



Utah Department of
**Government
Operations**

DFCM DEEP DIVE FINAL REPORT OCTOBER 2025



Executive Summary: Division of Facilities Construction and Management (DFCM)

This document provides a comprehensive overview of the Utah Division of Facilities Construction and Management (DFCM), detailing its formation, value proposition, cost considerations, and recommendations for improving its processes and financial management.



Background and Value Proposition

Established in 1981, DFCM centralized the oversight of state buildings and construction to address inefficiencies in construction management and project administration practices and a lack of unified standards. The division's statutory responsibilities include overseeing construction, management, maintenance, and disposal of state-owned facilities. DFCM's value proposition is built on its expertise in construction management, ability to support state agencies' building needs, efficient facilities management, cost-effective and sustainable operations, strategic real estate services, accountability, and long-range planning. Notable projects include the Capitol Seismic retrofit, relocation of the Draper Utah State Correctional Facility, and the Taylorsville State Office Building renovation. DFCM's consistent application of standards aims to maximize asset life, protect the state's investments, reduce energy costs, minimize construction costs, and ensure adherence to procurement codes.

DFCM Costs and Challenges

A key concern is the perception that DFCM's construction costs per square foot are significantly higher than those in the private sector. This is in part attributed to the more comprehensive scope of DFCM's

cost per square foot calculations, which include land acquisition, long-term life-cycle methodologies, upgrades for reduced operating costs, furniture, fixtures, and equipment needs associated with the building, IT infrastructure, and complete build-outs. DFCM projects, unlike many private sector endeavors, involve the construction of purpose-built facilities tailored to specific programs and objectives. Consequently, direct comparisons with private sector buildings are often challenging due to the unique nature of these projects. Legislatively required mandates on DFCM projects, such as adherence to the Utah Procurement Code, bonding, and vendor supplied insurance costs, along with "agency wish lists" (betterments beyond core building needs) can contribute to increased DFCM costs.

Recommendations for Improvement

This report outlines several proposed areas for improvement:

- **DFCM Regulatory Role:** DFCM needs to undertake a stronger regulatory role, including more engagement in programming and requiring the "right" agency leaders in early conversations. This also includes reinvigorating the State Building Master Plan, reviewing project prioritization and scoring, and securing early project approval and ongoing funding for programming.
- **Clearer Communication:** DFCM should establish two distinct square footage cost calculations (one for private sector comparison, one for full project costs) and proactively communicate these to agency partners. Highlighting the cost-saving benefits of purchasing and remodeling existing buildings is also crucial where applicable, as is re-evaluating the appropriateness of leases.
- **Building Standards:** DFCM should adopt a more flexible approach to design standards, allowing for lesser standards where appropriate, and conduct a careful analysis with third-party advisors to update and consolidate existing building standards.
- **Feasibility Studies:** The current funding and execution of feasibility studies are deemed inefficient and inaccurate for determining project viability and realistic costs. Recommendations include increasing funding for more robust studies that combine feasibility with programming, requiring agency contribution to study costs, and securing executive leadership and GOPB approval before initiating studies. The report also suggests exploring the removal of feasibility studies for most capital development requests, instead requiring programming as the basis for appropriation requests.



- **Capital Development Process:** A recommended process is outlined, emphasizing GOPB pre-approval, in-depth viability and requirements studies, separate funding for programming, and detailed budget development before requesting design and construction appropriations. A post-occupancy audit is also recommended.
- **Financial Transparency and Accuracy:** DFCM is implementing changes to address deficiencies in financial management, including a centralized financial system (Vantage Financial), a detailed coding structure to track funding sources and expenses, improved fund management to clarify funding sources, and pre-project funding to mitigate cost escalation.
- **Informed Data-Driven Decisions:** DFCM should leverage its comprehensive databases through a strong data analytics framework to gain insights into project performance, streamline processes, identify cost efficiencies, and align with industry standards. This includes cost-per-square-foot analysis, material and system comparisons, review of Capital Budget Estimate (CBE) documents, and additional data points for review such as change order analysis and total project costs. Recommendations include forming a dedicated data analytics team, ensuring data access and integration, investing in tools, and developing clear reporting and visualization.

Creation of DFCM

The Division of Facilities Construction and Management (DFCM) was established in 1981 to centralize the oversight of state buildings and construction. Prior to 1981, state facility construction and management in Utah was fragmented among multiple entities, with the now-defunct Utah State Building Board acting as the primary authority. The 1981 Legislature created this new division within the Department of Administrative Services to address inefficiencies, lack of centralized oversight, inconsistent standards, oversight for buildings falling into disrepair, and statewide planning.



1981 Legislation and Statute

DFCM was created by HB 404 during the Utah Legislature's 1981 General Session. The bill gave the division the authority to oversee the construction, management, maintenance, and disposal of state-owned facilities. This authority is currently found in Utah State Code Sections [63A-5b-301](#) and [63A-5b-S303](#), and includes several key responsibilities:

- **Construction and maintenance:** Overseeing all aspects of new construction, improvements, and ongoing maintenance for state buildings.
- **Capital development:** Assisting the Building Board in developing and managing recommendations for capital development projects, as well as allocating capital improvement funds.

- **Leasing:** Managing all real property leases for state agencies, with exceptions for the legislative and judicial branches, and higher education.
- **Land and property management:** Overseeing the acquisition and disposal of state real property.
- **Facility management:** Implementing statewide programs for energy efficiency and other building-performance standards.

Key issues leading to the consolidation included:

- **Decentralized authority.** Before 1981, different state agencies managed their own construction projects with varying standards and practices. This led to inefficiencies, poor coordination, substandard construction, and a lack of unified standards for state facilities.
- **Inconsistent capital planning.** The Utah State Building Board existed to oversee capital development projects, but without an empowered, authoritative, and dedicated operational arm, the process for requesting and allocating funds was often inconsistent and lacked long-term strategy.
- **Inefficient management.** The fragmented approach resulted in poor quality control over construction and maintenance. State agencies and institutions of higher education lacked the resources and skillset in the management of these projects. The state needed a professional and consistent management structure to ensure that projects were completed on time, within budget, and up to standards.
- **Need for comprehensive data.** The creation of DFCM allowed for the consolidation of data and reporting on all state construction, leasing, and maintenance. This allowed the state to get a clear picture of its overall real estate portfolio, enabling better long-term decision-making.
- **Growth in state infrastructure.** As Utah's population and state government grew, the sheer volume of construction and maintenance projects required a more robust, full-time administrative body to manage them effectively. The creation of DFCM provided needed modernization to keep pace with the state's growth.
- **Need for better financial management:** Before DFCM, the oversight of project budgets and allocations was decentralized, which led to inconsistencies, mismanagement, and questionable procurement practices. Consolidating these functions under one division with statutory responsibilities ensured greater financial accountability and a more transparent approach to managing public funds, especially for large capital projects.

- **Long-term strategic planning:** The new division allowed the state to move away from ad-hoc projects toward a more strategic, long-range approach to capital development. DFCM was given the responsibility to develop and maintain a five-year plan for facility needs, considering the mission and growth requirements of state agencies and higher education institutions.

In summary, DFCM was created to:

- Establish a content expert in the field of construction and facility management
- Ensure tax dollars are being spent efficiently and judiciously
- Ensure best practices and adherence to applicable building codes



DFCM Value Proposition

The Utah Division of Facilities Construction and Management (DFCM) delivers high-quality, cost-effective, and sustainable state facilities that serve the public interest and support the missions of state agencies and institutions of higher education. DFCM's value proposition is centered on professional management, efficient operations, and responsible stewardship of public resources. Key elements of DFCM's value proposition include:

Expertise

- **Expert construction management:** DFCM ensures state construction projects are completed in a timely manner, within budget, and to a high standard of quality. This starts with DFCM working with agencies to recommend and prioritize capital development projects, allocating funds, and overseeing the design and building process.

Currently, DFCM guides the construction process from feasibility to programming, design, construction, and project closeout. Additionally, DFCM adheres to the procurement code to ensure fair practices to all entities across the state. DFCM builds and maintains productive long-term partnerships with the private sector that allows the state to leverage those relationships for the benefit of all Utahns. DFCM also advocates for state interests, challenging design and construction assumptions where necessary, and standardizing the development process statewide.

Wide Ranging DFCM Projects:

- **Capitol Seismic retrofit and historic renovation** - Under DFCM's oversight, seismic base isolators were installed that would allow the structure to withstand up to a 7.3 magnitude earthquake. While modernizing the infrastructure, the historic finishes and architectural structures were maintained.
- **Relocation of the Draper Utah State Correctional Facility** - In 2022, DFCM completed this project – its largest and most complex when considering programs and inmates housed therein. The new facility is recognized nationally as the gold standard for a cost effective, innovative, and cutting-edge correctional facility.

- **Renovation of Taylorsville State Office Building (TSOB)** - The TSOB is a reimagination of how we approach government buildings. Rather than constructing a new building, DFCM purchased an existing building and made extensive renovations. They integrated an employee-centered design, implemented energy-efficient and sustainable practices through its solar array and High Performance Building Standard (HPBS), and modernized government space to improve efficiency and the employee experience. The project's success is a model for future state building projects, showcasing a commitment to modern, functional, and environmentally responsible facilities.
- **North Capitol Building and Museum of Utah design and construction** demonstrates DFCM's commitment to excellence and the ability of the division to leverage experts in unique fields to deliver an unprecedented project for all Utahns.
- **Supporting Higher Education** - Innovative design and collaboration with the Utah System of Higher Education (USHE) to utilize institutional and public funds to support statewide economic development by preparing the workforce of tomorrow.
- **University of Utah Vineyard Campus** - DFCM challenged the status quo on the Vineyard campus project in how they approached the procurement of long-lead equipment. In reviewing past projects, DFCM identified a means of reducing the lead time by working with the electrical engineer early in the design process to determine the electrical equipment requirements, and then procuring the equipment through a state contract. This reduced the procurement schedule from a traditional approach, and saved over a million dollars of costs between contractor markups on the equipment, extended supervision, and general conditions on the project.
- **Utah Tech University's Science Engineering Technology Building** began to experience a post construction issue with the exterior metal panels delaminating and falling off of the building less than a year after substantial completion. Because of DFCM's ongoing relationship with the general contractor and architect, a zero dollar cost solution to the state and university was developed with the manufacturer and subcontractor to remedy the issue.
- **Increased building and energy efficiencies** - DFCM actively manages energy expenditures for both existing and new state buildings. By statute, DFCM tracks and reports energy costs for all state-funded facilities and meets biannually with utility teams statewide to review performance, share best practices, and highlight successes.

For facilities managed through the ISF program, DFCM targets energy costs of \$1.00 per square foot, 17% lower than the state average. New developments built under the DFCM High Performance Building Standard consistently deliver life-cycle cost effective savings, reducing energy use by up to 30% compared to similar facilities. For example:

- UofU S.J. Quinney Law Building: \$1.59/sf
- UofU HELIX (HPBS): \$1.02/sf (36% reduction)
- Matheson Courthouse: \$1.37/sf
- Provo Fourth District Courthouse (HPBS): \$0.79/sf (42% reduction)

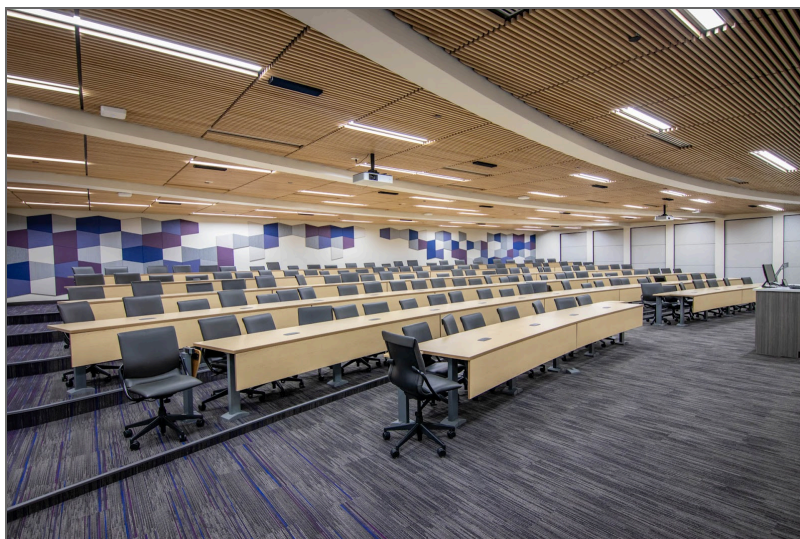


The Division of Facilities Construction and Management (DFCM) plays a pivotal role in supporting state agencies, institutions, and policy makers by offering unparalleled expertise, experience, best practices, and insights into the public procurement, code compliance, and construction fields. DFCM is consistently recognized by their stakeholders as a leader in the construction and facilities management sectors for bringing innovative ideas and processes to government development projects and asset management. State law reflects DFCM's value to taxpayers through mandates to DFCM for direct and indirect oversight of the construction, improvement, real estate, and facility management operations for nearly all state entities. DFCM actively advises the legislature and executive leaders on topics of construction, design, and space utilization to better inform lawmakers in their policy development processes.

DFCM provides comprehensive guidance that encompasses new construction, capital improvement, life-cycle costs, energy efficiencies, safety, emergency response, remediation, hazardous material management, space utilization, and master planning. This holistic approach offers significant benefits to the state, preventing the fragmentation that can arise from a building-by-building approach to facility construction.

DFCM routinely presents project information, best practices, and industry updates in legislative leadership committee meetings. These presentations provide critical information for legislators including updates on the status of existing projects, operational activities, and notice about upcoming requests.

DFCM's substantial presence in the Utah construction market, evidenced by a billion dollars in projects funded annually, allows them to leverage significant economies of scale. This centralized approach contrasts sharply with the pre-DFCM era, when project management duties were often assigned as additional tasks for staff whose core responsibilities and expertise lay elsewhere. This fragmented approach invariably led to compromises in quality, code compliance, and management of funds. The very genesis of DFCM was rooted in the need to centralize this critical expertise and capitalize on the efficiencies gained through economies of scale and facility construction and management knowledge, thereby ensuring higher quality and more fiscally responsible management of the state's valuable assets.



- **Efficient facilities management:** DFCM is responsible for protecting the state's assets and investment in buildings, either directly or indirectly, by providing building maintenance and ensuring safety for over 4,200 state-owned properties. This includes maintaining building equipment and systems through preventive maintenance. It also involves ensuring comfortable, secure, and functional spaces for state employees, students, and the public. This includes regular inspections, facility condition assessments, and managing ongoing service contracts. It means holding delegated entities accountable through facility condition reporting. All of these facilities are ultimately state assets and the responsibility of DFCM, and therefore are to be managed to the same standards.

Utah has set a national standard for responsible asset management, exemplified by its statutory annual appropriation of a minimum 1.1% of portfolio value dedicated to deferred maintenance and capital improvements. As a result, Utah is consistently regarded as the best-managed state, recognized for systematically and proactively caring for its assets. This makes the need for costly emergency repairs or replacements a rare occurrence.

- **Cost-effective and sustainable operations:** DFCM is committed to responsible energy and water stewardship, implementing programs to reduce utility costs and decrease the environmental impact of state buildings. DFCM's initiatives include the High Performance Building Program, renewable energy projects, and implementing water conservation measures.
- **Strategic real estate services:** DFCM manages all aspects of state real estate, including acquiring, disposing of, and leasing property for state agencies. Additionally, DFCM can act in response to changing needs and market opportunities.
 - Due to the Covid-19 pandemic, state employees moved to a hybrid work schedule, resulting in a significant amount of underutilized space. DFCM is working to consolidate space through closing leases, disposing of buildings, and consolidating agencies into shared spaces where feasible.
- **Accountability and transparency:** Through strategic planning and public reporting, DFCM maintains transparency in its operations. The division provides detailed information on project requests, budget allocation, and its performance against key metrics, reinforcing public trust.

Each year, DFCM publishes its Five Year Book to inform legislators and the public about building requests from state agencies and higher education. This includes information regarding the scope, size, and costs associated with the buildings' project funding requests, O&M funding, and expected life-cycle costs. This information helps legislators and the public understand what the financial implications are to the state, and the transparency provided by DFCM supports more informed decision making and public awareness surrounding state building projects.

- **Long-range planning:** DFCM is committed to efficient and effective long-term management of the state's capital facility programs. The Five Year Book also provides information and strategic planning opportunities regarding the needs of future building requests for new construction and capital improvements. This information allows for strategic long-range planning of future appropriations. Furthermore, DFCM has developed a statewide master space allocation plan to guide strategic and cost-conscious space utilization as agencies' facility space needs grow with the state.
- **Consistently Applied Standards:** DFCM creates and enforces building and maintenance standards by which all projects must adhere. While they occasionally offer exceptions, and a recommendation in this report is to re-examine some of these standards, this overarching establishment of standards leads to:
 - **Maximizing asset life:** Standards for facility construction, maintenance, and capital renewal ensure state assets are built and maintained to optimize tax payer dollars over the entire life of the building. These standards also serve to protect the state's long term investments. DFCM sometimes delegates project authority to entities that prefer to manage projects independently. In these delegated scenarios, maintaining adherence to building codes, design life-cycle standards, and procurement codes is a persistent challenge.
 - **Reduced energy and utility costs:** DFCM's High Performance Building Standard (HPBS) ensures capital projects adhere to strict energy-efficiency criteria, leading to lower energy consumption and utility costs for state agencies over the life of the building and increased occupant comfort. Operation and maintenance costs equate to eighty percent of the total cost of building ownership. DFCM evaluates both initial construction costs and ongoing building management costs to ensure the best value for the taxpayer. These

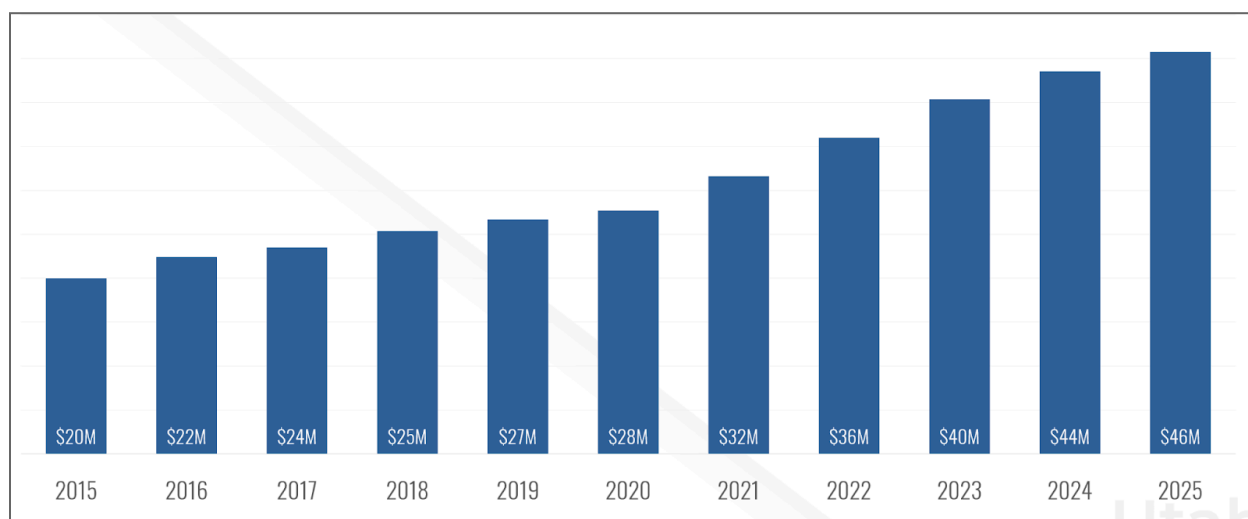
practices reduce the state's long term financial commitment through lower energy costs and lower life-cycle costs.

- **Fewer change orders:** DFCM effectively manages change orders and their associated costs by adhering to established standards, which are well-understood by contractors accustomed to working with DFCM. These standards ensure consistency and equitable treatment for contractors working on state projects.
- **Budget and procurement code adherence:** DFCM ensures that fair and transparent procurement practices are strictly followed in all state projects. Given DFCM's significant impact on Utah's construction market, adherence to the procurement code is essential. This allows both large, multi-billion dollar contractors and small business operations to compete effectively in the wide range of projects DFCM manages.



DFCM Costs

A frequent concern voiced by stakeholders of the Division of Facilities Construction and Management (DFCM) is the perception that DFCM's construction costs per square foot are considerably higher when compared to similar projects undertaken by private non-residential sector developers. This disparity often leads to questions regarding efficiency, resource allocation, and overall value for money in public sector construction initiatives. Understanding the underlying reasons for this perceived cost difference is crucial for DFCM to address stakeholder concerns and demonstrate accountability and fiscal responsibility.



Escalation of Costs: This graph represents what it would cost to build the same building each year over a span of 10 years, a 236% increase. More dramatic inflationary impacts occur following COVID 19.

Apples to Oranges

A significant factor in peoples perception is the sheer impact of price escalation experienced by the construction industry. As outlined in the chart above, inflation has had a significant impact on Utah's construction industry including a 236% increase over the past ten years. A building constructed in 2015 for \$20 million would cost \$46 million to build in 2025. The greatest, and historic, impact has occurred post COVID 19. During the global pandemic material and labor shortages led to significant price spikes and delivery delays. Unfortunately, these impacts have not abated with some building equipment still seeing 18-24 months delivery date delays once ordered. (Particularly any electrical service equipment)

Non-residential private sector and DFCM square footage cost calculations can differ significantly.

Typically, private sector firms' standard square footage costs only encompass hard costs directly tied to the building's physical construction, such as:

- Materials and supplies
- On-site labor
- Subcontractors
- Equipment costs
- Temporary site facilities

And soft costs such as:

- Design (depending on delivery method)
- Engineering fees
- Legal and regulatory costs
- Project management
- Insurance
- General and administrative overhead

State agencies and higher education institutions must receive legislative authorization and appropriations sufficient to cover 100% of the costs associated with capital development projects, not just construction. As a result, DFCM's square footage cost calculations must encompass expenses above and beyond the building construction costs including:

- Payment and Performance bonds - which are sometimes viewed as barriers for mid to small sized contractors. DFCM has been encouraged to explore the possibility of not imposing bonding requirements for Utah's major contractor firms, similar to the current practice at the Utah Department of Transportation for road projects.
- Higher safety requirements due to occupancy type and size - most DFCM buildings include assembly space for more than 39 occupants and exceed the 27,000 sqft. threshold which allows for wood/combustible material construction. Most state buildings, particularly on a college or university campus must be constructed with non-combustable materials (concrete, brick, or steel with fire proofing material applied), be fully serviced by automated fire sprinkler systems, and must have elevators for two or more floors. (Many non-residential developers build to building types "B" and "F"

specifications which allow them to avoid many of the standards triggered by building types DFCM is required to use.)

- Purchase price of land and site preparation - DFCM projects are often built within dense college campus environments, often requiring deep foundations, shoring, utility relocations, and phased logistics. (Developers often build on open sites with easier access and lower site cost complexities.) In addition, college campus projects include full site development, landscaping, hardscape, irrigation, and integration with existing campus. Developers often minimize landscape investments to maximize rentable area and parking ratios.
- Costs associated with delivering 50+ year life-cycle standards - A significant factor in the 50+ year standard is required by building code type due to the size, occupancy loads, and use of state buildings as outlined earlier. (more durable, higher-quality materials with longer service life and warranties - for example 25-30 roof systems vs. 15-year roofs by developers)
- Costs associated with upgrades to decrease operating and maintenance costs over the life of the building (building envelope and enclosures, high efficiency chillers, boilers, HVAC, windows, MEP systems, etc.) DFCM contracts with Commissioning agents to inspect and verify buildings MEP systems and envelope are operating at peak performance. While this adds 1-1.5% to the cost of projects, it yields 10-15% in energy savings. Further, a number of concerns have been raised by the frequency of remodeling that occurs once a building is occupied. In most cases, DFCM's experience is tied to adding additional offices or office suites. Seldom do these remodels impact exterior building envelope or modifications to the core MEP systems.
- Furniture, fixtures, and equipment (FF&E) costs - DFCM includes high-durability institutional furnishings at approximately 3-4% of the project cost while developers generally pass these costs on to tenants.
- IT wiring and infrastructure costs - State projects involve comprehensive IT systems including all network wiring, data rooms, and backbone infrastructure while developers generally provide minimal backbone service and pass fit-out costs to tenants.
- Complete build-out of space. Each state building is purpose built and includes full-kit project costs that cover all interior framing, doors and hardware, carpet, paint, signage, keying, and artwork, as required by state law.

- Most “tenant improvement costs” are not typically reflected in the developers cost but are born by each tenant.

The following chart provides a visual representation of these costs. Components outlined in red are included in DFCM’s Capital Budget Estimate, which is the basis for determining legislative funding requests. These costs are generally not included in a developers cost per square foot calculation.

Facility Costs • Construction Costs • Renovation Costs High Performance Building Costs Site Costs Hazardous Materials Costs • Pre-construction Survey • Plan and Monitoring • Abatement/Removal Pre-design/Planning Costs • Feasibility Study • Programming • Environmental Assessment • Geotechnical Assessment/Surveys • Geotechnical Ground Motion Study • Site Survey A/E Design Costs Property Acquisition Costs	Utility Costs • Water Utility Fee • Sewer Utility Fee • Electricity Utility Fee • Storm Sewer Utility Fee • Gas Connection Fee • Connection Fees Information Technology Costs • Network IT Cabling and Equipment • AV Equipment Excluding Conduit • DAS Emergency Responder System • DAS Cell Phone Repeater Utah Art Costs Testing & Inspection Costs • Building Code Inspection • Material Testing • Special Inspections • Fire Marshal Review	FF&E Costs Moving & Occupancy Costs Project Management Fees Commissioning Costs Other Costs • Keying • Building Signage • Branding Contingency Builder’s Risk Insurance Costs Legal Costs Institutional PM Fees Donor Requirements (if known)
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Items in red are included in DFCM’s cost per square foot, but are generally not included in private sector developers’ cost per square foot calculations.

Other Factors That Impact DFCM Costs

Adherence to Utah Procurement Code

DFCM is committed to supporting Utah’s construction economy through fair competition and competitive pricing. Depending upon the size and scope of the project, adherence to the procurement code requires DFCM to engage in:

- Formal competitive bidding (low bid wins)
- Value-based selection (selection is made based on total value)
- Direct award for smaller projects

The procurement code does not allow DFCM to:

- Enter into negotiated agreements where DFCM's economies of scale could leverage significant price reductions in building materials, or design and construction services.

Utah Code

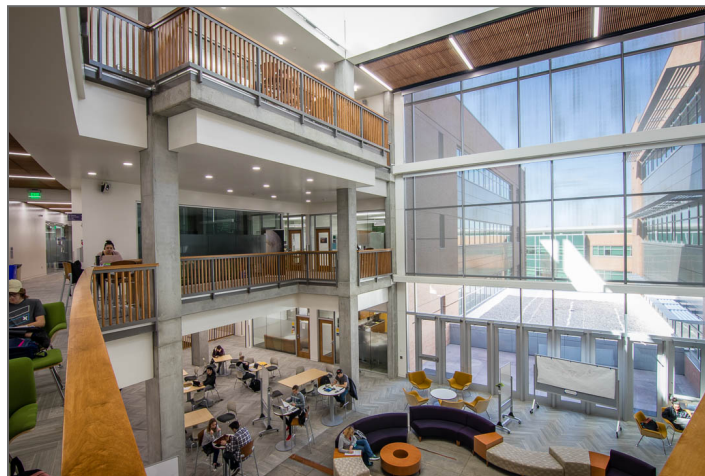
Utah code dictates several requirements based on the project dollar value that increase costs to DFCM projects that are not mandated in the private sector.

- [63A-5b-607](#) identifies a requirement that vendors must provide its employees with health insurance vendor must provide its employees on state projects based on the contract value for their respective scope of work.
- [63G-6a-1103](#) and [14-1-18](#) stipulate the requirements of a contractor to provide performance and payment bonds or security when a construction contract is awarded under this chapter. These costs can range from 0.5% - 3.0% of the contract value depending on the contractor's annual volume of work and the project size.

Core Building Needs vs. Betterments

DFCM's construction cost structure is heavily influenced by the requesting entity's requirements as defined in the feasibility study, programming, and design stages. Currently, DFCM does not significantly regulate or challenge these requirements, which can lead to agencies including "extras" that would typically be excluded, or considered as tenant improvements in private sector comparisons. While these additions may be justifiable or even necessary, they are not always inherent to the project's core definition. For instance, a DFCM project for a modest guard dwelling incorporated perimeter iron fencing, security equipment, and exterior paving. Despite the necessity of these extras, their inclusion drastically inflated the project's cost when compared to similar sized dwellings.

Agencies occasionally expand their project scope to include desirable, non-essential amenities such as exercise facilities, outdoor features, or specialized workshops. While these additions are not formally communicated to stakeholders as core needs, their expenses are incorporated into the project's overall cost per square foot.



Additional considerations arise from a number of circumstances regularly faced by DFCM, including the following:

1. **DFCM design standards:** Some agencies and institutions have developed their own standards which exceed those defined by DFCM.
2. **Prototype Designs:** Reuse building designs for similar projects on other campuses or locations across the state when feasible. Initial efforts in this direction include several state liquor stores.

3. **Standardize building systems:** Many building systems could be standardized across DFCM projects to create efficiencies with building end-users, building operations, repair and replacement of systems when applicable, and increased efficiency of maintaining those systems. However, state procurement rules may limit these options. If these building systems were standardized, then architects and engineers would have a baseline to design from. This would allow any agency requests for these systems to be evaluated and quantified. Where the systems exceed DFCM standards they would be noted as a betterment for policymakers to evaluate during funding discussions.
4. **Design Guidelines:** Develop a design guideline that delves into best practices for architects and engineers to follow. This could include technical items such as efficient floor-to-ceiling height ratios, building structural grid patterns, and utilization ratios of space-to-volume comparison, while also highlighting things to be avoided (e.g. expansive atriums).
5. **Transparency:** Provide policymakers and approving legislative committees with sufficient information to allow them to understand the core programmatic needs of the building, and what options are being requested beyond core requirements.
6. **Funding Participation:** Allow institutions or agencies to fund the identified betterments through the use of institutional funds, dedicated credits, or donor funding.

Current DFCM design standards are being re-evaluated by third party architects and engineers with the goal of identifying potential revisions that change outdated or cost-adding standards. The desired outcome of the revision is to clearly delineate required costs for common building types that will make betterment alternatives visible and open for negotiation.

Recommendations

DFCM needs to provide more regulatory analysis

To ensure projects align with funding and long-term state goals, DFCM needs greater influence over project scope before funding approval. This should involve a DFCM architect collaborating with entities early in the needs development process to distinguish between necessities and enhancements. Core costs, unique programmatic requirements, and betterments should be broken out in project funding requests for transparency and added understanding. Such regulatory authority could be supported through additional statutory definition.

Senior agency leaders and USHE institutional presidents should be required to review and authorize project scope, accuracy of programmatic requirements, and acknowledgment of any requested betterments.

Clearer Communication

DFCM needs to establish two distinct square footage cost calculations:

1. Cost per square foot which encompasses the standard inclusions in private sector c/sqf so stakeholders can reasonably compare costs with the private sector.
2. Cost per square foot which calculates all project costs used to determine the total cost of construction. This would include FF&E, property purchases, and all other costs outlined on pages 16-19 of this report.

DFCM will proactively engage with agency partners to clarify these calculations during the feasibility, programming, and Capitol Budget Estimate studies, to avoid surprises during legislative presentations.

Highlighting the cost-saving benefits of purchasing and remodeling existing buildings is crucial.

Presenting historical data on the acquisition and renovation of the Taylorsville State Office Building (TSOB) and other remodeled structures would be valuable to address cost efficiencies.

Finally, DFCM must assess the suitability of current leasing practices. Since the state does not realize tax advantages from deducting lease costs as expenses, their continued use warrants scrutiny. DFCM should explore whether purchasing properties instead of leasing them could lead to cost savings and if a shift away from their current leasing model is advisable.



Building Standards

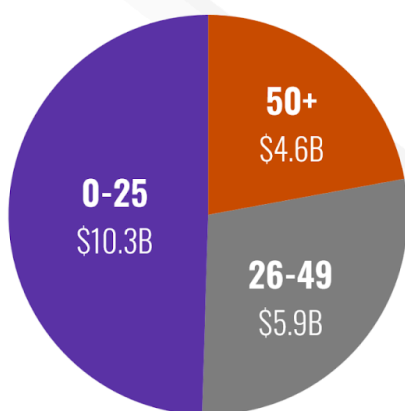
Utah Code [63A-5b-602](#) requires the Utah Division of Facilities Construction and Management (DFCM) to “establish design criteria, standards, and procedures for the planning, design, and construction of a new facility and for improvements to an existing facility, including life-cycle costing, cost-effectiveness studies, and other methods and procedures that address: (a) the need for the facility; (b) the effectiveness of the facility’s design; (c) the efficiency of energy use; and (d) the usefulness of the facility over the facility’s lifetime.”

As legislatively mandated, DFCM has established design standards that promote energy efficiencies and life-cycle, cost-effective systems, and focus on quality control to maximize longevity for state-owned facilities. These design standards outline minimum requirements for construction specifications, maintenance, and operation to protect occupants and maximize the efficient lifespan of state buildings.

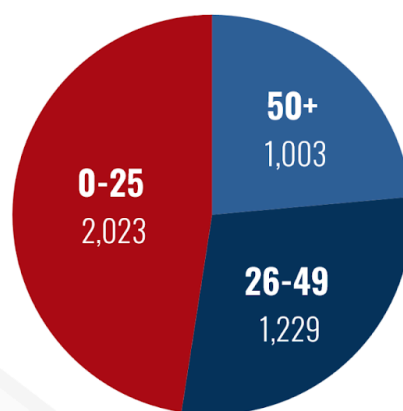
Key reasons DFCM uses building standards include:

- **Long Term Ownership.** The State of Utah owns 4,255 building properties across the state. Of those 4,255 total properties, 23.6% or 1,003 of them are over the age of 50 years. 28.9% or 1,229 of them are 26 years to 49 years old. And 47.5% of the state’s assets or 2,023 buildings are 0 to 25 years old. The average building age in the state’s portfolio is 33.6 years old, and 52.5% of all the buildings the state owns are over 26 years of age.

The State of Utah’s
Building **VALUE** by Age



The State of Utah’s
Building **COUNT** by Age



- The Division of Risk Management database shows the state's building replacement value at \$20.9 billion, with some projects still under construction and not represented in the above number. The reported value of the buildings over 50 years is \$4.6 billion. The reported value of the buildings in the 26-49 year age category is over \$5.9 billion, and the reported value of the 0-25 year old buildings in the state portfolio is \$10.3 billion. The state has invested a significant amount of funding into these buildings. DFCM has worked to develop design standards to protect these assets, reduce energy costs within them, and ensure that they are functional and operational long after they reach their expected life.
- **Legislatively mandated.** As noted in the beginning of this section, Utah Code requires DFCM to develop design criteria and standards for efficiencies, energy use, and usefulness of the facility.
- **Ensuring life safety and occupant welfare through code compliance.** The primary purpose of building code is to protect the health and safety of building occupants and the public. DFCM constructs all buildings to meet code minimums or better. These requirements are adopted in Utah Code from the International Building Code (IBC) and rarely vary from the actual IBC requirements. Any variations to the IBC are approved and adopted by the legislature.
- **Maximizing cost-effectiveness.** By creating standards for long-term factors such as energy efficiency, DFCM reduces operating and maintenance (O&M) costs and promotes longevity for state facilities and their associated components. O&M costs equate to an average of 80% of the total life-cycle costs of most buildings. Structures built to high-performance specifications, though requiring greater investment at construction, can result in significant energy savings over their lifespan, providing a substantial return on investment for the taxpayer.
- **High Performance Building Standard (HPBS).** In an effort to maximize life-cycle efficiencies through enhanced design requirements, DFCM developed the HPBS to incorporate robust standards for building envelope and enclosure, energy efficiency, and commissioning components. Application of the HPBS usually accounts for less than 1.5% of new construction costs on DFCM projects. DFCM implements the HPBS pragmatically, not on every new construction project. The appropriateness of the program is determined by reviewing a building's usage and an agency's operations. For instance, projects like welding shops at technical colleges, UDOT maintenance buildings, and similar facilities have traditionally seen limited or no implementation of the HPBS.

- **Achieving quality control, stewardship, and consistency in operations.** Standardized requirements for operations and maintenance programs provide a common framework for all DFCM assets. Facility maintenance standards are developed by DFCM to ensure that all facilities, regardless of management entity, are maintained and managed at satisfactory levels that promote building functionality and reduce long-term capital improvement costs. DFCM enforces these standards and audits management entities against these standards to ensure proper stewardship of all state facilities, infrastructure, and assets.

Public entities and private sector providers have expressed concerns regarding DFCM building standards, citing several issues:

- **Inflated Costs:** Standards are perceived as excessively high, leading to unreasonable construction costs for the intended purpose of the structures.
- **Slow Adoption:** There is a lack of timely incorporation of modern construction techniques and emerging trends.
- **Inconsistent Enforcement:** Contractor compliance with the established standards is not consistently enforced.



Design Standard Flexibility

DFCM, through its construction expertise, adds important value by establishing building standards for all construction and improvement projects that support a typical building lifespan of 50 years. These standards result in exceptionally well-constructed buildings with a long-term perspective. However, not every building requires such stringent construction standards, as evidenced by the different lifecycles and project goals. Therefore, it may be advantageous to consider greater flexibility and intentionality when determining where less rigorous standards may be appropriate.

Recommendations

DFCM should move toward a more flexible and comprehensive approach to design standards, acknowledging that a universal solution isn't suitable for every project. DFCM should also review and update its current design standards, removing any obsolete or irrelevant requirements. The revised standards should be unified into a single, coherent, and user-friendly document.

A careful analysis of current design standards should be conducted by DFCM and third-party advisors to evaluate opportunities for changes that can reduce costs of construction while not greatly diminishing long-term value. Focus should be directed to changes for standards that are antiquated or are no longer applicable to current industry best practices. Examples include looking at revising requirements for electrical feeders, plumbing types, and HVAC components. There are several areas in the current standards that should be challenged for the values they provide in comparison to the upfront costs required for compliance.

Additionally, the state could benefit from acquiring and renovating existing buildings with solid structures, rather than constructing new buildings in many cases. This strategy could potentially save millions of dollars and facilitate a faster retirement of leased properties in favor of more economical state-owned properties.

Feasibility Studies

Currently, Utah Code [63A-5b-402](#) (2) & (3)(iii) mandates that all agencies requesting an appropriation for a capital development project conduct and submit a feasibility study to be considered in the capital development process. Each feasibility study is reviewed by DFCM and the Governor's Office of Planning and Budget (GOPB) in the early stages of the annual capital budget process. For an agency, the feasibility study is an initial step in the capital development process as its inclusion is heavily encouraged in the need statement. The intent of the feasibility study is to identify the need of the capital development project and the appropriateness of the scope being requested, and to determine if any private funding will be attributed to the capital development request. Additionally, the study will delineate the associated economic and community impacts that will likely occur as a result of the capital development project. Also included is a rudimentary cost estimate for construction and design.

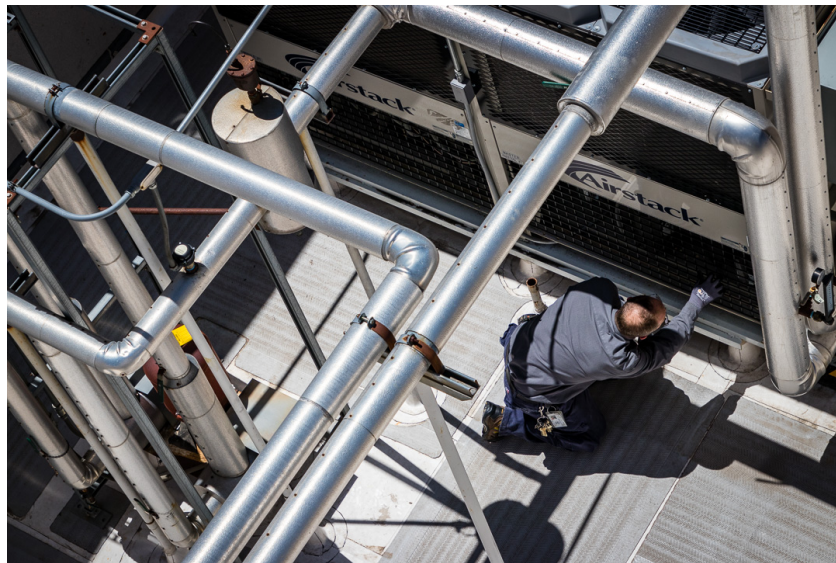
DFCM offers feasibility studies to agencies, but funding for such studies is limited. Agencies often request studies for "wish-list" projects with low funding potential, leading to wasted funds when studies quickly become outdated. Due to these limited funds, and the common lack of any supplemental agency funding, complex projects may receive feasibility studies that lack the depth and scope needed to properly identify accurate costs.

Feasibility studies often present high-level programmatic requirements and include "wish-list" features, leading to generalized cost estimates. These unverified figures are oftentimes used as the basis for funding requests when presented to the Governor's Office and the legislature. More robust efforts to identify true project requirements historically occur during the programming phase, which in turn leads to more accurate cost projections. Programming costs can be significantly higher than the cost of a feasibility study due to the depth and duration that can occur based on the project.

It has also been observed by DFCM that the requesting agencies' management and key stakeholders are frequently absent from project scoping meetings during the studies, often delegating these tasks to subordinates that may not have the agency's full vision of the project as a focus of the discussion. The lack of internal controls and leadership approval can easily inflate project requirements.

Historically, some feasibility studies are commissioned for buildings that lack the political will for construction. Consequently, these efforts and expenditures become an exercise in indulgence and do not reflect a realistic vision.

The feasibility study process, despite its inherent weaknesses—such as bloated scope, inaccurate cost estimates, and the inappropriate use of time and money on unrealized projects—remains the current method used by policymakers to determine project budgets and appropriations.



Recommendations

The current method of utilizing feasibility studies is inefficient for determining the viability of future projects and provides inaccurate cost estimates for design and construction in appropriation requests. DFCM and other stakeholders should reconsider the use of feasibility studies as the primary identifier of project costs used in appropriation considerations, and instead consider funding upfront programming for projects with strong stakeholder support and leadership approval. Investing in upfront programming would allow for more accurate project cost determination.

Additionally, agencies should be required to secure approval of agency executive leadership and GOPB prior to approaching DFCM to fund and execute a feasibility study, viability statement, or programming. Doing so will prevent the likely needless use of time and money conducting feasibility studies that do not align with agency strategic needs or the initiatives of the governor and legislature.

There is value in exploring the removal of feasibility studies altogether from most capital development requests, and instead requiring programming as the basis for an appropriation request. Programming will provide a much more accurate estimate of costs, timelines, agency vision, and alignment with state strategic objectives. Although programming is a considerably larger financial commitment up front, it will help to solidify a project's likelihood of success if the legislature, GOPB, or the agency has committed to the investment. Therefore, requiring advanced approval from agency leadership is recommended.

Adopting a new model that takes the place of the traditional feasibility study, utilizing DFCM as the design professional in lieu of a contractor, is recommended. This process would focus on a "viability and requirements study" merging key components of the traditional needs statement and feasibility study to secure approval to proceed with a funding request for programming. This option is discussed in further detail below in the Capital Development Process section.



Capital Development Process: Funding New Buildings

Utah Code [63A-5b-402](#) defines the process for an institution of higher education or a state agency to request a capital development project, such as a new building or addition to an existing building. Statute dictates that all agencies shall submit to DFCM their requests for an appropriation for a capital development project with a feasibility study identifying their need for the project, the appropriateness of the scope, any private funding for the project, and the economic and community impact of the project. However, evaluation of the current process has identified opportunities for improvement. Managing project budgets determined by feasibility studies, may be based on inaccurate or incomplete information. Additionally, feasibility studies may include more betterments than necessary or reflect a misalignment between agency leadership and those agency or institutional subordinates directing or participating in the feasibility study process.

The current capital development process involves the following steps:

1. **Internal Needs Identification:** An entity identifies the need for a capital development project.
2. **Feasibility Study Request:**
 - The entity requests a feasibility study.
 - i. This may be done through DFCM or through the requesting institution or agency.
 - While all institutions and agencies are ultimately responsible for the costs associated with the feasibility study, the legislature created a funding mechanism for state agencies to assist with these costs in Utah Code [63A-5b-407](#).
 - i. However, these funds are limited. To preserve these funds for use by multiple agencies across the state, DFCM limits the amount of funding available to a state agency for a feasibility study to \$20,000 per study. Industry representatives have indicated this level of funding is insufficient to cover the costs of their engagement.
 - Some items of concern identified through the evaluating the feasibility study process are:
 - i. Feasibility studies can become outdated due to evolving agency needs, which are influenced by public growth, legislative mandates, technological advancements, and market fluctuations. Consequently, these studies may require updates or complete revisions to accurately reflect current needs and costs.

- ii. These studies frequently lack agency leadership participation, relying heavily on mid-level or even entry level employees for input and direction. Although these employees may be subject matter experts, these needs are often included in the study without leadership approval. Unapproved or unreviewed input can lead to scenarios in which studies incorporate “wish-list” items and systems that ultimately inflate costs. Agencies often lack the commitment from key stakeholders to provide meaningful input and direction to the engineers and architects leading those studies. This lack of investment by key stakeholders may lead to misalignment of project requirements relating to agency needs and wants. The impact of this can lead to project costs being over-inflated or misrepresented, both of which adversely impact the project.
- iii. Feasibility studies and their corresponding requests often proceed without the specific approval of subject matter experts capable of assessing the operational impacts of the request, and department heads charged with running those operations.
- iv. Feasibility studies are, by definition, high-level and simplistic. They are not designed or funded to achieve the depth and scope of a detailed programming document. However, the cost estimate developed through a feasibility study often becomes the budget number used throughout the entire request process, which in some cases may last for multiple years. As such, budget requests based solely on feasibility studies may be misleading and can become outdated.



3. **Funding Request Submission:** A detailed cost estimate, derived from the needs statement and feasibility study, is submitted to DFCM for refinement. DFCM then leverages this information, alongside current construction cost data, to establish the official project budget request. This formal construction budget estimate is subsequently forwarded to the Governor's Office of Planning and Budget for their review and inclusion in the Governor's annual budget recommendations.
4. **Project Rankings:** DFCM, in coordination with the Governor's Office, evaluates each project's needs based on a set weighted criteria to recommend a list of prioritized capital development projects to the legislature for consideration.
5. **Legislative Appropriation:** Funding for approved projects is appropriated during the general legislative session.
6. **Programming and Design:**
 - Programming and design phases commence, allowing for a more in-depth identification of the project's requirements and associated costs.
 - Despite these revised efforts, the project budget remains fixed at the amount appropriated in the legislative session that were delineated in the feasibility study.
7. **Construction and Budget Adjustments:**
 - Solicitations for construction services begin.
 - Any bid overages resulting from inadequate funding due to incomplete information in the feasibility study are covered either by the entity, DFCM's project reserves, or through another legislative appropriation request.
 - Conversely, bid underages either remain in the project for unforeseen conditions or scope gaps, or they are placed into DFCM's project reserves.

Recommended Process

To address concerns arising from the current funding process, the following recommendations are advised:

1. **Internal Needs Identification:** The process begins when an entity identifies a need for a new building.
2. **GOPB Approval:** State agencies, prior to any capital development project requests or studies, will seek approval of the Governor's Office of Planning and Budget (GOPB) for the request. Once DFCM receives said approval from GOPB for the agencies' request, the request will then advance

to the next step.

3. **Viability and Requirements Study:** An in-depth study is conducted in collaboration with an internal DFCM architect. This study, more detailed than a simple needs statement, clearly outlines existing needs and requirements, supported by data. It is then submitted to GOPB (for state entities) or USHE (for institutions of higher education) and DFCM. While a cost range may be included, this is not the basis for a budget request.
4. **Approval to Proceed:** If GOPB approves the study, it signals a willingness to pursue funding requests in the upcoming legislative session. At this point, DFCM will request legislative appropriations for programming and design depending on the delivery method for the project.
5. **Project Programming Funding:** Funding for project programming is secured during the legislative general session.
6. **Programming Services Solicitation:** During the interim, programming services are solicited.
7. **Programming Completion:** Programming is completed under the oversight of an internal DFCM architect and an assigned DFCM project manager.
8. **Detailed Budget Development:** A detailed budget is developed during programming, differentiating between essential needs and proposed betterments.
9. **Design and Construction Appropriation Request:** In the subsequent general legislative session, a request for appropriation to design, where applicable, and construct the building is made. Legislators are provided with accurate cost information, detailed scope and timelines, and more manageable escalation costs.
10. **Construction Completion:** The final step involves the completion of construction.
11. **Post Occupancy Audit:** The following year after substantial completion of the project, a post occupancy audit shall be performed on the new building regarding the agency's space utilization of the building. The results of the audit shall be presented in the subsequent legislative session by the auditing office. The requesting agency will be required to respond to the legislature regarding their space utilization of the new building.

Financial Transparency and Accuracy

DFCM is committed to financial transparency and accuracy. To uphold this commitment and to address deficiencies in the division's financial management, DFCM has implemented significant changes to the financial management process to overcome a previous lack of financial acuity.

Construction Program

Currently, DFCM is directed through legislative appropriations and intent language regarding upcoming new construction or improvement projects prioritized by the state and legislative leaders. Depending on the type of appropriation or the sources of funding, DFCM's project financials are fragmented across disparate systems (AiM, Vantage, Excel spreadsheets). This has led to duplicative entries, inability to reconcile financial balances, and a lack of real-time insight for project managers to make informed decisions during the course of a project. This fragmented approach has also created a historical environment of improper funding transfers completed without adequate documentation or approvals.

State-funded appropriations and funding received from other sources historically have been combined into a single fund (Fund 3000) rather than being allocated to the individual projects for which the dollars were intended. This aggregation of funding has led to the division's inability to accurately reconcile and track funding sources for each project to funds expended in completion of the project. Project managers have faced significant challenges in accurately tracking project budgets in real time.



In the absence of clear separation between funding sources in Fund 3000, there is increased likelihood of blending funds. DFCM's inability to track funding periods, particularly for multi-funded initiatives, further exacerbates these issues. The existing financial systems are not being utilized to their full potential. Due to inadequate information, Vantage Finance (formerly FINET), which should be the single source of financial truth, is unable to properly track division contracts and payments; and transactions are being pushed from AiM to Vantage Finance without adequate oversight, or just remain internal to AiM.

This issue is compounded by a lack of clear accountability for project budget, often due to the availability of this large, composite funding pool. This merged funding approach, together with a lack of adequate internal controls, have allowed for non-transparent transfers of funds between projects.

A lack of robust data analysis hinders informed decision-making, while inefficient use of multiple systems and manual data entry contribute to errors and inaccuracies. The blending of funds and a lack of visibility for project managers and leadership teams undermine accountability for managing project budgets.

Internal Controls

Internal controls have been demonstrably insufficient within both the construction and the ISF programs. Awards, payments, and RFPs of service contracts have often been managed by a single individual, creating significant risk. Appropriate approvals have been lacking and there has been a void of detailed documentation that should accompany payments, transfers, and awards.

A significant discrepancy exists between financial projections and actual results due to a lack of reconciliation between budgeted and actual figures. DFCM's current ISF rate structure is inefficient, especially concerning equipment procurement not shared among various facilities. Capital assets are inadequately funded and poorly managed because of restrictions within DFCM's rate structure.

DFCM's current ISF rate-setting process is flawed. It fails to account for complete and actual costs, such as payroll, leading to inaccurate rates. While intended to save agencies money, this approach instead creates program deficits. The inflexible cost-per-building ISF rate structure further exacerbates this issue by preventing agencies from being charged based on their actual occupancy costs per square foot, making it difficult to adjust for changes in space utilization. A cost-based approach is needed to fully acknowledge and cover actual expenses.

Furthermore, the building-level ISF structure creates confusion for agencies, especially when multiple agencies share offices within a single building. They struggle to understand their individual share of the rate, leading to uncertainty and a need to simply trust the accuracy of annual billing agreements.

Addressing these systemic issues is crucial for DFCM to ensure financial integrity, transparency, and optimal resource allocation.

Many of these issues are currently being addressed:

- Past financial staff has been replaced
- New internal controls have been put into place and are being enforced
- External auditors are being retained to reconcile Fund 3000 to obtain accurate project balances, proper reconciliation with appropriated funding, and delineation between general fund and income tax dollars.

Recommendations

To enhance financial transparency and accuracy, DFCM will implement several key changes:

- **Centralized Financial System:** All payments will be processed through the Vantage Financial system, which will serve as the primary finance system. Transactions will then be pushed from Vantage to the AiM system, eliminating direct payments from AiM. This will also eliminate the current reliance on Excel spreadsheets for tracking funding sources.
- **Detailed Coding Structure:** A new coding structure will be implemented within the state's Vantage Financial system to track funding sources and expenses by individual project. This detailed coding will enable DFCM to manage project funding more effectively and provide greater insight for GOPB and LFA analysts. Additionally, this new coding structure will eliminate the blending of funds and allow for individual tracking of development and improvement projects for higher education, state agencies, and public education.
- **Pre-Project Funding:** DFCM will collaborate with GOPB and LFA to appropriate a portion of funding for each project specifically for pre-project work. This proactive approach will allow work to begin earlier, potentially saving funds by mitigating cost escalation during the period awaiting full appropriation.

Informed Data-Driven Decisions

DFCM maintains what is likely the Utah construction industry's most comprehensive database for construction, operations and maintenance, and utility costs. However, this valuable data is not fully leveraged to make and communicate informed decisions. By adopting a strong data analytics framework, DFCM can achieve more profound insights into project performance, streamline processes, pinpoint cost efficiencies, and align with leading industry standards.

DFCM should adopt a data-driven approach to address key questions regarding construction cost per square foot, material comparisons, mechanical, electrical, and plumbing (MEP) systems, capital budget estimates, and other critical financial and operational components.

Key data objectives include developing a more thorough understanding of data including causation and correlating relationships tracked in AiM and other DFCM systems; identifying areas where DFCM's understanding can be enhanced through data analysis and industry comparisons, and where data insights can drive modifications and improvements in DFCM's processes and procedures.

Potential Areas of Analysis

Cost Per Square Foot Analysis

- *Categorized Benchmarking:* Compare DFCM building costs per square foot (for state agencies, higher education, and courts) against relevant industry standards for each specific category and programming requirements where applicable.
- *Regional Focus:* Prioritize cost comparisons with Utah and regional data over aggregated national statistics.
- *Private Sector Comparison:* Directly benchmark DFCM building costs against those of private (non-residential) developers.
- *Historical Trends:* Analyze cost per square foot trends over the past decade, accounting for inflation, escalation, labor shortage, materials availability, and other influencing factors.



Material and System Comparison: Informing Decisions on Quality and Life-Cycle Costs

- *Line-Item Budget Analysis:* Compare specific budget items, such as site work, concrete, steel, HVAC, electrical, and finishes, against industry benchmarks.
- *Product Quality and Life Cycle Assessment:* Evaluate the quality and life cycle of products currently used by DFCM against industry standards.
- *Return on Investment (ROI) Evaluation:*
 - Validate the ROI for retaining existing buildings and their associated life-cycle costs.
 - Assess the ROI of DFCM's High Performance Building Standards, which are comparable to LEED.
 - Develop a Yield on Cost model utilizing hypothetical revenue based on commercial lease rates to determine project payback periods.

Capital Budget Estimate (CBE) Document and Calculations Review

Cost Analysis and Comparison:

- *Soft Costs:*
 - Evaluate the percentage of soft costs that are transferred to tenant improvements in private sector commercial development.
 - Develop a more precise and equitable "apples-to-apples" comparison method for

policymakers.

- *Design Costs:* Compare DFCM's percentage-based design fees against other models used by private developers, referencing the A&E Fee Calculator in the CBE document.
- *FF&E (Furnishing, Fixtures, and Equipment) Costs:* Compare DFCM's FF&E costs with industry benchmarks, analyzing differences between state contract purchases and independent bidding.
- *Utility Fee Costs:* Analyze DFCM data on impact fees and other utility connection fees, noting community-specific variations.
- *Information Technology (IT) Fees:* Compare DFCM's IT infrastructure fee schedule (including network cabling, AV equipment, and DAS systems) with private industry rates.
- *Testing and Inspection Fees:* Compare DFCM's testing and inspection fees (building code, material, special, fire marshal review) with those in the private sector.
- *Moving and Occupancy Costs:* Compare DFCM's moving and occupancy costs with private sector and industry averages. This comparison should also determine if such costs are typically included by the private sector.
- *High Performance Building Standards - Commissioning Fees:* Gather additional information and details for comparison with private sector/industry practices.
- *Contingency:* Compare DFCM's contingency set-aside with private sector/industry standards.
- *Builder's Risk Insurance:* Compare DFCM's 0.215% of the construction budget for Builder's Risk Insurance with private sector/industry rates.
- *Legal Services:* Compare DFCM's 0.05% of the construction budget for legal services with private sector/industry rates.

Process and Transparency Review

- *Funding Transparency Impact:*
 - Work with the legislature, LFA, and GOPB on alternatives to publishing costs for publicly advertised competitive projects. Appropriations bills identify each capital development project in intent language or other language in the bill that clearly defines project budgets. In contrast, the same bill lists all capital improvements (~\$200M) in one lump sum. Perhaps development funding can be communicated in statute in a similar way that doesn't allow the public bidders to see directly appropriated funds by project.
 - Explore scenarios involving blind bidding (plans and cost estimates based on program documents without revealing authorized funding).

- Analyze historical data to confirm or refute if bids consistently exceeded authorized budgets when funding was not disclosed.
- Document instances where published budgets have fostered creative, efficient, and wise project delivery.
- *Bid Process Yield:* Analyze which bidding process (design/build, design/bid/build, CM/GC) provides the best return on investment for the state based on DFCM data.

Additional Data Points for Review

- *Change Order Analysis:* Track the frequency and financial impact of modifications to the original project scope.
- *Total Project Cost:* Compare final actual costs against initial estimates and legislatively authorized funding.
- *Leveraged Funds:* Quantify alternative funding sources, such as donations and grants, specifically for higher education projects.
- *Warranty Callbacks Accountability:* Monitor the number and cost of issues that arise during the warranty period and how responsive contractors are to rectifying problems.
- *Resource Management:*
 - *Labor Productivity:* Measure output per labor hour.
 - *Equipment Utilization:* Track the percentage of time equipment is actively used.
 - *Materials Wastage:* Quantify the percentage of construction materials wasted.

Recommendations

- *Form a Data Analytics Team:* Establish a dedicated team with expertise in data extraction, analysis, and reporting.
- *Data Access and Integration:* Ensure secure and efficient access to all relevant DFCM data sources.
- *Tooling and Technology:* Invest in appropriate data analytics tools and platforms.
- *Reporting and Visualization:* Develop clear and actionable reports and dashboards for various stakeholders.
- *Regular Review and Iteration:* Continuously review the data strategy and adapt it based on new insights and evolving needs.

Conclusion

DFCM has a strong commitment to continuous improvement. By addressing the recommendations outlined in this report, DFCM can enhance its value proposition, mitigate perceived cost disparities, and solidify its role as the leader in state facility construction and management.

- Reevaluate feasibility studies
- Strengthen DFCM's regulatory role
- Advance prioritization and program funding
- Improve communication with policymakers
- Modernize building standards
- Enhance the capital development process
- Ensure financial transparency
- Focus on data-driven decision-making

Ultimately, the goal is to ensure that Utah's state-owned facilities are not only built and maintained to the highest standards, but also managed in a way that maximizes long-term value for taxpayers. Through strategic partnerships, clear communication, and adaptable standards, DFCM will continue to provide state-of-the-art infrastructure that supports the evolving needs of Utah's government and its citizens.

