



## ARCHITECTURE & ENGINEERING DIVISION

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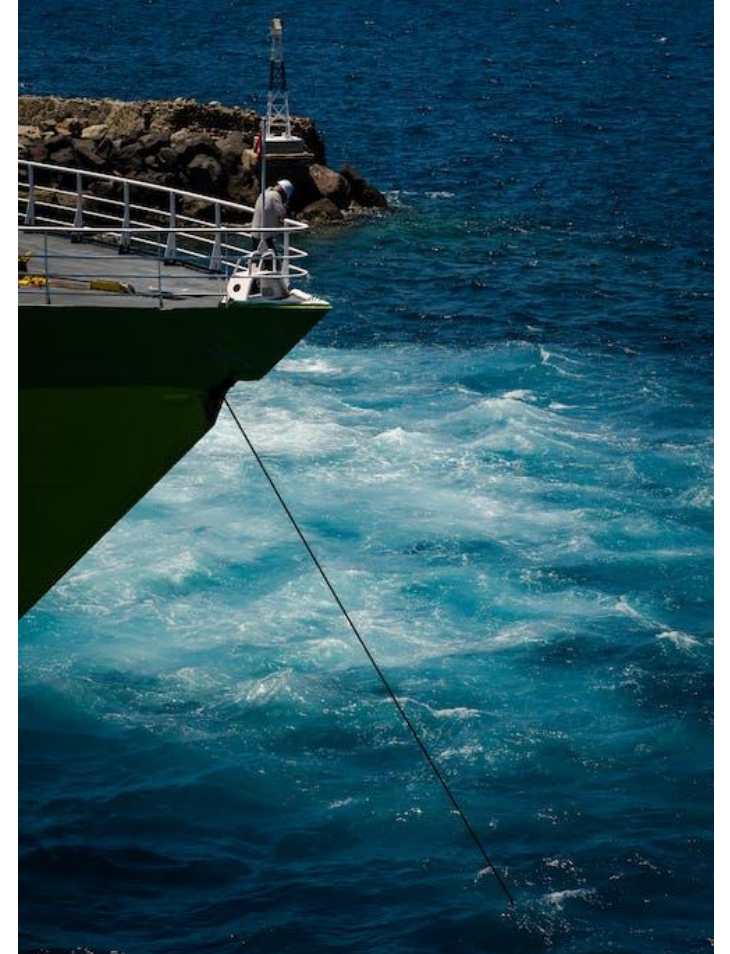
SECTION F, INTERIM COMMITTEE

December 13, 2023

# Discussion Topics

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- 1.Our Message**
- 2.An Update on How We Are Doing**
- 3.Indicators of Progress**
- 4.Giving Context to Market Trends**
- 5.HB 817 & 856 Touch Base**
- 6.On the Horizon**



# The Anchor Still Holds

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***“PRIORITIZED, MANAGEABLE BUNDLES PROCURED IN WAVES”***



# Unless....

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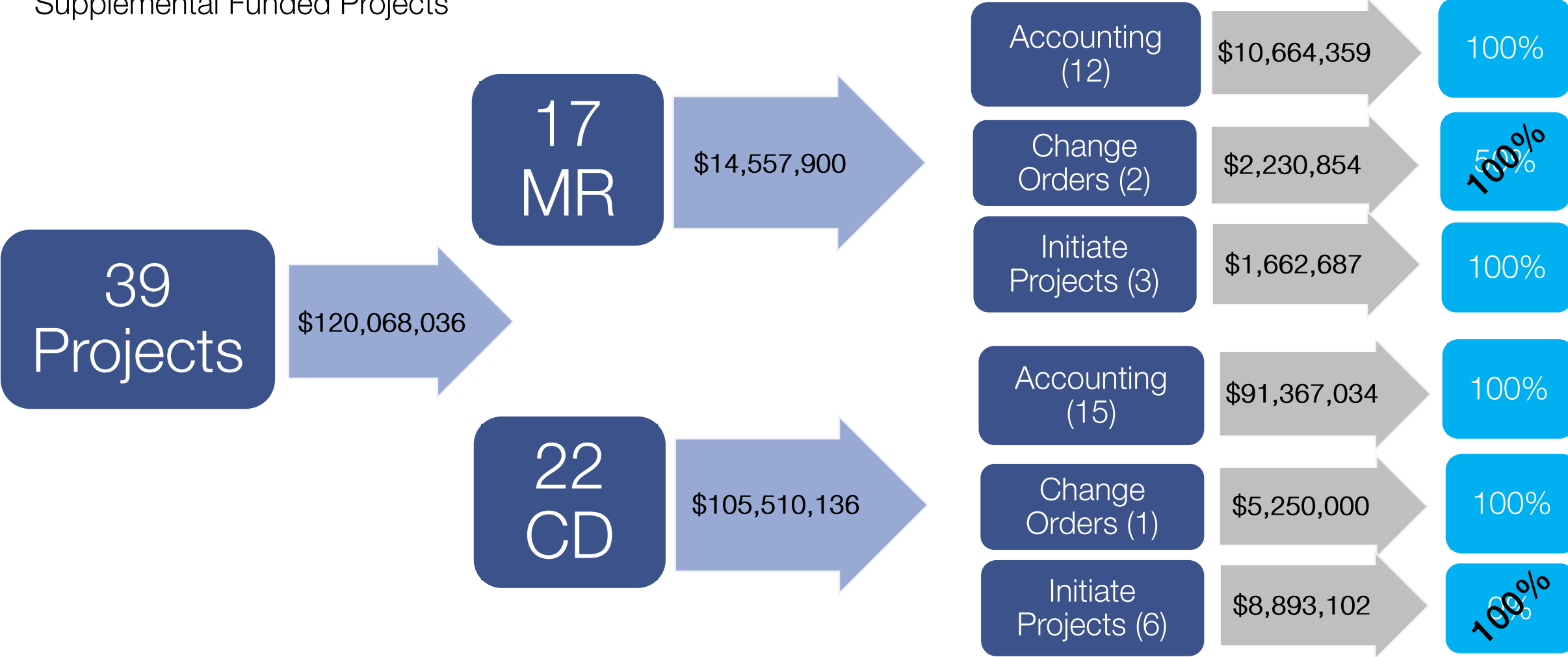
**...the wind shifts.  
...the payload increases.  
...one link in the chain breaks.  
...the ocean floor drops.  
...there is mutiny.**





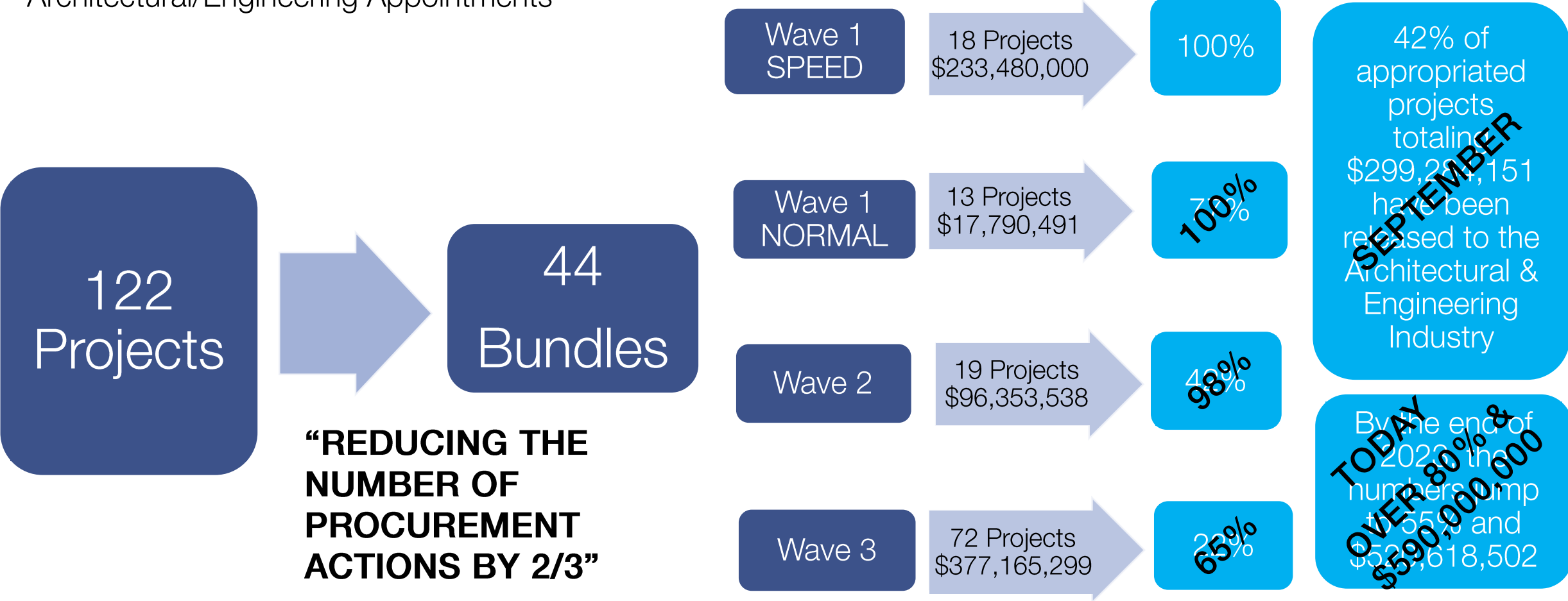
# HB 5: So How Are We Doing Update

Supplemental Funded Projects



# HB 5: So How Are We Doing Update

Architectural/Engineering Appointments



# HB 5, Long-Range Building Program Rollout

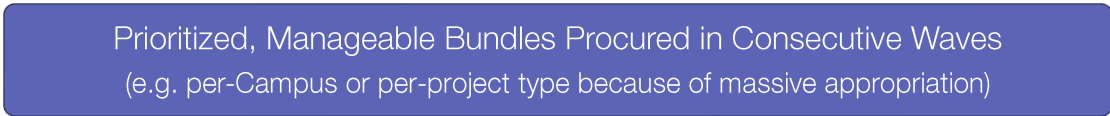
## Strategic Goals



## Known Challenges



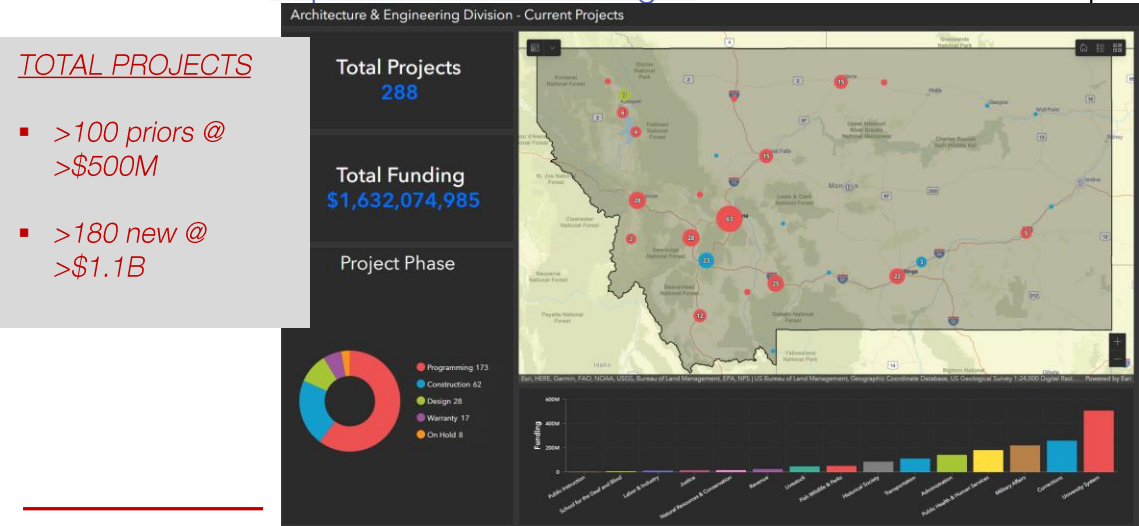
## Rollout Course of Action to Meet Strategic Goals



See Next Page



<https://architecture.mt.gov> for interactive status map:



### KEY DATA POINTS –

- LRBP this session is 4X larger than any previous HB 5 (typical is ~\$250M)
- Rollout Plan:
  - Reduces A/E procurement activities from 134 to 40
  - Provides for quicker project implementations in aggregate (i.e. as bundled)
  - Slightly elevates risks to scope completeness and quality
  - Increases cost for added resources to accomplish speed



# HB 190, Performance Metrics\*

## 1. ADMINISTRATIVE PHASE MEASUREMENT

*# of projects initiated*

## 2. DESIGN PHASE MEASUREMENT

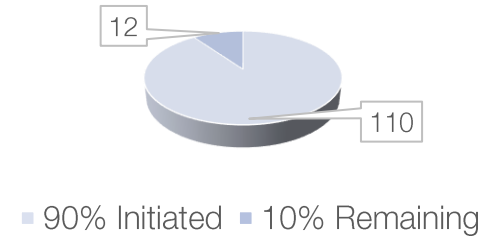
*# w/ executed design contracts (have included those in negotiation status for this update)*

## 3. CONSTRUCTION PHASE MEASUREMENT

*# of projects bid/awarded*

- \* Total expenditures per appropriations for capital projects is **NOT** a valid measure of performance
- Data does NOT include “supplemental” funded projects already in the pipeline (6 initiated, 22 in design, 11 in construction)

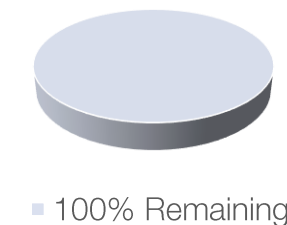
### Administrative Phase



### Design Phase



### Construction Phase





# Anchor Indicators – Design Perspective



- In September's Update – "The next 2 months **(SEPT – OCT)** are critical to the LRBP project rollout approach."
- **MORE FOUND EFFICIENCIES** – released several bundled projects in one Request for Qualifications (RFQ)
- **40 MONTANA FIRMS** submitted 128 responses to a multi-bundle RFQ (33 major repair projects for \$63.3M) in early October.
- **25 MONTANA FIRMS** submitted 65 responses to a multi-bundle RFQ (16 projects for \$217.9M) in mid-November (5 out-of-state firms submitted 6 responses).
- 5 firms were **FIRST-TIME** responders to projects issued by the Department.
- "In the past few years, most of our work has been in the private sector. We realized that we **NEEDED A BETTER BALANCE BETWEEN PRIVATE AND PUBLIC** projects as private owners are more nervous about higher interest rates."



# Anchor Indicators – Construction Perspective



- “Available people resources remain a challenge, so the solution is **MORE TIME**, not more money.”
- Bid Response: have bid 18 Design-Bid-Build projects successfully since the first of June, averaging 1 project bid/week, over \$95.5M, 32 total bidders, still **LESS THAN 2 BIDDERS/PROJECT**
- **1 FAILED BID** out of 18, rebid was successful.
- **GEOGRAPHICALLY DIVERSE** – project locations include Miles City, Billings, Bozeman, Dillon, Helena and Columbia Falls.
- Observations:
  1. We see more bidders for projects nearest the population centers.
  2. Bids are few but **COMPETITIVE AND NEAR ESTIMATE**
  3. Different general contractors are proposing same subcontractors.



# Anchor Indicators – Administrative Perspective



- The whole **is greater** than the sum of its parts.
  - 1 Administrator (also manages projects)
  - 1 Design Section Manager (also manages projects)
  - 1 Construction Section Manager (also manages projects)
  - 1 Accounting Manager
  - 1 Planning Manager (also manages projects)
  - 6 Project Managers
  - 1 Retirement
  - Recruiting 2 Open Positions; need an accountant
  - 4,000 miles/month



# HB 5: What is Next?

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- Continue to **Execute Contracts** with Architects & Engineers
- **Leverage** A/Engineers Firms for Owner-Rep Services to help administer projects
- **More RFQ'S** to Release
  - December 2023 RFQ – 4 @ ~\$20M
  - March 2024 RFQ – 18 @ ~\$98M



# Market Trends in Context: Materials



## MATERIAL PRICING CHANGES

(Cumulative Q3 2021 to Q3 2023)

“Prices for commodity-based materials have **leveled off**, with material availability and lead times reported to be **mostly stable**”

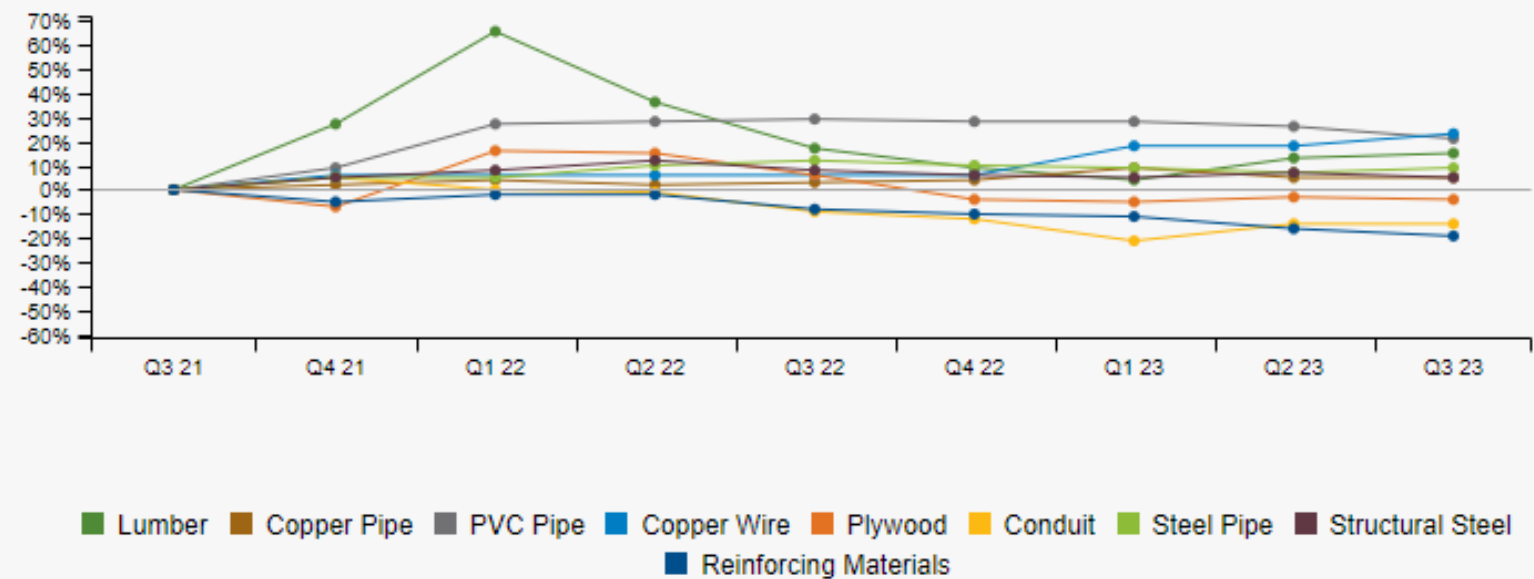
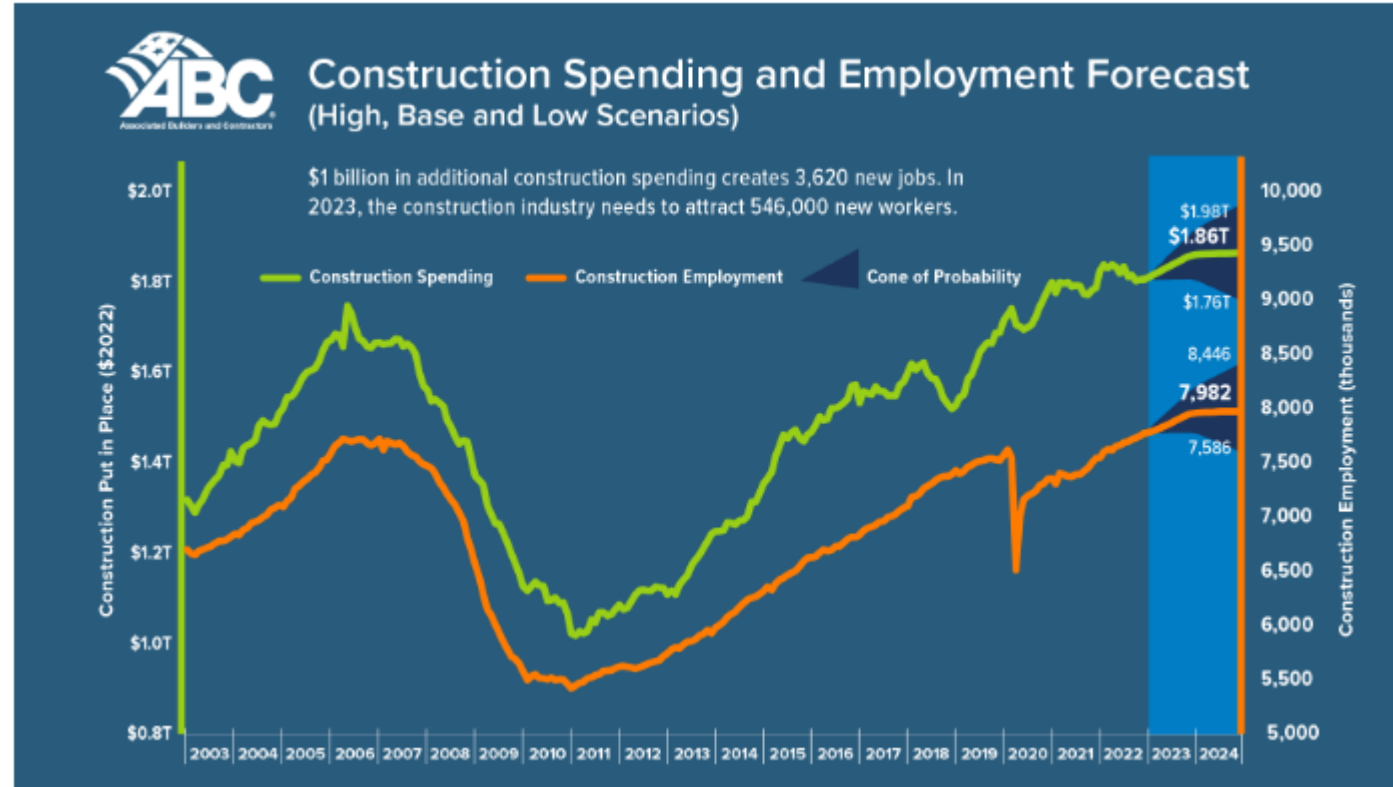


IMAGE and SOURCE CREDIT: MORTENSEN





# Market Trends in Context: Labor



“The cost and availability of qualified workers remains **an ongoing challenge** for the industry.”

Source: Bureau of Labor Statistics



# Market Trends in Context: Overall Costs



## Overall Construction Cost Index Q3 2023

(JANUARY 2009 = 100)

“Construction confidence remains high with Associated Builders and Contractors (ABC) identifying expectations for an increase in profit margins and staffing levels, particularly in the 1<sup>st</sup> half of 2024”

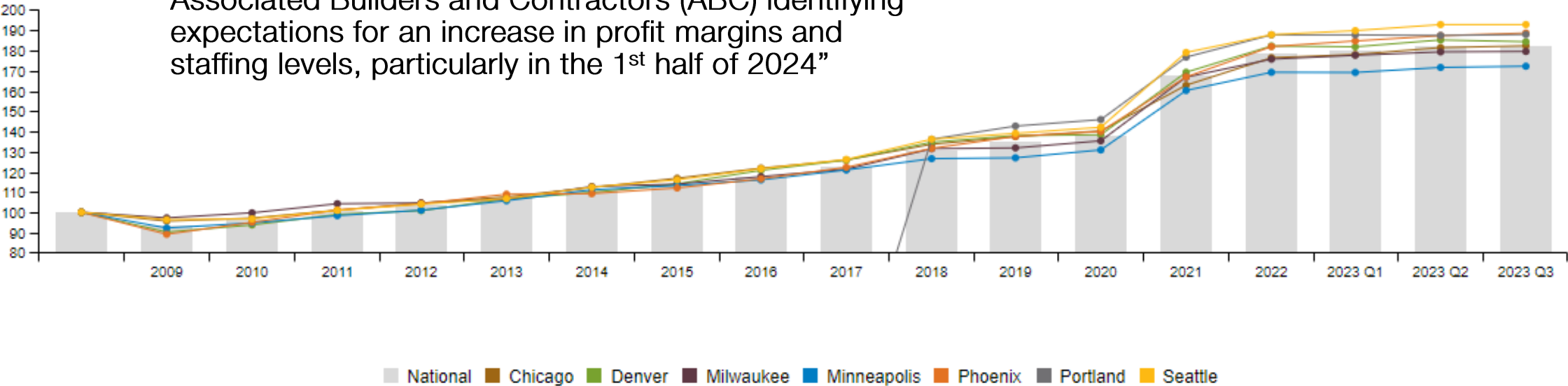


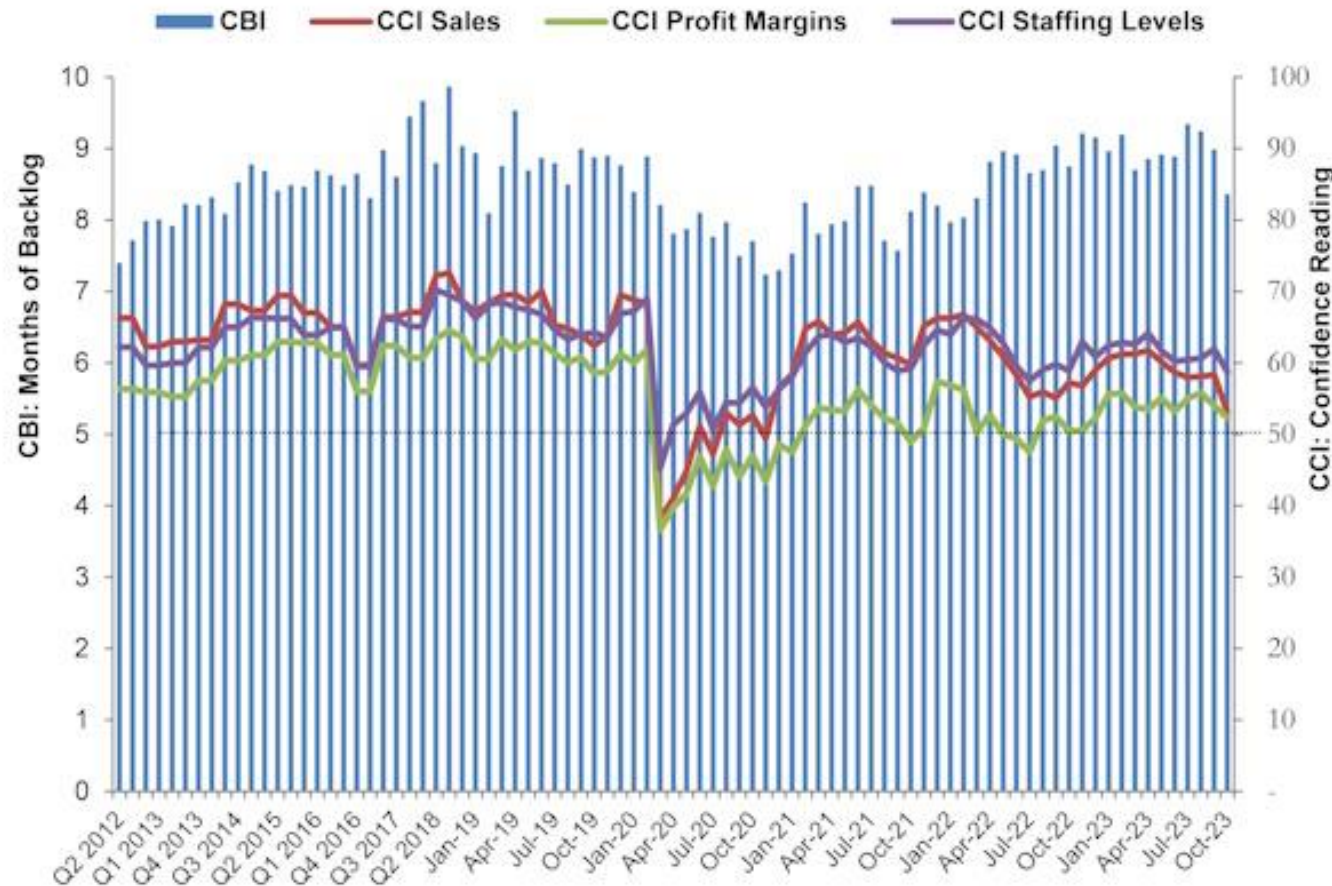
IMAGE CREDIT: MORTENSEN



# Market Trends in Context: Backlog



ABC Construction Backlog Indicator & Construction Confidence Index, 2012-Oct. 2023



©Associated Builders and Contractors, Construction Backlog Indicator, Construction Confidence Index

“Ironically, **the lull in construction activity** could prove **beneficial to well capitalized projects** already in design or preconstruction, especially if future market conditions provide better access to labor as costs overall remain flat.”

8.4

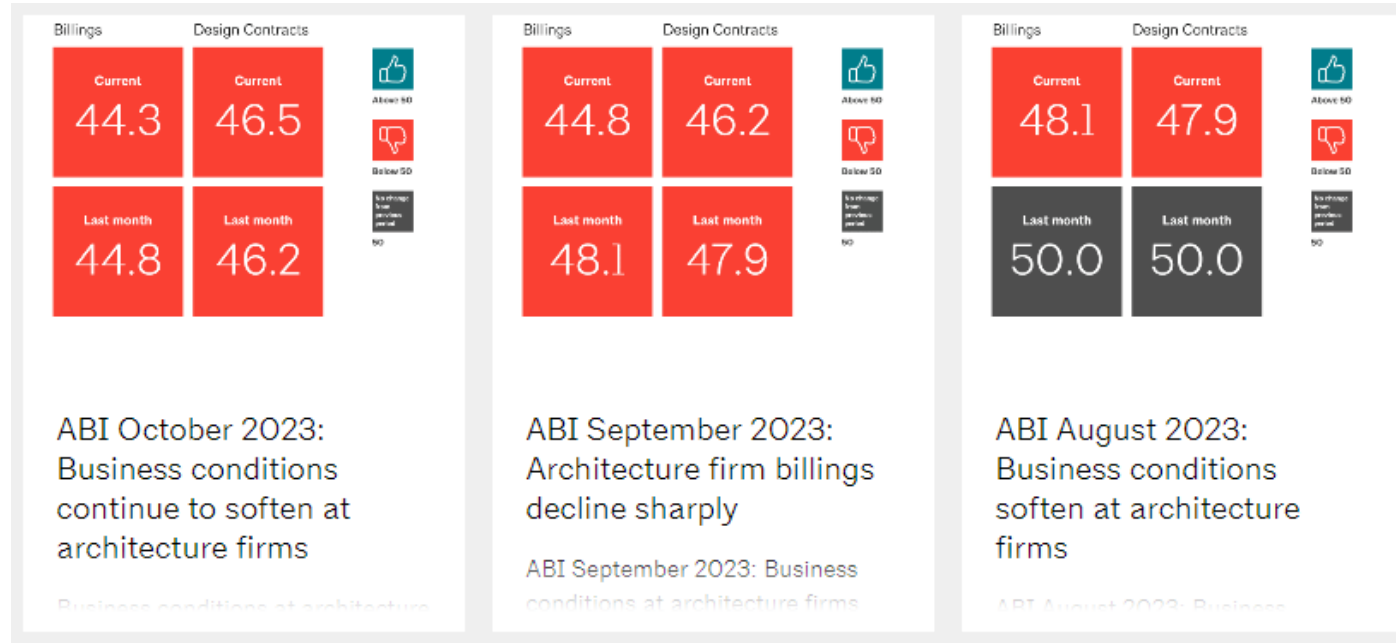
*Backlog = the amount of work, measured in months, that construction companies are contracted to do in the future.*

*The more backlog, the more positive the outlook for the construction industry.*

*Negative in terms of immediately available capacity*



# Market Trends in Context: Billing Index



6.0

*Backlog (in months)*

*Positive in terms of financial outlook*

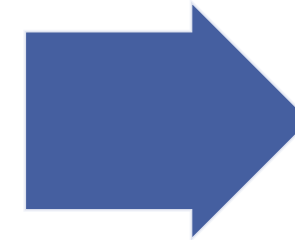
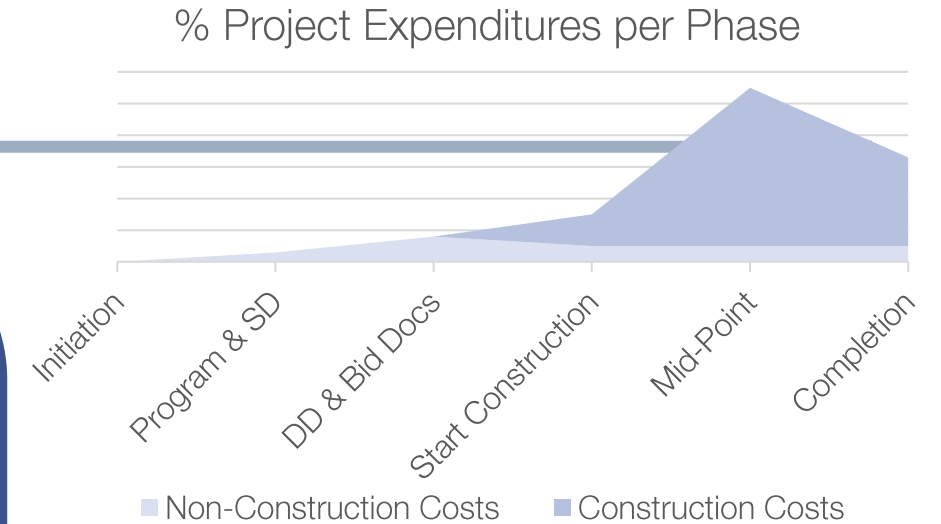
*Negative in terms of immediately available capacity*

“The AIA/Deltek Architecture Billing Index, often viewed as a 9-12 month forward-looking indicator of construction activity, **dipped into negative territory in September**, with AIA Chief Economist Kermit Baker noting the decrease in billings shows a hesitancy among clients to commit to new projects.”



# A&E OBSERVATIONS

1. % OF EXPENDITURES ON CAPITAL PROJECTS IS NOT AN EFFECTIVE METRIC
2. THE NEXT 6-9 MONTHS ARE CRITICAL TO THE EXECUTION OF PROJECTS (addressing backlog, fees, contracts).
3. 2 YEARS AGO, THE SOLUTION TO SUPPLY-CHAIN CHALLENGES WAS MORE \$\$\$, TODAY THE SOLUTION IS NEED MORE TIME.



EFFECTIVE  
STEWARDSHIP OF  
AN  
UNPRECEDENTED  
APPROPRIATION  
AND  
GENERATIONAL  
CHANGE FOR  
STATE FACILITIES!





# Update on HB 817 MSP Projects:

Under Contract by September 30, 2023

## MSP

Replace Low Side Housing  
New Multi-Purpose Programs Buildings  
Addition to Wallace Building  
Check Point Security Enhancements  
Low Side Unit D Renovations  
Replace Emergency Notification System  
Perimeter Fence/Security System  
Roof Replacements  
Site Infrastructure  
Water Line Replacement  
Industries Building Life Safety  
MVM Shop Ventilation

\$212,930,000

## Bundled into one “Package”

- Designer - DLR Group, under contract 09/07/23
- Contractor - Sletten Construction, under contract 08/29/23

*At the same time, this team is being tasked by HB 5 Select Committee for:*

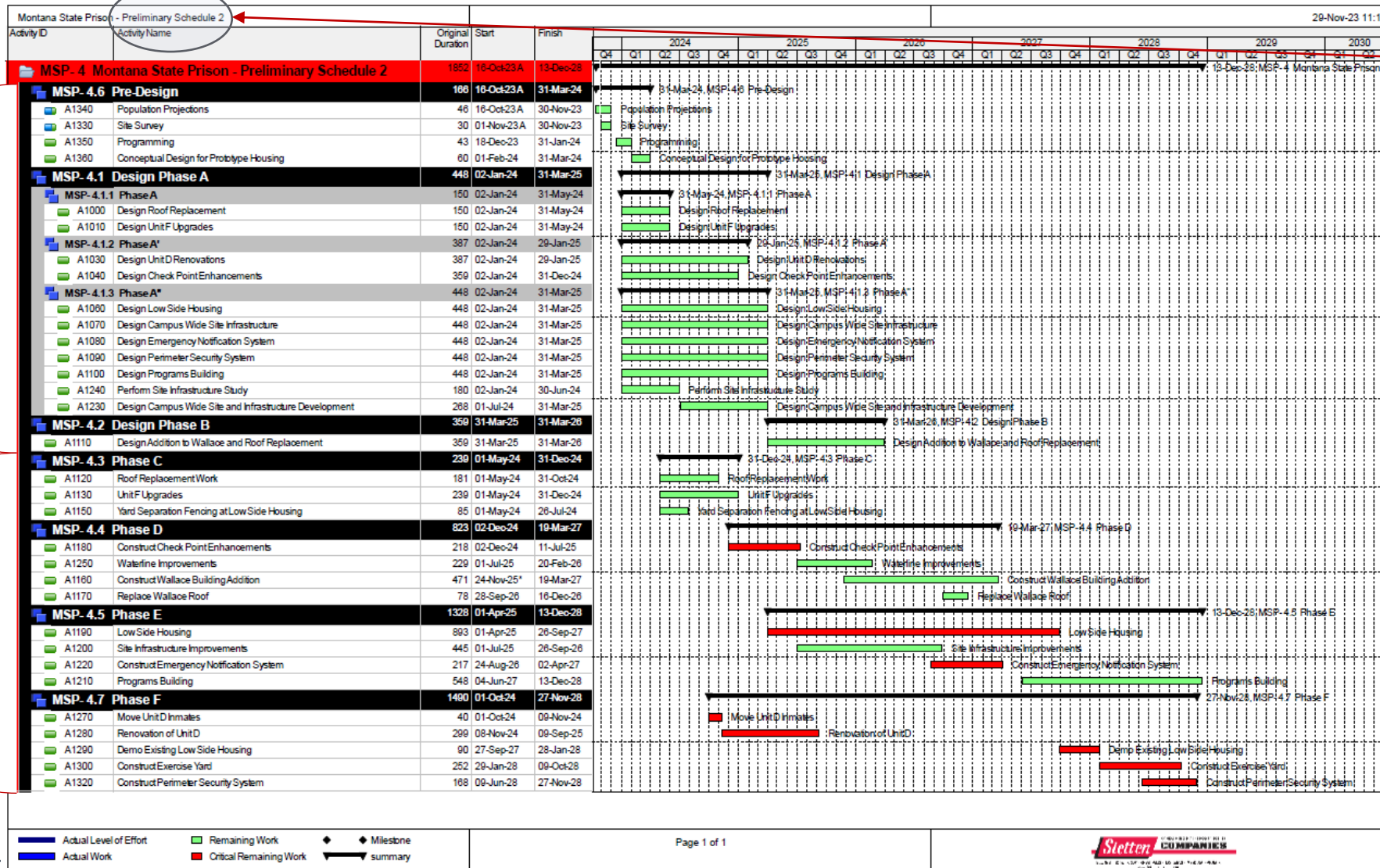
- *Data Compilations*
- *Facility Review/Assessments*
- *Statewide Master Planning*



# Update on HB 817 MSP Projects:

DESIGN

CONSTRUCTION



This schedule is preliminary and SUBJECT TO CHANGE

Roofing & Upgrades, Fall '24

Wallace Addition, Mar '27

New Low-Side, Oct '27

Site Infrastructure, Sep '26

Reno Unit D, Sep '25

Programs Bldg, Sep '28



# Additional DOC Projects in HB 5:

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## Architectural/Engineering Firms Appointed

### WARM SPRINGS

Xanthopoulos Building Repairs

### PINE HILLS

Roof Replacement  
Unit F Sewer Line Replacement

### WOMEN'S PRISON

Cooling System Upgrade  
Heating System Upgrade  
Perimeter & Canine Training Fence  
Roof Replacement

### EASTMONT

HVAC System Repair/Replace

## Projects Moved to MSP Bundle

### MT STATE PRISON

Motor Vehicle Ventilation

### DOC STATE-WIDE

Develop Facility Specific  
Program & Master Plan

## Supplemental Funding Added To Existing Contract

### DOC STATE-WIDE

Door Control Systems

## Project Added To Existing Contract

### MT STATE PRISON

Unit F Water & Power  
(Need DEQ Permit to Bid)



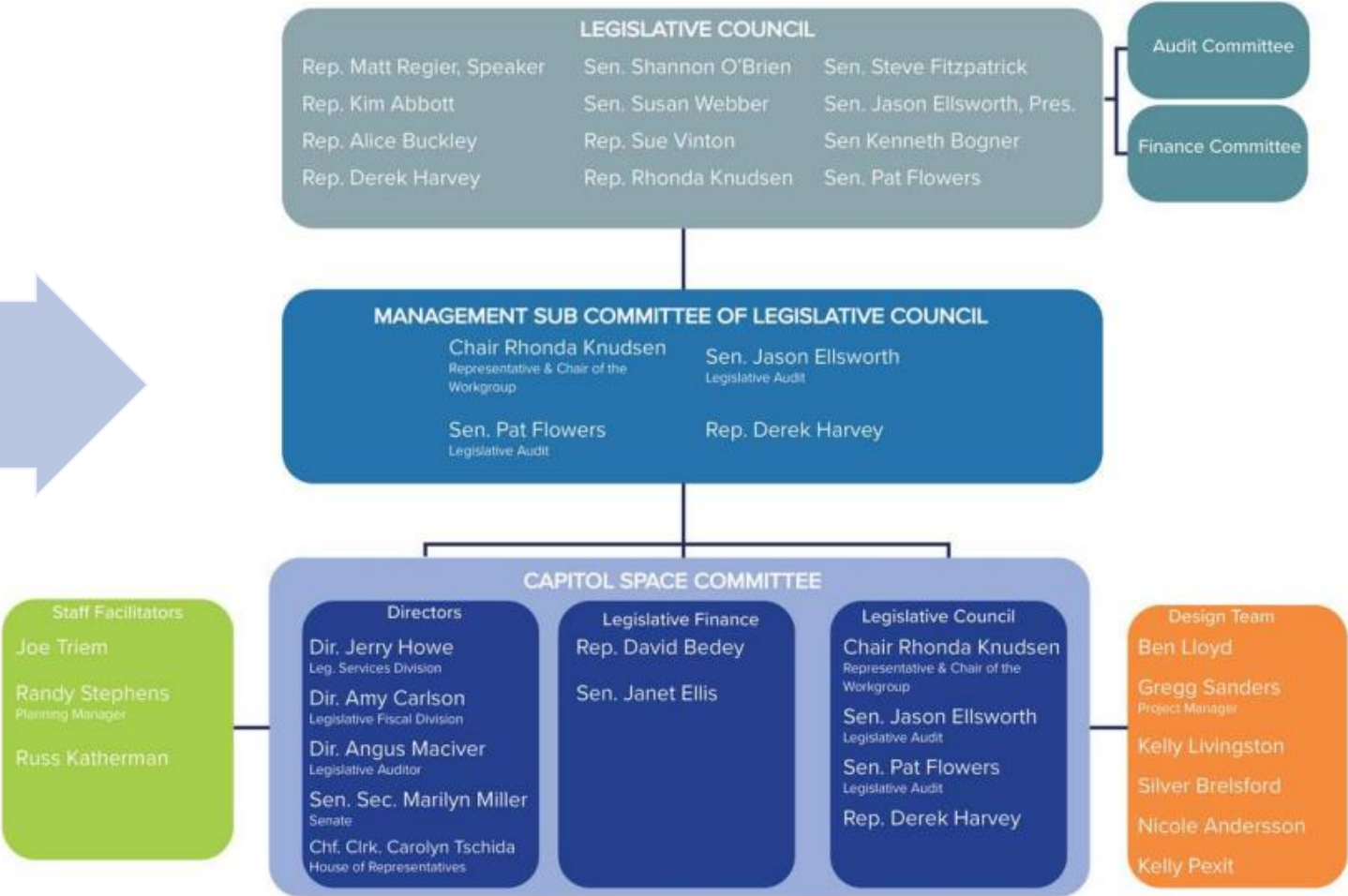
# HB 856: Legislative Branch Long Range Plan

From Leg Council Mtg:

## Organizational Chart

Planning process directed by Leg Branch Space Planning Work Group as Appointed by Leg Council

See Legislative Council Meeting of November 6, 2023 For Current Status



# 69<sup>th</sup> Session: LRBP Planning + Beyond

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Goal: **100% No Surprises** on July 1, 2024.

A&E Division will **take full advantage** of the phrase in MCA 17-7-202 (1) “**Before July 1** of the year preceding a legislative session, ...”



Be Proactive: LRBP Portal is open and available for Agency submissions. **Communication** between Division & Agency can start now, and is.

**Agency-Wide** Huddle Meeting: late-Jan, early Feb.



Importance of **Visualization**: use photos to show existing conditions.

**Quality** of the Estimated Cost: align budget with scope



# 69<sup>th</sup> Session: LRBP Planning + Beyond

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**Supporting Investigations** for Project Requests: master plans, feasibility studies, & academic facility plans

**Longer-Range Thinking:** the development of 6-year plans.



A Strategy for Deferred Maintenance: facility condition assessments **not as required reporting** but as a necessary tool.

Current Replacement Values: **deeper dive** into CRV.





# ***Thank you!***

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December 13, 2023

# LRBP – Project Rollout

Prioritized, Manageable  
Bundles Procured in Waves

## WAVE 0 SUPPLEMENTAL FUNDING\*

### ACCOUNTING MOVES

DPHHS MMHNCC Roof  
DPHHS MVH Courtyard  
DPHHS MVH Roof  
DPHHS MVH Flooring  
DOC Door Controls  
UM Mansfield Roof  
FWP Glasgow Headquarters  
FWP Lewistown Area Office  
UM-W Block Hall  
DPHHS MVH ARPA HVAC  
MT Tech – Heating Ph 3  
MSU Haynes Hall Ventilation Ph 2  
DOJ MLEA Scenario Building - **BID**  
DPHHS State Health Lab - **BID**  
Helena College Donaldson HVAC - **BID**  
MSU Reid Hall Fire Sprinklers  
MSU Montana Hall Fire Sprinklers  
DNRC ELO  
DMA Silver-Bow RC

### MORE ACCOUNTING MOVES

MSU Facilities Yard – **GC/CM  
SELECTED**  
UM Mansfield Library  
DOAg/DOLive/MSU Combined Labs  
- **BID**  
MSU-N Brockman HVAC - **BID**  
MDT West Yellowstone Airport  
UM Clapp Elevator  
UM Stone Hall Roof  
FLBS Sewer Treatment Plan  
DOA Mazurek Renovation - **BID**  
DOR Liquor Warehouse

### CHANGES TO EXISTING AGREEMENTS/CONTRACTS

DOC Facility Specific Master Plan  
DPHHS SWMVH Connectors - **DONE**  
UM-W Facilities Warehouse - **DONE**  
MSDB Campus Security Camera  
DPHHS MSH Wastewater Treatment  
MSDB Mustang Center Fire Sprinkler -  
**DONE**  
GFC Fire Suppression

Status as of  
September 2023  
(green text indicates  
revisions from June)



# LRBP – Project Rollout

Prioritized, Manageable  
Bundles Procured in Waves

## WAVE 1

“**SPEED**”

(A/E  
Appointments  
July-  
September)

**\$213,030,000**

### DEPT OF CORRECTIONS **REVISED** BUNDLE #1

Replace Low Side Housing  
New Multi-Purpose Programs Buildings  
Addition to Wallace Building  
Check Point Security Enhancements  
Low Side Unit D Renovations  
Replace Emergency Notification System  
Perimeter Fence/Security System  
Roof Replacements  
Site Infrastructure  
Water Line Replacement  
Industries Building Life Safety  
MVM Shop Vehicle

A/E Firm and GCCM  
under contract

**\$20,450,000**

### DEPT OF PUBLIC HEALTH & HUMAN SERVICES

#### BUNDLE #3 (DPHHS & DOC)

Compliance Upgrades  
Xanthopoulos Building Repairs  
Waterline Replacement  
Roof Replacements  
Foundation Repairs

A/E Firm under  
contract

Status as of  
December 2023  
(green boxes  
indicates revisions  
from September)



# LRBP – Project Rollout

Prioritized, Manageable  
Bundles Procured in Waves

## WAVE 1 “NORMAL”

(A/E  
Appointments  
July - September)

**\$1,290,491**

### LEWISTOWN BUNDLE #6

(DPHHS & DNRC)

MMHNCC Access Control  
MMHNCC New Storage  
Building  
NELO Fire Ready

A/E Firm Selected

**\$7,000,000**

### EASTERN MT REVISED BUNDLE #7 (DOC)

Pine Hills Roof Replacement  
MWP Roof Replacement  
Perimeter & Canine Training  
Fence

A/E Firm Selected

**\$2,950,000**

### WOMEN'S PRISON REVISED BUNDLE #8 (DOC)

Cooling System  
Heating System  
Pine Hills Unit F Sewer  
Eastmont HVAC System

A/E Firm Selected

**\$6,550,000**

### MSU BUNDLE #9 (MUS)

Barnard Hall Cooling  
Campus Heating Plant  
Controls  
Emergency Water  
System

A/E Firm Selected

Status as of  
December 2023  
(green boxes  
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# LRBP – Project Rollout

Prioritized, Manageable  
Bundles Procured in Waves

## WAVE 2 (A/E Appts September - December)

**\$72,221,021**

ROWS PLUS

**REVISED BUNDLE #10.5**  
(DOA)

Multiple Building Renovations on  
the Capitol Complex

Elevator Upgrade - Cogswell

Elevator Upgrade - Walt Sullivan  
Roof Repl & Mech Upgrade – 111  
N. Sanders

Roof Repl – FWP Head  
Boiler/Chiller Repl – Walt Sullivan  
Boiler/Chiller Repl – Walt Sullivan  
Boiler/Chiller Repl – Walt Sullivan

**A/E Firm RFQ Issued**

Status as of  
December 2023  
(green boxes  
indicates revisions  
from September)

**\$830,000**

MLEA FACILITY  
BUNDLE #11  
(DOJ)

MLEA Boiler

**A/E Firm Selected**

**\$6,117,517**

GREAT FALLS  
BUNDLE #12  
(MTSDB & DLI)

Job Service Building  
Renovation  
Bus Loop & Parking  
Lot

**\$2,110,000**

BOULDER  
BUNDLE #13  
(DOJ)

Roof Repl  
Domestic Relations

**A/E Firm Selected**

**\$75,000**

DOJ BUNDLE  
#14  
(DOJ)

Crime Lab  
Expansion Study

**\$8,500,000**

MSU **REVISED BUNDLE**  
#15  
(MUS)

Hamilton Hall Renovation  
Lewis Hall Renovation  
Tietz Hall Roof  
Cobleigh Parapet Repairs

**\$5,000,000**

FWP  
**NEW BUNDLE #45**  
(FWP)

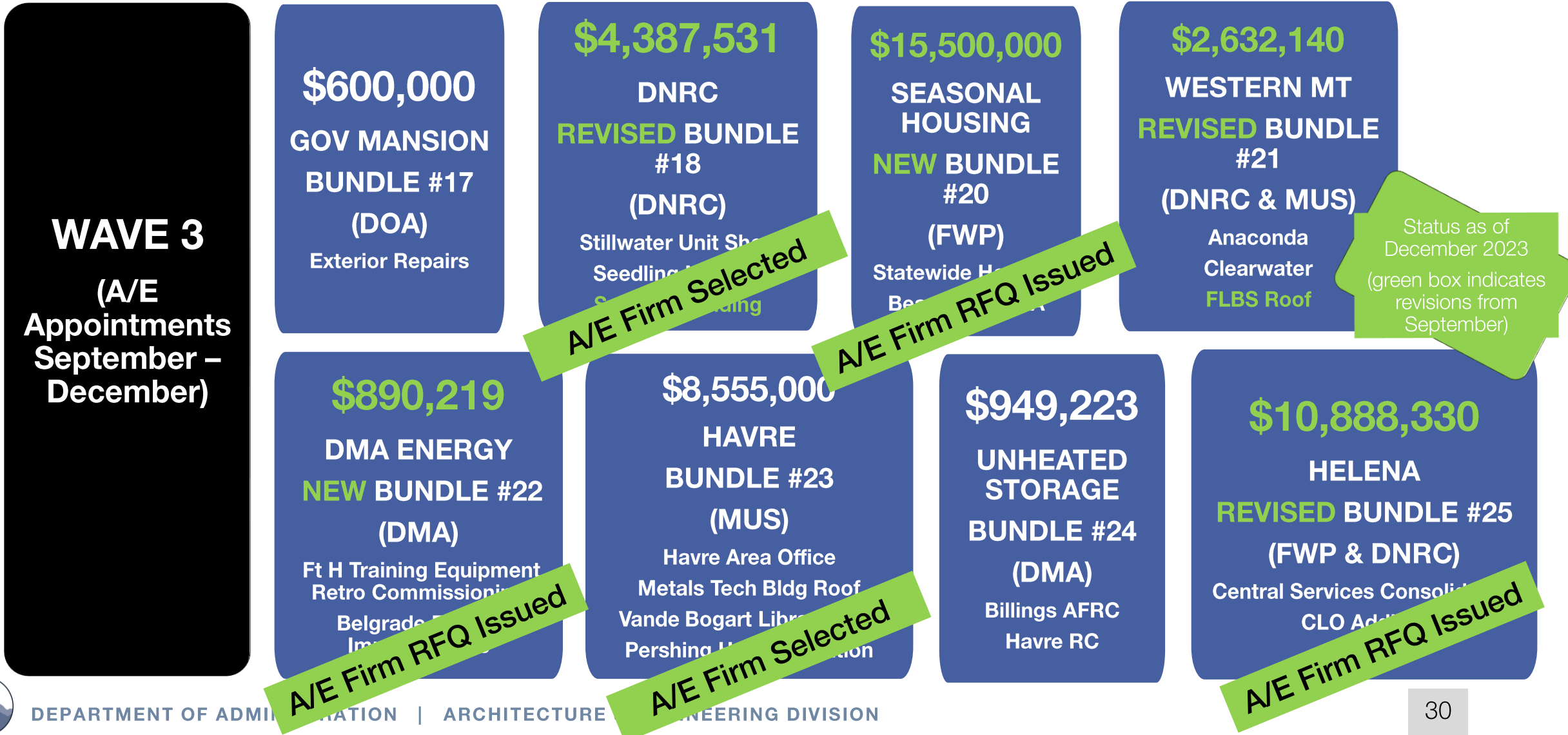
Makoshika  
Campground  
Improvements

**A/E Firm Selected**



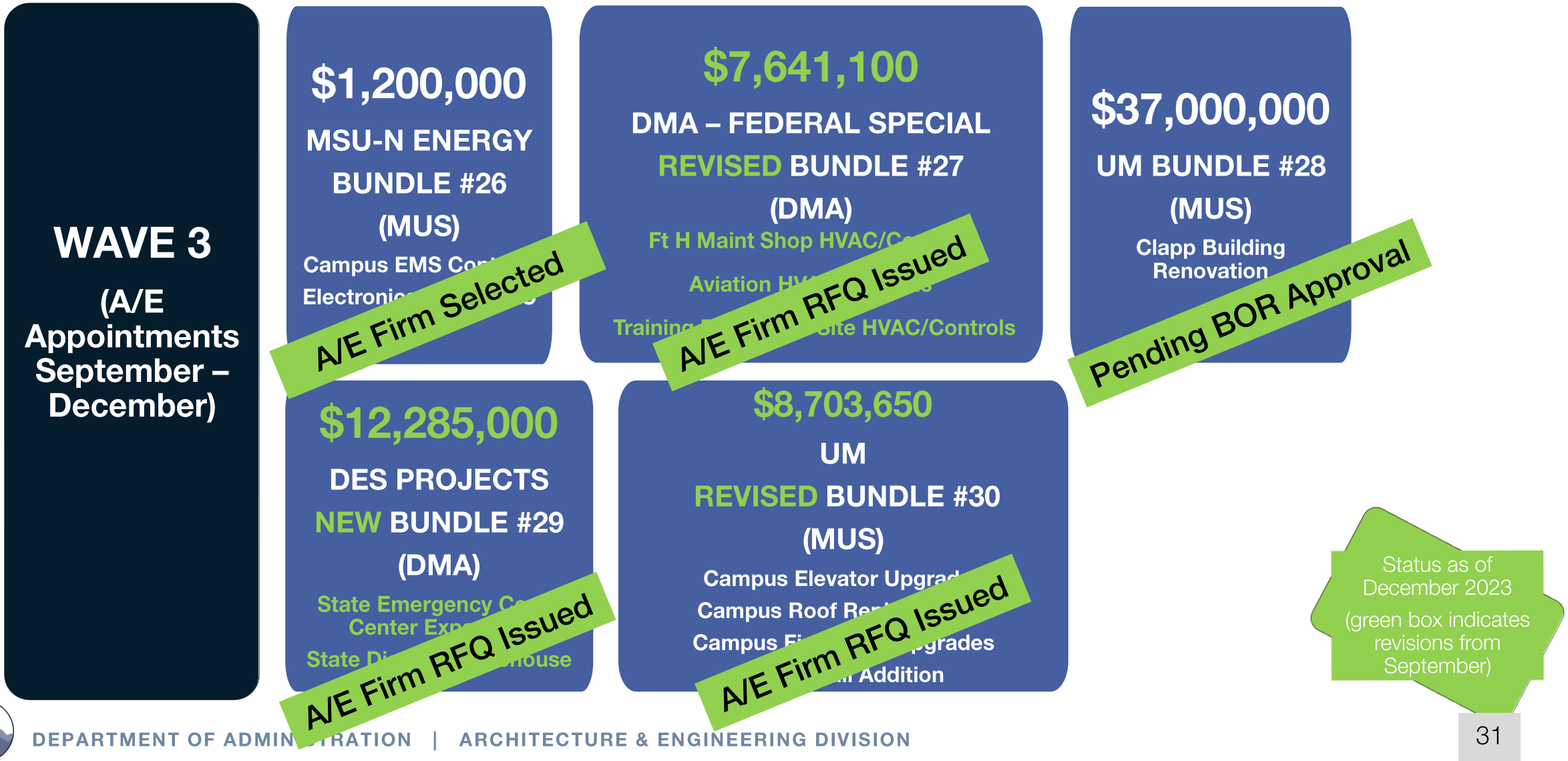
# LRBP – Project Rollout

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Bundles Procured in Waves



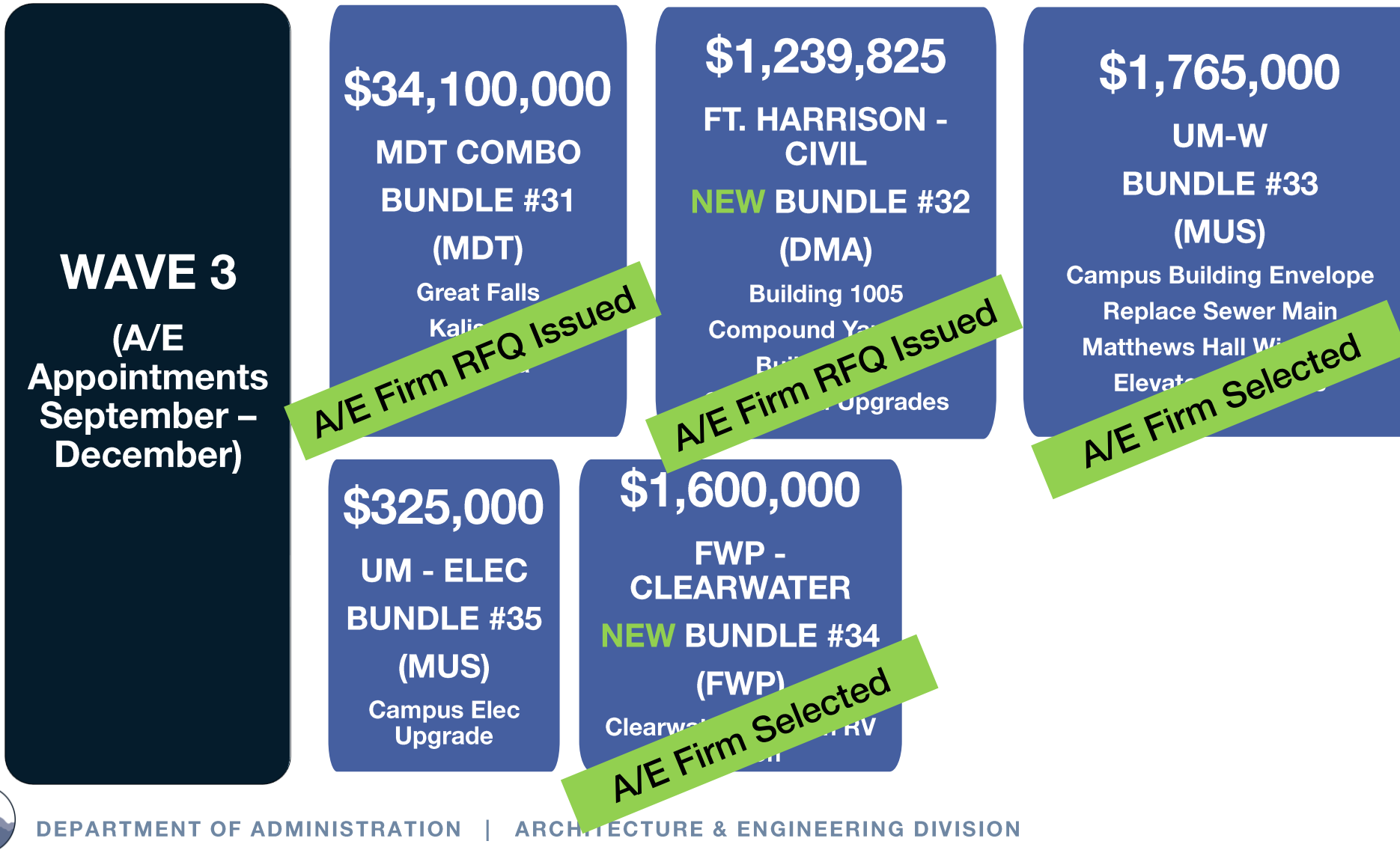
# LRBP – Project Rollout

Prioritized, Manageable  
Bundles Procured in Waves



# LRBP – Project Rollout

Prioritized, Manageable  
Bundles Procured in Waves



Status as of  
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# LRBP – Project Rollout

Prioritized, Manageable  
Bundles Procured in Waves

## WAVE 3

(A/E  
Appointments  
January –  
March)

**\$6,458,281**

**DMA FEDERAL SPECIAL  
REVISED BUNDLE #36  
(DMA)**

HAFRC Lighting/Controls  
Training  
Belgrade HVAC/Controls  
Belgrade RC Roof  
Replacement  
HAFRC HVAC/Temp Controls

**\$42,305,000**

**MT TECH  
BUNDLE #37  
(MUS)**

Campus Toilet Room Renovations  
Campus Masonry Repairs  
Campus Electrical Distribution  
Main Hall Renovation  
Engineering Building Renovation  
High School Indoor Pole Barn

**Pending BOR Approval**

**\$2,000,000**

**MILES CITY  
BUNDLE #38  
(FWP)**

Miles City

**A/E Firm Selection  
Pending**

Status as of  
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# LRBP – Project Rollout

Prioritized, Manageable  
Bundles Procured in Waves

## WAVE 3

(A/E  
Appointments  
January –  
March)

**\$26,500,000**

**MAES BUNDLE #39  
(MUS)**

Research Labs @ NWARC,  
WARC, WTARC, NARC, SARC, &  
CARC

WARC Shop Renovation

BART Farm Demolition

Lambing Barn Renovation

BART Farm Renovation

Pending BOR Approval

**\$78,840,000**

**DMA BRIC**

**NEW BUNDLE #46  
(DMA)**

Billings Readiness &  
Innovation Campus

A/E Firm RFQ Issued

**NOT TO WORRY.....**

**STILL ON OUR RADAR:**

DOC Pre-Release Center - **Appraisal**

MUS Gallatin College

MUS Health & Wellness Center MSU-N

DPHHS Behavioral Health Initiative

UM Adams Center Locker Rooms

FWP MT Wild Avian Rehab Building

MSU VisCom Addition - **A/E RFQ #3**

FWP Havre Area Office

Delegate Classroom Renovations - **A/E  
RFQ #3**

Reallocated Funding

UM Bioresearch – **A/E RFQ #2**

Status as of  
December 2023  
(green text indicates  
revisions from  
September)

