

HUB Advisory Committee Meeting Minutes
NC State University
July 29, 2008 2:00 – 4:00 pm

Attendees: Wesley Coble, Zack Abegunrin, Sepi Asfenia, Scott Cutler

Guests: Greg Driver of the State Construction Office, Bob Fraser of AVC Development NCSU Centennial Campus, and from NCSU: Carole Acquesta, Andy Snead, Mike Harwood, Marvin Williams and Cynara Johnston

Welcome: Marvin Williams opened the meeting and asked everyone to introduce themselves.

Carole Acquesta: Review and Approval of March 2008 Meeting Minutes

Carole advised Kevin MacNaughton would not be joining the meeting because he was on vacation.

Carole allowed everyone a few moments to look over the minutes again and to offer any suggestions. Carole had a question regarding a date on page 3, and Marvin advised he will check. The minutes were then accepted.

Greg Driver: State Construction Office – Presentation

What is the responsibility of the State Construction Office (SCO)?

Our office oversees the non-highway building program including university projects over 2 million. As of this month it represents over 2,000 projects totaling over \$8.7 billion. The SCO is a third party oversight that provides consistency throughout the State for all projects. We try to get input from all agencies and universities and try to be consistent so contractors know what they are expected to do no matter what. We deal with contract review and approval, and life cycle costs. We monitor construction progress through acceptance.

HUB Firms: We need more participation. One of the main problems related to HUB participation is there are not enough to choose from. The ones we do have are used all the time, they are spread so thin. The firms we do have tend to be small firms and cannot do the larger projects. Our projects are not getting any smaller. The firms we do have, have not grown to accommodate the larger jobs.

Immigrant: What is an immigrant?

One who enters and settles in a country in which one is not a native. One who leaves a country to settle into another.

Each of you are part of a committee that is looking for a way to bring immigrants, minority contractors, into State government construction. It's a different way to look at it. I wouldn't even say minority, I'd say smaller, more and more. We tend to use contractor over and over again.

How do we get more participation? Ensure that we are doing what we are supposed to be doing.

Guidelines:

The guidelines lay out what each entity should be doing. We need to reemphasize these things with our employees and those who we contract with. We need to make sure they understand what the guidelines are there for and that they follow them.

Training:

We need to work at getting more training to our employees and minorities. New employees may or may not have been openly exposed to minority participation.

HUB Academies:

We have had very good participation with the HUB Academies.

NCSU has the only Graduate Academy

Wake Tech took the lead on more marketing of their present courses with the creation of the HUB institute. There is a lot out there people are not taking advantage of.

Concerns:

Bonding and the ability to obtain bonding - A lot of the smaller contractors cannot obtain bonding.

Bidding and Estimating (above \$300k) - It helps if the smaller firms work with the larger firms.

Scheduling – Remaining on schedule.

Communication:

Satisfactory Work – Work has to meet plans and specs. It is not just how you always have done it.

Slow Pay – Check holds for 30 or 90 days. Smaller and minority firms cannot withstand long check holds.

A/E Minority Firms:

State agencies do not require reporting for this minority.

It is a good idea to try to promote and use minority A/E firms when their qualifications fit the project you are designing.

NUMBERS 10%: Missed our boat on immigration if all we are trying to do is get our 10%.

Need to be fostering, promoting and encouraging more and more firms to bid and submit on our projects.

Marvin asked for questions for Greg.

Mike: So much of our focus is on legislation and construction which is where the big money is. We were trying to figure out how to expand the scope. You want to hire the best qualified firm, but until you do your job first, you are not qualified. What is your perspective on how NCSU could do better?

Gregg: There are not many firms out there that I know about. You could contact the ones you know and call them directly instead of advertising. If you are able to, have smaller projects to give smaller design firms a chance. Smaller firms can't compete with larger ones, they do not have the capacity to do the work. If we don't give them a chance, they will never have one.

Mike: Most of the bigger firms are buying smaller firms.

Greg: Yes, the smaller firms give better work, but a smaller firm does not have the capability for the larger projects, but again, if you don't give them a chance, they will never get a start. With the economy as it is now, state government will put out more construction than probably anybody else. I do not know what projects they are. You can always call Ryan Scruggs at the office.

Scott: If a firm isn't growing, is it by choice?

Greg: Could be. We were looking at putting a questionnaire out. Many choose not to do State work. It would be good to get some of those firms into the system.

Gloria: The bid environment may not be inviting. You bid 20 before you get one, which is a loss.... especially for a smaller minority contractor. How would we make it more attractive?

Greg: I don't see us getting away from the bid environment, but that is a good point. It is a lot of overhead. Bid 20 to get 1. That is a lot of time.

Gloria: Have a choice between 3 bidders and take into consideration minority participation overall.

Greg: It would most definitely take a law change. We bid a bunch of projects and I feel like you have to be responsible.

Bob: It's funny though, you know when you don't have one.

Greg: Anything under \$100k you could select somebody, now it is \$500k. Select a firm a lot quicker and that saves time. On the agency side, they have to go through the State Building Commission, still do, but anything under \$500k you don't have to. Before \$100-\$500, they would have to hope they got the state building commission schedule right, then it would take 2 months. It could be 30 days, usually 2 months. This is too much time for \$300k project. It think it has increased those project schedules up front.

Mike: I suspect regarding the HUB side, we all tend to be lazy. Given the choice between working and not working so hard, the not working so hard is more attractive.

Greg: As long as we get paid the same.

Mike: It's a challenge to get folks to pick up the phone and calling the smaller firms or HUB firms and getting them involved.

Greg: The agencies do not have options. They still have to come through us, and they are not going to pick the same person every time. We can't keep hiring the same person every time. That is not what we are supposed to do. We are supposed to spread the work around and still follow the law. If you keep using the same person over and over again, they could get lazy too. Their work might not always be up to the usual standards.

Marvin then introduced Bob Fraser.

Bob Frasier: AVC Development – Centennial Campus

Presentation: AURP Names Centennial Campus 2007 Top Research Science Park

Centennial is a little bit different. There are a lot of opportunities. It is about economic development, it is about what happens when you have the best aspects of the public, private and corporate all in one place at one time. The magic about it is, the public sector, the University as the landowner can bring certain things there, like equipment and the public can access it. The smaller companies can get access to it. Some of the advantages to the public sector are, we will talk a little more about MeadWestvaco, but they came to campus and rented 65,000 sqft from us and have research agreements with 6 of our colleges now. They brought 150 people, average salary is way up there. So that is about economic development in the State of North Carolina. Those research agreements are creating products, bringing products to market to facilitate the growth of North Carolina over time. What we try to do on campus, is facilitate conditions such that we can bring companies and ideas to campus with the idea everybody's boat can float a little bit higher if more of those things happen.

Centennial Campus is going to be 25 years old next year, if you can believe that.

Notre Dame is coming to visit and this creates competition in an existing market.

Some of the more desirable destinations are, and I should say my colleague Michael Harwood has been working on this longer than I have and making it happen and evolving it. How many years now?

Mike: 12

Bob: 12 years, so for half of its existence Michael has been making things happen.

These are the types of things we are trying to get done. We have opened up the lake for public use. We have partnered with the Wildlife Resources Commission so we can use the fishing pier that they put in by grant. We didn't pay for the pier, Wildlife Resources financed it, and we matched the grant through Facilities Maintenance Services. Things like recreation fishing, fly fishing classes, kayaking and zoology. It's kind of opened the campus as a laboratory and optimized its use.

Projects: The interesting thing about projects is we subvert the conventional methodology, you wait for the legislature to pony up a bunch of dollars, and then you go build yourself a building. It works. It's safe, but it takes a lot of time. This is opportunity based. We have a zoning agreement with the city that we provide residential facilities in a ratio to the office and lab spaces.

More construction is expected in the fall.

Alliance Center:

Land Lease – parking deck and office space (150,000sqft.) – they are going to provide a building for food service.

What happens with the land lease? You lose the risk but you also lose the control. It's not our equity, it's not our debt, it's not our construction.

Lonnie Poole Golf Course used no public dollars. This project was all donations and gifts.

- venue for men's and women's golf tournaments
- able to use course spring of 2009
- 3 methods of irrigation: reuse agreement for water in December 2009, lake Raleigh

MeadWestvaco expansion – They will add 3,000 sqft and the cost is over \$7 million. This is a public and state project.

R-2 Apartments:

We have a responsibility to provide, to a certain degree, residential facilities. We are in ground lease negotiation with a developer now. These apartments are targeted at non-students. The lease structure in here will be it has to be owned and occupied by non-students, no subsidiaries. This is a ground lease relationship with the developer.

Main Campus Drive Extension:

This is a road project that is going on right now. It is going to hook up the current end of Main Campus drive and the Friday Center. The completion date is December. Everyone is excited, especially the Dean, because finally the middle school and the Friday Center will be connected with the campus proper.

EBIII:

Carole: This is the 3rd of the Engineering Colleges on the oval. Deck is getting ready to bid in August. The deck is 190,000 sqft. The goal is to move the college of engineering to the campus.

CBC Flex: This also a ground lease and the first rental space to laboratory partners on Centennial Bio Medical Campus which is the CVM Campus. We are trying to get through some final zoning issues with the City of Raleigh, after that, the lease is finished and that project will be build.

Next Projects:

2 fields (recreation) used for cross country meets

Disc Golf:

9 hole golf layout between main campus drive and Lake Raleigh.

Conference Center Hotel:

We have an RFP out now for a developer for a ground lease.

Marvin asked if there were questions for Bob.

Various discussion regarding the land leases and maximum utilization of developed land.

Carole Acquesta: “Wolf Works” – NCSU HUB Newsletter July 2008

NCSU Campus has the population size of a small city... in 2006 the Princetown Review and the US News and World Report in that year ranked NC Sate among one of the best values respectively it was 2nd and 5th. I think that is really significant to the campus as a whole and to our community and to the economy and the State. The more we can find and engage more HUB participation in design and contracting aspects it will even further value to sate. In the message Marvin, I would like to point out SKANSKA has developed a relationship with H Richardson, the EBIII complex, as mentor/protégée relationship and we are really excited about that opportunity. It is a good way to help build and grow those companies.

Neighboring Concepts – Charlotte

They focus on the things that are important to us as well. They mention that they have earned unparalleled influence in the industry because they have demonstrated personal and professional commitment to the quality design and interactive communications.

These are aspects of successful goal and core values.

Mike: We Shortlisted Neighboring Concepts for a design on an ice cream parlor. They would sell milk products in a variety of forms.

Carole: You will notice from their photograph they have done some impressive design work.

Marvin: They are probably one of the larger firms out of all the minority firms in the state.

Mike: They are larger than most.

Marvin: One of the things I wanted to highlight on page 3, is the statistics from the construction side. The total HUB participation from the previous report in the next to last column, we have increased total HUB participation in all categories. The only thing we have dropped in, and just a little, is the African American category. Looking back at some of the projects awarded in that time frame were larger mechanical projects. We have very few African Americans that participate in those areas. That is another challenge.

Any other questions?

Sepia: I have a question for Bob. With regards to the residential aspects of Centennial Campus, is there an indication for having restaurants there, or anything else?

Bob: We are working on a food service facility. We have a food service master plan. We have 2 Port City Javas and one small sandwich type place and then the next step is a food service facility. We will probably put some dining areas and a bookstore in there as well.

We have talked to Rex about a wellness center, and that is a hard one to get going. We hope to be ready to introduce this idea again soon.

Marvin Williams: Questions and comments from the Committee?

Marvin adjourned the Meeting.

Next Meeting Date is November 25, 2008