



CAPITAL PROJECTS ADVISORY BOARD  
Santiam Conference Room at Dept of Forestry  
2600 State Street, Salem, OR 97310

MEETING MINUTES – February 17, 2006 1:30 p.m. – 3:30 p.m.

MEMBERS PRESENT:

Bill Neland, Chair  
Tom McMullen, Vice Chair  
Ron Polvi, Northwest Natural, retired  
Denny Nielsen, Salem Hospital, retired  
Peter Fernandez, City of Salem Public Works Department  
Bob Stutte, Norris & Stevens  
Vickie Hardin Woods, City of Salem Comm. Dev

MEMBERS NOT IN ATTENDANCE:

OTHERS PRESENT:

Bill Foster, DAS Facilities Division  
Robin Kirkpatrick, DAS Facilities Division  
Fred Lord, DAS Facilities Division  
Frank Silkey, DAS Facilities Division  
Jack Kenny, DAS - BAM

Andrew Golay, Oregon Youth Authority  
Karen Olson, Oregon Youth Authority  
Harry Morgan, PERS  
Andrej Pekalski, Oregon Department of Energy  
Stephen Medley, DPSST

Handouts distributed to all members present:

- Agenda
- Minutes from January 20, 2006 meeting
- Oregon Youth Authority Facility Plan & PowerPoint Presentation
- Public Employees Retirement System Facility Plan & Narrative Report
- 2006 Reporting Schedules

CALL TO ORDER:

Chairman, *Bill Neland* called the meeting to order at 1:30 pm.

Public Testimony.

No member of the public requested to testify before the board.

ADMINISTRATION

**A1. Approval of minutes from January 20, 2006 meeting**

*Ron Polvi* moved and *Tom McMullen* seconded to approve the minutes of the January 20, 2006 meeting. The motion passed unanimously.

**A.2 Approval of 2006 Agency Reporting Schedule**

*Robin Kirkpatrick* re-introduced the 2006 Agency Reporting Schedule and pointed out that the April 20<sup>th</sup> meeting is scheduled on a Thursday because there were no conference rooms available at Forestry on Friday, April 21<sup>st</sup>. If the Thursday meeting date will not work for the Board, a meeting can be scheduled at the DAS Facilities office on Friday. *Bill Neland* asked the Board if they would be able to achieve a quorum for this Thursday meeting. The Board approved the 2006 Agency Reporting Schedule as written. *Bill Foster* advised that there are additional Board's responsibilities, not shown on this schedule, such as the Salem Area Plans. *Robin* pointed out an additional attachment in the Board packet showing the Salem Area Review Schedule. There are no dates assigned to those items as they will be brought before the Board as they become ready. *Robin* also made note that there have been several changes from the previous draft, to the DAS items specifically.

## SALEM AREA REVIEWS PURSUANT TO OAR 125-125-0350

### **B1 Salem Area Reviews**

No Salem Area Plans were reviewed and no member of the public requested to testify.

## AGENCY FACILITY PLAN REPORTS PURSUANT TO OAR 125-125-0150

### **C1. Oregon Youth Authority**

*Karen Olson*, Assistant Director with the Oregon Youth Authority (OYA) introduced herself and turned the presentation over to *Andrew Golay*, Facilities Manager with the OYA to start the presentation. Andrew commented that some of the slides may look familiar because this is the third time they have been shown to this Board. A quick background of OYA was given for the benefit of new Board members. A map was shown of the distribution of OYA facilities throughout the state. There are two on the Eastern side of the state and eight on the Western side. There are a total of 79 buildings, approximately 715,206 square feet. The largest square footage is in their major buildings. Slightly less than half the total buildings represents the bulk of the total square footage in two complexes. They have a number of small buildings but they are fairly inconsequential. In ten sites, facilities range from a single building or a campus such as MacLaren or Hillcrest which has multiple buildings. OYA actually has a total of 1,050 youth beds available within their system. However, they are only funded for 850 beds so they do have vacant beds (excess capacity) right now. Andrew will come back to this later when discussing facilities issues.

OYA has 28 maintenance staff. 23 of these staff are at Hillcrest and MacLaren (the flagship facilities for OYA). What that means is that of these 23, they have more specialization at Hillcrest than at MacLaren. Plumbers, electricians and painters are considered specialists. The five people that are represented by the difference are one person at each of the outlying facilities. The staff in the outlying facilities are generalists. Those facilities don't get the attention of electricians or painters unless outside resources are brought in. This was the concept when the facilities were constructed. At Hillcrest and MacLaren they still have a decent sized staff with specialization so staff can take on bigger projects at those two facilities. That is the philosophy they have maintained. The maintenance budget is \$1.6 million per year. The total value of the facilities is in the \$160 million range so about 1% of the value of the buildings is being spent on maintenance per year. The \$615,000 figure represents a per biennium Capitol Improvement budget for improvements made to the facilities such as additions and improvements.

Old and New – OYA has a mix of old and new buildings. They have different issues with both the old and newer buildings. With the older buildings they have issues with systems. With the newer buildings you get modern technology such as DDC controls and energy management systems. There is only one staff person at a newer building (a generalist and more of a blue collar worker), who is unable to get into the computer energy management system and understand it. When an energy management system breaks down, outside contractors are brought in.

A breakdown of how the buildings are distributed by ages showed that MacLaren and Hillcrest have the bulk of the buildings and they are oldest, ranging from 1913 to 2001. There was a building boom in the 1920's when the campuses were first created. Another boom occurred in the 1950's and 1960's when they built out the campuses. Then things were stagnant until the addition of several buildings in 1995. New construction was stagnant from the mid-1960s on. Five (5) YCF's (Regional Youth Center Facility) were built and four (4) small storage buildings were added. Transition Facilities are smaller and are referred to as "camps" with 25 to 50 beds where youth are being transitioned out of the agency back into communities. 1,050 is the total bed capacity, but only 850 beds are occupied.

Leased Facilities – They have leased facilities to support the county parole offices around the state. There are 14 leased offices at an average size of 4,000 sq ft; at a lease rate of \$15.33 per sq ft per year. The total cost per year is less than \$1 million. The terms are two to five years so they are re-negotiating the leases fairly regularly. *Karen Olson* added that they do have leases less than 1,000 sq ft (10) but those are generally leasing an office or two in a county juvenile department. OYA works very closely with the County and the County Juvenile courts.

Energy Savings – OYA met the Governor's year 2000 target (the minimum 10% reduction was met in 2005). Fuel costs are something that is affecting OYA. Electric costs have increased by 43% since the year 2000. Natural Gas increased by 77% since 2002.

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One energy conservation effort they are looking at is the Central Blower Plant at MacLaren which has an underground distributed steam system. They feel that this system is fairly inefficient. They have compared energy use at MacLaren versus Hillcrest because it is a similar use as far as buildings and age. Hillcrest is using about half the energy per sq ft that MacLaren uses. The main thing they can point to is the Central Steam Plant. It may have been a good idea when installed, but there is too much loss in the system now to make it economically feasible to continue to operate. They are looking at installing a natural gas distribution system on campus; having individual heating systems in each building. They have DDC controllers at all the new facilities and they are retrofitting MacLaren and Hillcrest on a piecemeal basis. As they do a minor retrofit on a building affecting the HVAC system, they will put in DDC controllers. They don't focus on it individually. They deal with energy efficiency as they have an improvement. They will then put in energy efficient equipment. It's partly a time issue as well as a resource issue. To really get into the energy conservation issue you need to go building by building and identify measures. With the staff they have, they haven't had a chance to do it. There are opportunities out there to attack energy conservation and as the energy bills go up, they will do it more and more. Unfortunately, they have not set aside a team that is doing energy conservation measures full time.

## Preventative maintenance Program.

They are doing a good job here. They have a computerized system Data Stream MP2 that has been in place for probably four years now. It is an original Enron system which is unsupported. There is no call-in support so it is a system they plan to replace. Hopefully they can find a new one with an interface with the old system so data is transferable. Part of the problem with these things is creating the database, entering all the data. All of the sites have a PM program but not everyone uses the MP2 system. Again, they have a single maintenance worker at each site and if you use a computer system, you need to be familiar with the protocol and the commands to get in it and to take the time to enter the data. The single maintenance workers just don't have the time to do that so their PM system is more likely an outlook schedule or a spreadsheet. Andrew is confident that they are doing a good job with preventative maintenance.

## Deferred Maintenance Projects

This current biennium, they are focusing on nine projects for a total of \$322,000. In the next two biennia there are 23 projects for a total of \$1,046,000. \$600,000 of that is the MacLaren project which is the conversion from steam to natural gas.

## Maintenance issues at OYA.

A remodel of Scott Hall was completed at Hillcrest this month. There are increasing maintenance needs in the newer facilities as they are now approaching ten years old. The systems are starting to need repair so maintenance resources are being moved toward the maintenance of those facilities. Optimizing the use of older and newer facilities is an issue, for example with the difference in the beds, 1,050 vs 850. They have an issue of trying to optimize where to put the youth and how to best use the facilities they currently have.

## Scott Hall Remodel.

The remodel was completed February 6, 2006. It added 70 beds to Hillcrest's capacity. Private rooms were converted to open dormitories which improved lines-of-sight, removed some asbestos, expanded closed circuit TV, optimized the lay out of the control room and updated the interior of the building. They leveraged some state money for this project. They procured \$500,000 of state money to use as "matching funds" in order to receive a \$1M federal grant. Photos were shown of the facility. Private rooms were replaced with an open floor plan, creating a dormitory setting with improved line-of-site. This change eliminated unsupervised time. In the past, they did have some suicide attempt issues in this building. This was the motivation for demolishing the dividing walls and creating a large open dormitory. The wall separating the dormitory from the hall is a security glass wall with secure metal framing. It is a secure room.

The density of the youth has also increased with this remodel. This space can accommodate 25 youth whereas the capacity of the old unit was in the 16 youth range; if they didn't double up in those private rooms. The glass wall of the dormitory gives good visual line-of-site into the dormitory, improving both safety and security. The day room was updated and remodeled. It is small, but it was inherited with this building which was built in 1948-49. It is a tight space for 25 youth. Part of this remodel created rec rooms and game rooms for the youth in smaller groups down at the other end of the hall. They are trying to deal with the crowding in that way.

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The Control Room is centrally located. On the left they look into one dormitory (living area) and on the right [into another dormitory](#). This helps with staffing at night. If you had two separate living areas divided, you would need to have two staff in each living area. One [roaming](#) and one at the central control point. This allows OYA to have [only](#) two staff serve living areas, one located in the Control Room and one in the living area. It helps with the staffing pattern and improves lines-of-sight.

## Maintenance Needs of Newer Facilities

The newer facilities are ten years old. Maintenance costs are increasing [and](#) are taking additional funding. Several slides were shown of the OYA Grants Pass facility. A lightly stuccoed wall has something going on where there [is water](#) leaking inside the wall down to the metal header of the window and [running](#) into the room. The metal studs are rusted out and [the drywall needs](#) to be replaced. There is a mold issue around the window. It will take some time to discover where the source of the water is [that is causing the molding problem](#).

The next 3 slides were [of](#) the OYA facility in Warrenton. There are some paint issues and some rusting going on there with the hollow metal framing in the windows. These are [made with](#) tilt up walls, so you have these [steel I](#) beams 15 to 20 feet tall supporting the tilt up wall. The [I beams](#) are rusting. These issues are starting to crop up and will consume more of OYA's maintenance dollars. A slide was shown of a metal threshold in a concrete walkway at the threshold of a vinyl/tile transition. Some of the tile is chipping. The new facilities, even though they are new for OYA, are starting to cause some increased maintenance needs.

In 1995, the Youth Farm was created. At the time, measure 11 was just kicking in. The OYA population was starting to increase and they had to come up with some quick beds. They built six temporary structures for 150 beds (25 beds per structure). Four were built at MacLaren, called the "tents" and two at Hillcrest; they [are](#) modular buildings. Slides were shown of a metal framed structure with five ribs. [The exterior is made with a single ply roofing material membrane which is pulled between the bays. Each tent has four bays of this single ply membrane.](#) The thing that happens [is](#) along the ridgeline [there](#) is tension at the humps. The membrane is pulling away from where it is attached at the rib. Another [layer of the](#) single ply [membrane](#) was overlaid trying to stop the leak. These things have leaked terribly, almost since day one. It is a progressive issue. They are tension structures so there is always a little bit of stress on that fabric. If there is a rip it gets worse and worse. There have been issues with the windows as well. They glue new material over the rips. [Also, every two years they need to pressure wash the tent structures](#) to get the black mold off.

*Ron Polvi* asked about the heat loss in a structure like this. *Response:* It is not a bad energy using facility. It is a two-layer structure like a sandwich with an inner membrane and an outer membrane with about 12 inches of fiberglass insulation in between. It does take a fair amount of outside air, about 30% outside air keeps the tent somewhat inflated although you don't need to keep it inflated. The water is really an issue. Two of the four [tent structures at MacLaren](#) have been abandoned because of the water [problems](#). The tents [structures](#) are at the end of their life and will be taken down as soon as the base units have been removed. They were intended to be temporary structures. [That was](#) ten years ago.

A slide of a modular building at Hillcrest was shown. [There are two of](#) these modular buildings, [which](#) are stick frame and are holding up well. OYA intends to continue using these, not as dormitories, but as recreation spaces and a chapel. The youth will be moved out of these buildings.

*Karen Olson* spoke about the issue of [having](#) 1,050 beds with [only](#) 850 [being](#) funded. They currently have a project called the Youth Relocation Project going on. The plan is to relocate the 50 remaining [occupied](#) beds [in the tent structures](#) into some of the newer structures. More than likely they will be relocated to either Burns or Warrenton or both. In 2003, the newest facility was closed. Older youth were kept in the older facilities due to operational cost issues. What they are looking at now, due to the temporary structures giving out, is getting rid of the tents [structures](#). There is a need to re-deploy into newer space that they already have. One of the concerns is that 25 youth can be moved from one facility to another but there is a vacant facility in Albany with 75 beds. The County is currently operating detention in 20 [of the](#) beds there. But in order to move youth into that location, OYA will need additional funding. A Superintendent will be needed as well as some support services that would cost beyond what they would have if they just move 25 youth. They will be moving youth this biennium, and it could possibly be done by the end of this year. When talking to the [Legislature during the next](#) legislative session, they will be talking to folks about trying to optimize the use of the vacant facility in Albany.

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OYA has a capacity to accommodate any growth they would get. They have a forecast for full custody capacity which is produced every six months by the Department of Administrative Services. That forecast shows that the state should have 250 additional closed custody beds funded at this point and into the future. Because of the state's current fiscal situation, OYA is having trouble getting funding for over 850 occupied beds.

Construction needs in the past have been driven by the growth in the youth population. Currently they are looking more at replacement of buildings as being the largest Capital Construction issue. What they are going to do in this biennium and next is take a little bit of a breather and look at where they want to locate youth in the future, and then look at what the needs of those particular campuses are. In the past, they brought this Board a couple of projects. One of which was replacing an Administration Building at MacLaren. They are going to step back and look at what the future uses of MacLaren are and then try to determine what type of replacement building they would need. They also have a facility in Corvallis, the Young Women's Transition Program. It is an older facility. It started out being a maternity house, went to the Department of Corrections, and then came to OYA. It can house 25 or more female youth who are in their transition program to the community. Unfortunately, with the funding cuts, they only have about 12 girls housed there at any given point in time. Therefore they are looking at whether or not to hang onto that property and remodel it, because it is a great location and a great location for the girls, or whether OYA should think about selling that and trying to locate the girls either in the community with a provider or in another OYA facility. They are in a bit of a transition and some flux right now. They are going to take a couple of years to study it before they take a look at new Capital Construction projects like they have done in the past.

*Bill Neland* asked if the 850 beds is the maximum physical capacity. *Karen* responded: It is OYA's current maximum operating capacity. *Bill* asked if that is budgetary. Response: Yes. *Bill* asked if they have facilities that are usable that could house more youth. Response: Yes.

*Ron Polvi* asked if they are doing due diligence maintenance on their excess capacity. *Andrew Golay* responded: Yes, but it is minimal. They are landscaping as needed and maintaining the generator and fire alarm system. *Karen Olson* added that they are fortunate to have Linn County operating a detention unit in the OYA facility in Albany because they are the first responders and they can do some small maintenance things. OYA is pleased that they can use it and that the facility isn't totally vacant. The facility they had in Prineville did not have a detention unit. It was totally vacant and was transferred to the Department of Administrative Services for use by the Military Department.

*Vicky Hardin Woods* asked for clarification that OYA needs are driven by the closed custody youth population but they are constrained by the amount of money they are allocated for spending. What is happening to the gap? *Karen Olson* responded that those youth that probably should be in one of their facilities are either served in a community program that they operate with a private provider, or they are served at the county level, or they are not served at all. *Bob Stutte* commented that if OYA operated more efficiently, they perhaps could create more cash supposedly to fund more beds. For example, if energy efficiency were chased and OYA could get rid of that underground power system (steam boiler) and make those buildings more energy efficient, then you theoretically could generate more cash that could be put into the program. Is there an incentive to do that? When his company (private sector), looks at buildings and priorities of maintenance in the buildings that they manage, they always look at the energy efficiency items first because once those are done, it generates cash (savings) which allows other projects to be done. It's a matter of what comes first. But then on the private side, energy incentives from PGE and the State of Oregon and places like that are available. Are there any incentives for agencies to do that, to create cash from those kinds of items? *Karen Olson* responded that they only have about \$600,000 per biennium for all of their capital improvement and deferred maintenance needs. They have not been very successful in getting general funds to do those types of things and have not been able to use certificates of participation on those projects, even though it can be done. *Bob Stutte* commented that changing out the Steam Boiler System would perhaps have a pay back for OYA of approximately seven years. *Bob* suggested that by getting some seven year funding and paying back the state over that time period you could generate more cash. *Karen Olson* commented that one part of realism is that even if they could create those savings, the money saved could not necessarily be used for that particular project. There are no guarantees that the savings would benefit OYA. *Andrew Golay* added that the thing that would be a benefit is that OYA would have more maintenance money to do other things with. *Bob Stutte* questioned whether that would be true or if money would be taken away from the budget because the expenses would not be as much as they were before.

*Andrew Golay* stated that the way it works right now is that they have a fixed maintenance budget and utilities come out of that. As utilities take a bigger bite out of that budget, there is less money to do other things with so if the utilities bite can be

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reduced, then there should be a bigger pot to do overall maintenance with. *Bill Neland* added that the overall pot wouldn't change. *Andy Golay* responded that the agency has been supplementing this budget item as utility costs have gone up. *Karen Olson* added that the newer facilities are starting to require more maintenance and more fixing. If they could self-finance through efficiency, that would really help them. They may have to approach the legislature in the next couple biennia to request more funding for that and OYA may be more successful if they could identify their own solution. *Ron Polvi* commented that maybe they should contact the Department of Energy to request help in finding a solution.

*Robin Kirkpatrick* asked *Karen Olson* if consideration has been given to reducing the number of facilities that OYA has. This would result in there being fewer buildings to maintain, recognizing that as the older buildings age maintenance costs increase. It sounds like a number of the facilities are aging and either will need to be replaced or OYA will be spending quite a bit to maintain them. It seems like perhaps there might be savings generated by the reduction of maintenance on some disposed of facilities that could be rolled back into the operating programs or possibly enable OYA to utilize some funds for planning for new facilities for the future. *Karen Olsen* responded that at this point they are not planning on giving up any facilities.

The forecast shows that they will not need more capacity than they currently have and what she has been looking at is whether or not there is some vacant space out in the County. If they ever got their forecast fully funded, they would look first at renting space at the local level. That space may not be the same as what they currently have. It might be less efficient operationally. They might need more staff, but they can't be trying to construct at this point particularly because if they construct new facilities, then they have to close old facilities and they don't want to get into an accordion mode. Right now, one of the things that would keep OYA from being able to gain funding for those 250 beds that the forecast indicates are needed is OYA's lack of physical capacity. *Karen* sees *Robin's* point. But, right now they are still trying to get more operational beds because they think that is what the system needs; that is what the local folks tell us them is needed in terms of being able to handle youth being referred to their Department who are not adjudicated.

*Andrew Golay* added further explanation of the problem they are talking about. The space in the Albany facility is expensive. It would probably cost the state approximately \$280 per sq ft. to duplicate. So it would be best for it to stay empty rather than give it up, especially since the forecast, in six years may come back saying that OYA has the money to finance the full number of beds the state needs.

*Vickie Hardin Woods* asked if the forecast predicts the number of clients OYA may get or does it forecast the funding they get. *Karen Olson* responded that it forecasts the number of clients. Essentially the Department of Administrative Services looks at the characteristics of the youth forecast for capacity, and then they look at those youth who are in the community who have the exact same characteristics but never get to closed custody. Those youth are essentially categorized as the "demand for closed custody", whether or not it is funded. In the budget process, the OYA agency request budget, presented to the Governor has those beds all funded. However, what has been happening is that the Governor has to make trade offs and the trade offs have been to take money from OYA and put that money someplace else because OYA is currently only operating 850 beds. OYA is having difficulty going back to a higher operating level. OYA's peak population was 1,150 youth in August, 2000. She's not suggesting incarcerating more youth unless they need to be incarcerated but they were quite a bit higher in terms of capacity. Fewer judges were incarcerating youth and others than they are today.

*Peter Fernandez* asked about the photographs of the Fairview facilities' maintenance issues. He asked if they represent what OYA would determine to be normal wear and tear because a statement was made earlier that the buildings were being maintained normally. Are there some deficiencies in the structure or what is their sense of what is happening with these structures? *Andrew Golay* responded that the issues with the stucco are more of a construction deficiency. A waterproofing layer perhaps wasn't added or a barrier wasn't added to prevent the water from sheeting down. *Denny Nielsen* asked if it was EIFS or stucco. Response: Stucco. The building threshold issue, in the building over at the coast, is probably normal wear and tear. Water was channeling into the building and they recently had a mold issue on the wall. The majority are not construction issues. The rest are fans that need to be replaced and that sort of thing.

*Bill Neland* commented that one of the good things about the tents is that they don't require much maintenance other than lights. *Andrew Golay* added that the buildings are wearing just fine inside. Contractors volunteer their time to help with repairs.

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*Denny Nielsen* commented that he admires all the agency's efforts and this story is a continuing frustration because they, like a lot of other agencies, are expected to run like businesses but there is absolutely no incentive for the agency to act like one. In a different model, there would be resources and the capacity to deal with these things in a reasonable fashion. He doesn't see the end of this. He wondered when the figure of \$600,000 was mentioned, if it was related to the steam boiler. Now he wonders if the other \$600,000 isn't roofs. *Andrew Golay* responded that the facilities have good roofs. In the past ten years they have put on a lot of metal roofs so they are in good shape with roofs.

*Bill Neland* asked for a motion to accept the report.

*Bill Foster* asked if OYA has explored the SELP-program with the Department of Energy. *Andrew Golay* responded, yes he has and there is opportunity there but it is a time management issue. If they get a loan, it is a path to get some of these conservation measures funded. *Bill* also asked if they had possibly looked at performance contracting? *Andrew* responded that personally, he is not a big fan of that. They will probably pursue a loan and pay it back over time.

*Ron Polvi* asked if there would be any money available from the Energy Trust. *Andrew* responded that MacLaren, is on an interruptible gas service, so it doesn't qualify for Energy Trust money. That is the biggest usage at MacLaren, instead of natural gas.

*Tom McMullen* moved to accept the report as presented. *Bob Stutte* seconded and the motion passed unanimously.

## **C2. Public Employees Retirement System (PERS)**

Harry Morgan, Facilities Manager with Public Employees Retirement System (PERS) presented a Space Needs and Maintenance Needs Plan. There are no Construction Projects planned. PERS still operates in three locations. The main headquarters in Tigard, is a 60,000 sq ft building. It is approaching nine years old and it is still in very good shape. The Oregon Savings Growth Plan operates from leased space at the Archives Building in Salem and they have 15,000 sq ft of leased space in another building in Tigard that houses 3 or 4 sections from when they outgrew their original facility. The increased manpower was due to court decisions and legislative decisions and house bills that required PERS to do more work, more re-work and things to serve members. The headquarters building is owned by the PERS Trust. There are more than 250 employees in that building; in fact the number approaches 350 at this time. In the leased space in Tigard, there are approximately 120 employees. This number will be increasing by 15 to 20 employees at that location. They have been fortunate in that they have faced no major repairs in the last biennium. The bulk of their maintenance and repair work is covered by an inter-agency agreement with DAS Facilities which includes the HVAC system, electrical systems, fire and sprinkler systems and custodial service. For any other work they need to do, they utilize the existing price agreements and state contracts. With DAS Facilities, they have preventative maintenance programs on all of the building systems such as the sprinkler system, HVAC system, electrical system and things of that nature.

### Energy Conservation

The have sort of lost track of their base line of 2000. A number of things have happened where they have had to change the way they do business. They increased the size of their computer server room. About 7 years ago there were three little server racks and now they 15 server racks and the expansion of that server room required two HVAC systems to run 24/7. It was originally designed where one unit would run one week and another unit would run the opposite week but the amount of heat generated by the servers was greater than what those units could handle individually so they now both run 24/7. They have also gone to a swing shift in the building. There are approximately 20 employees who work from 3:00 pm to midnight. Temperature settings are maintained according to DAS standards. The buildings are heated and cooled to about 68 to 70 degrees on the heat side and cool to about 75 degrees during the summer time. They are using full spectrum fluorescent tubes which are energy efficient and draw less power and they are also lamping and de-lamping wherever possible. Some of their sections especially computer programmers prefer a little darker area so they want less light. Some of the other staff need a little more light so they often trade light bulbs. They maintain sustainable practices as much as possible. All plastics, aluminum, newspaper, cardboard, is all recycled. All paper that leaves the building is shredded. Most of their documents contain confidential information such as social security numbers, addresses, medical and disability information, so they are very conscientious about security. Therefore everything that leaves the building is shredded on site and the shredded material goes to a recycler.

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The biggest problem right now is to accommodate extra staff and the Agency Director has pretty much committed that we are not going to build any more buildings and hopefully not lease any more space. To accommodate the increase in manpower, they are primarily densifying existing cubicles. They have gone to a swing shift for some of the staff with the anticipated hiring of anywhere from 25 to 40 more people. Over the last couple years, they have constantly remodeled and shrunken the size of the cubicles to accommodate more people. Some of their storage areas have turned into cubicle space and some of the conference rooms have turned into cubicle space so they are trying to utilize every square inch they possibly can. The additional 15,000 sq ft that they leased in a nearby building has helped to accommodate people there as well. They have found some places where they can densify and where they can add some cubicles so they are currently undergoing those projects in order to take care of the additional manpower that is required. Most recently from the Strunk court decision in Eugene. This happened last fall.

PERS has no deferred maintenance. The biggest project coming up is, scheduled for the next biennium, will be to replace the carpet in the building. It has been deteriorating primarily where chairs roll on it in the cubicles. They have patched as much as they can patch. Another round of patching is scheduled which should hold until a year from July when they plan to budget for a major carpet replacement.

*Bob Stutte* asked if they take everything out of the building in sections when they re-carpet or are they going to use tile? *Harry* responded that there is currently a state contract in place with a carpet contractor and the specifications call for "carpet tiles". With the cubicle situation, they are able to just jack up the cubicles, scrape out the old carpet and slip the new 3' X 3' tiles into place. They have done this in one area already. *Bill Neland* asked if that building was purchased in the beginning. Response: Yes, the PERS headquarters is owned by the PERS Trust.

*Bob Stutte* asked about the rental facility where they have about 120 people. Is it perceived that those 120 people are going to go away or will they be there forever or why is there no plan to permanently provide for them? *Harry* responded that long term, they anticipate with the addition of the new computer systems that are currently under development, and with the work they are doing now; the new computer system will increase the efficiency of the people doing the work. The work that the 120 people are doing now is not something that will last forever. The look back and the recalculations that have to be done now are anticipated to be done in four to five years. The current lease is for three years and they are hoping they will get finished in that length of time but more than likely it will be four to five years. From then on, their manpower should be scaling back. *Tom McMullen* asked for confirmation that the size of the workforce is a temporary situation. *Harry* responded, yes.

*Bob Stutte* asked if PERS scans all their documents for storage and whether they were expected to keep documents for a certain period of time. *Harry* responded: Correct, PERS is required by State Archives to commit most of their documents to microfilm, and then they are stored at State Archives. *Bob Stutte* asked if this storage were in addition to electronic storage. *Harry* responded that once the documents are scanned and the film is accepted, then the paper files can be destroyed. *Bob* asked if this is being done now. *Harry* responded that they are going to a new scanning system called FYI and that is currently being developed and put into place to electronically forward documents and eliminate some of the scanning that needs to be done. *Bob Stutte* asked if there were paper storage in their facilities. *Harry* responded that most of this is off-site. They utilize a company called Iron Mountain so that is where their records are stored currently.

*Peter Fernandez* asked if offices were being shared by the swing shift. *Harry* responded that it is shared work space because it is done primarily in their imaging department. The staff there is retrieving records, scanning records to microfilm, verifying that microfilm records have been accepted and sending out those documents to be shredded. They attempted to do a swing shift for a number of other sections and the recruitments were not very successful. The caliber of people that are required to do the job, don't want to work at night. They couldn't find leadership to act as supervisors to lead these people in the evening so the swing shift has been a last resort and they are trying not to go there. Depending upon how much manpower they need in the future, it may need to happen.

*Denny Nielsen* asked what the current primary driver for additional manpower is, as 20 to 30 more employees was mentioned earlier. *Harry* responded that the Executives try to determine what work is required based on a judge's decision regarding recalculation of benefits. You may have heard about retirees who have been paid money already and PERS will need to figure out a way to go back and calculate and collect all that. They try to calculate the number of people required to handle that sort of situation in the least amount of time and be able to, for example, stake claims on this money that people have been overpaid. Plus, they are still trying to decide the best way to do that. *Bill Neland* added that several years ago, many

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people retired at one time. *Harry* added that in 2003 there were about 14,000 retirements and in a normal year they do about 5,000 to 6,000 retirements.

*Vickie Hardin Woods* asked the average size of a cubicle space in square footage. *Harry* responded that in the original building, cubicles were about 8' x 8'. When they went to leased space, they went to 6 x 8 cubicles so in the areas they have densified, they are going to 6 x 8 cubicles. DAS minimum standards are 6' x 6'.

*Tom McMullen* moved to accept the report. *Vickie Hardin Woods* seconded and the motion passed unanimously.

*Robin Kirkpatrick* addressed the Board to advise that the Oregon Department of Aviation **was** unable to attend this meeting today. They have indicated that they would be willing to come back within a month or two to report on maintenance issues related to their existing facility. The Military Department will be coming before the Board in June and there will be a collaborative report at that time of the joint facility with Aviation.

## OTHER ISSUES

### **D1. Next Meeting**

Next meeting is scheduled for March 17, 2006 1:30 pm to 4:00 pm at Department of Forestry, 2600 State Street, Tillamook Conference Room, Salem, OR. Parks and Recreation along with Fair and Exposition Center will be making a presentation. Robin stated that he has been working with Paul Lucas and Dave Koellerrmeier. Parks and Fair are merging their facilities data together and they are currently trying to figure out the best way to report their status to the Board. Because it is the only agency at this time but it is a combination, it may take more time than a single presentation but it may not take up the full meeting time that we would normally anticipate.

### **Other Issues**

*Bob Stutte* commented that he is a little perplexed about what DAS expects to get out of this Board. For instance, when an agency comes here and they say they are \$350,000 behind in maintaining their facilities, does the Board deal with that or do we just talk about it, accept the report and that's it? *Bill Neland* responded that it will be included in report materials as we move forward. *Bill Foster* added that maybe this is a good segue **for a** discussion and update about something that is not on the agenda; it relates to some work that the Secretary of State audits **are** doing. They may even have talked to the Board at some point. It goes back quite a ways. It has taken quite a while. The draft audit has been received and at a certain level, despite DAS's recommendation that they not go there, the recommendation that they are making is more of an enterprise-wide management of facilities.

The **draft audit** proposal is that there would be more of an enterprise-wide funding of facilities maintenance. Now, it is not known how this will happen. It basically means that you would attempt to get some method **process implemented through which** you were funding all of the maintenance needs of all facilities out of one pot. The fact of the matter is that the funding is complicated and it is very much tied to different programs and grants and federal funding and a lot of other kinds of things so that is not a very practical suggestion. The other thing **suggested by the audit** was that maybe OUS **would join** this again. Of course, the bill that set up this Board specifically **exempted** the University System.

Now, with all that said, DAS is in the process of working through the **audit** with them. One of the things that DAS would pick up on as a methodology that we might buy into as a good thought is some closer relationship between the outcome of this Board and Budget and Management. So that there is a more direct tie, **so that Budget and Management** would be following up on the comments that are made here and making sure that something is happening through those agencies' budgets. There will be meetings to talk about that and that may lead to having some more specific commentary on it rather than simply accepting it.

*Bill Neland* asked if there is some growing acceptance in the Legislature that this Board is **disregarded**. *Bill Foster* responded that, while he is not here today, we often have one of the members of **the** Legislative Fiscal staff present at these meetings. Certainly, he is well aware and appreciates what the Board is doing. There are other specific legislators who are aware. *Bill Neland* added that he got very involved with the auditors and their lack of understanding of what it was they were funding was kind of scary. *Bill* explained to them that there was a difference between scheduled maintenance, improvements and deferred maintenance that could be performed provided there was funding in the agency budget to do the work. It is very confusing.

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*Robin Kirkpatrick* added that this Board, being the body where all these maintenance issues are focused could be the place where the [maintenance issues and common problems](#) that are going on are recognized, and [the Board](#) can then provide some recommendations. *Bob Stutte* continued, along that line, with the price of utilities going like they are there could be a central game plan. If there is a way the agencies could talk about utility cost per sq ft and [costs](#) per sq ft during the billable hours and [when you have operations](#) 24/7. His company is running private buildings and they know what the utility costs are because they manage so many of them. They know that if one building is suddenly running \$2.00 per sq ft they have a big problem and they need to attack the problem. *Bob* thinks that if DAS wants recommendations from this Board it would be helpful to have something like that. *Bill Foster* responded that it would seem totally appropriate that the Board might recommend that the agency pursue the SELP Program or a similar funding mechanism already in existence that they could tap into. This would help.

*Bob Stutte* asked if college interns [were ever used](#) to help establish a program like that. *Bill Neland* commented that there was a problem with the internal staff causing a problem with oversight. *Vickie Hardin Woods* asked where that recommendation would go, if the Board did make such a recommendation. *Bill Foster* responded that it would be recorded in the reports and then it may need to go somewhere other than where it has been going. *Robin* added that, at a minimum, once the plans are put together, they get submitted both to Budget and Management and to LFO. *Vickie* confirmed that the Board comments get aggregated to those reports and go forward. *Vickie* asked further if they get reviewed by the Governor. *Robin* shared that DAS had a communication from LFO, from the representative who has been here often. There seemed to be a point where he thought that they might not be getting the material from the Board and asked if we are intending to continue sending the materials. Of course we responded that we were and he commented that he and a number of others at LFO do review the materials and are very interested in having it.

There is a training session coming up next week for new Budget and Management Analysts and DAS intends to give them a briefing on the process and tell them what our expectations are of what we hope they do with the information once the Board sends it along to them. *Bill Neland* added that this gets passed along with all the other budget requests and since the building needs to keep operating, it gets shoved in the pile. *Ron Polvi* commented that his general sense was that when [this Board](#) originally started, we are trying to get every agency owning facilities on the same playing field, and then we started looking at synergies where we would go out for a larger group repair contract and the smaller agencies [could](#) take advantage of that. He thinks that happened with the energy savings. It helped fund a couple positions in the state and DAS looked at the best priced energy providers. The market changes so fast and Ron did not realize that the costs of interruptible rates [increased](#) 73% in a year. That is unheard of.

*Tom McMullen* commented that when the Board first started out, it was hard to figure out what they were doing because there was no order to it and no commonness in it. The first task taken on was to bring some common way of looking at it and insisting that [agencies](#) not overlook the responsibility of maintenance in their building. He thinks they are recognizing that and dealing with it seems [to be](#) a logical next [step](#) to try to put some muscle into that in the sense of communication. If there is an enterprise sort of approach, while he doesn't understand what that means, then it seem this is the very day to choose how to manage that enterprise. It is an efficiency to try to provide dollars to solve a problem. It seems like those who did a good job loose out. The problem is that those who don't take care of anything get more money. You still need to get the facilities fixed some how so it may not be a fair decision.

*Denny Nielsen* asked what was meant by Enterprise-wide, does that mean a hundred + agencies. *Bill Foster* responded: Yes, the concept is trying to spread this over the whole state and somehow try to prioritize the needs on a master list. *Denny Nielsen* suggested that perhaps the Enterprise methodology is a reasonable approach. If you take a look at the enterprise and take an analysis, identify priorities and then attach those priorities with resources you have, it [seems](#) logical to him.

*Bill Foster* responded that the difficulty is where the money comes from. The resources are allocated to the needs [as dictated by the funding source](#) and there really isn't an easy way to solve that. For instance, OYA is [funded by](#) general fund which is in short supply. You cannot grab Military's funding and use it for OYA's benefit. *Denny* commented that Bill just stated the crux of the problem for the state of Oregon. It is the core systems, that don't work very well, that affect everything. Until somebody goes after those core issues, he doesn't see it changing. *Vickie* added that the same thing happens with the City. What happens is when you establish a service of some kind; you want to make sure there is accountability for that service so you charge for it. You want to make sure that the money that gets charged for that service goes back to support that service but the more you do that, the more restrictive a pot of money you have and it is difficult to manage efficiently. *Denny* asked how

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the city deals with that and how a more effective method is implemented. *Bob Stutte* shared that there is a relationship between this Board and the Public Lands Advisory Committee. Many of these state agencies came in with all of their holdings to report to PLAC and tell them what their plans *are* for these properties and whether some of them could be sold. *Many* of these state agencies didn't even know they owned all those properties until DAS started asking and they started being accountable. Suddenly a light bulb comes on. *Bob* suggested taking *on* little bits and pieces. Maybe the first step is to analyze how much it is costing them to run their utilities for each of their buildings. If they say \$1.00 per sq ft, the Board hears that and if one is \$5.00 per sq ft, the Board could recommend they do something with this. This won't be done overnight, it will happen in bite sized chunks.

*Bill Foster* commented that it would be legitimate for the Board, in the case of OYA to make the recommendation that they pursue some better way of exploring options for dealing with some of their energy usage. The Board was in agreement. *Bill* continued that Tom was exploring something in the PERS review relative to the permanent need for the leased space. If they had said it was permanent, then that may have suggested another recommendation. As it is, they are probably managing it appropriately.

*Robin Kirkpatrick* advised that the next meeting will hear the Plans for Park and Fair on March 17, 2006 1:30 pm to 4:00 pm in this same meeting room.

There being no further agenda items, the meeting was adjourned at 3:30 pm.

*Prepared by Elaine G. Schacher, DAS Facilities*