repairs and renovations of current State-owned properties and create a reserve to fund the repair and renovation as well as the operations and maintenance of all new construction projects appropriated, or consider divesting the capital asset if it is not worth the investment.



# Findings and Recommendations

## III. FUNDING – RECOMMENDATIONS

**Recommendation IIIB** – The General Assembly should incentivize regionalization of water and sewer infrastructure in small and rural communities





# Findings and Recommendations

## III. FUNDING – RECOMMENDATIONS

**Recommendation IIIC**– The State should recognize the hardships faced by rural communities in funding capital improvements for school districts, community colleges, and water/sewer systems.



DESCRIPTION OF RECOMMENDATIONS	Count of priority selections					Total score	Rank
	#1 priority	#2 priority	#3 priority	#4 priority	#5 priority		
IA Training for local gov'ts						0	
IB Financial incentives for improvement						0	
IIA Uniform system for build / lease		4	1	1	5	26	3
IIB Improve data collection			1	1		5	6
IIC Enhance FCAP	1	1	1	6		24	4
IID Performance audits of local gov'ts						0	
IIE Submit perf. Audits for debt approval						0	
IIF State prioritize funding	2	1	2		3	23	5
IIIA GA fund repairs & renov + O&M	4	2	2	1		36	1
IIIB GA incentivize water & sewer regionalization					1	1	
IIIC Recognize hardships of rural communities	3	2	3			32	2
	Value -->	5	4	3	2	1	



# Blue Ribbon Commission

THANK YOU!