



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

MEETING MINUTES – May 19, 2006 1:30 p.m. – 3:20 p.m.

MEMBERS PRESENT:

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

MEMBERS NOT IN ATTENDANCE:

Ron Polvi, Northwest Natural, retired

OTHERS PRESENT:

Bill Foster, DAS Facilities Division
Robin Kirkpatrick, DAS Facilities Division
Frank Silkey DAS Facilities Division
Robert Reitmajer, DAS Facilities Division
Elaine Schacher, DAS Facilities Division
Dallas Weyand, Legislative Fiscal Office
Robert McKee, Department of Forestry
Vern Rowan, Department of Corrections
Andrej Pekalski, Department of Energy

Steve Purchase, Department of State Lands
Vickie Nokleby, Department of State Lands
Dan Hall, Employment Department
Kathy Majcher, Employment Department
Tom Wood, Consultant
Dan Sandall, DLR Group
Herb Riley, Department of Veterans' Affairs
Clay Kesterson, President, Afghan Iraqi Freedom War Memorial
Herb Colomb, Legislative Administrative Office

Handouts distributed to all members present:

- Agenda
- Minutes from April 20, 2006 meeting
- Afghan-Iraq Freedom War Memorial – Salem Area Review
- Employment Department (OED) Facility Plan
- Department of State Lands(DSL) Facility Plan and Presentation Folder provided by speaker
- Secretary of State Audit Report – Review of Statewide Facilities Maintenance Processes
- Deferred Maintenance PowerPoint Presentation

CALL TO ORDER:

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

ADMINISTRATION

A1. Approval of minutes from April 20, 2006 meeting

A motion was made by *Vickie Hardin Woods* to approve the minutes of the April 20, 2006 meeting. *Denny Nielsen* seconded the motion. It passed unanimously.

SALEM AREA REVIEWS PURSUANT TO OAR 125-125-0350

B1. Afghan-Iraq Freedom War Memorial – Bill Foster

Bill Foster gave the Board a brief history of this project. The Capitol Planning Commission, which was the body that formerly reviewed this type of project, was in limbo during the last legislative session. Ultimately there was the bill that dissolved the Capital Planning Commission and transferred some of its responsibilities to the Department of Administrative Services. At the same time, there was a proposal coming to another part of the legislature, to construct a memorial for the Afghan-Iraqi conflict. This proposal was led by a Foundation, headed by Clay Kesterson, who is present in the audience today. There was a ground breaking ceremony in June, 2005 and there were funds allocated by the legislature. There may have been some differing views of what that legislative approval meant. DAS started

through the process with the review by the Capitol Mall Project Review Committee. This group was not thrilled with how this memorial was being put together or the process. At the same time there have been some subsequent discussions between the Directors of DAS and the Department of Veterans' Affairs as well as the Kestersons. Basically, the conclusion that was reached was that this project should proceed as it was laid out. The only exception is that it will include some kind of barrier fence around it to keep children out. Basically, this is acknowledging that the design for this project was sited and approved by the legislature, which takes it out of our hands (Department of Administrative Services and the Capital Project Advisory Board). *Bill Foster* recommended that this Board acknowledge the review efforts of the Capitol Mall Project Review Committee and accept this project as designed and sited by the legislature. *Robin Kirkpatrick* added that in this meeting's document packet, is the Project and Siting Application for this project which includes some basic drawings of the location, the layout of the memorial, and the observations and recommendations of the Capitol Mall Project Review Committee.

A letter requesting acceptance of the project was presented to the Board by Bill Foster.

Bill Neland acknowledged that because the Legislature had already approved this project, this Board has no authority to review it and asked for a motion to accept the project as presented. A motion was made by *Bob Stutte* to accept the Afghan-Iraqi Freedom War Memorial project as reviewed by the Capitol Mall Project Review Committee without exception. The motion was seconded by *Tom McMullen* and unanimously approved.

B2. Public Testimony

Robin Kirkpatrick stated that there were no requests for Public Testimony on the sign-in sheet, then asked the audience if there was anyone present wanting to give public testimony on the Afghan-Iraqi Freedom War Memorial. There being no comment, the next agenda item was called.

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

C1. Oregon Employment Department (OED) – Dan Hall, Business Manager and Kathy Majcher, Facilities Manager

Dan Hall introduced himself and Kathy Majcher.

Programs and Services: OED is in the process of making some changes within their department and will present some information today. As additional information becomes available, they will return to this Board with an update.

Kathy Majcher added that she understands that the previous OED presentation made before this Board was an update on the OED's Net Zero and Unemployment Insurance (UI) Consolidations projects. Three new UI call centers were created. All of the UI staff out of the existing UI offices statewide (approximately 40 offices) relocated into the three call centers. One center is located in Eugene, one in the Portland Metro area, and one in Bend. That project is now complete. All the staff has been consolidated. All of the call centers are up and running. What they are here to report on, this biennium, is the effects of that consolidation.

Space Needs:

The net effect of the consolidation into the three call centers is that they have space that is unoccupied in the Employment Services (ES) offices throughout the state; since the UI staff, which had been occupying the same buildings, was removed. That is what they are calling the Net Zero project. They reported last biennium that they would have a net zero effect when they moved people into the Call Centers. They would either reduce their space or add partners into their existing space in order to have a net-zero square footage impact. *Kathy Majcher* stated that Dan Hall has some information on the net zero impact and asked if the Board wants to hear that now or continue with the current presentation. *Chairman Neland* indicated that she should continue with the presentation.

Chairman Neland asked if they found a location in Milwaukie. *Dan Hall* responded: Yes. It is one of the call centers and it is up and running and staffed. *Kathy Majcher* added that this is their flagship, primary center. Any overflow from the other two centers is call-forwarded to that center. They actually found a very good building in Milwaukie.

Project Plans:

Kathy continued that most of their presentation revolves around a relocation project for the Beaverton office and for their office consolidation project. There will be a Lease Project update in July. The reason they delayed this part of their presentation is because they are still working on the office consolidation project. They do not want information about the project in the public media until final decisions have been made and they know for certain what they will be doing.

Beaverton Office Relocation: Their major project regarding leased facilities for the upcoming biennium is going to be the relocation of their Beaverton office. The agency learned, when the information was published in the Oregonian, that the lease in this location will not be renewed. It is a 25,000 sq ft facility on Jenkins Road in Beaverton. They are co-located with DHS staff in this building. This project will combine two existing offices with 3 separate leases into one location. Two leases for the current Beaverton location on Jenkins Road and one lease for a facility located on Griffith Drive in Beaverton. Their geographic mapping tells them that their client density is somewhere in the Kruse Way area at 217 and I-5. That is the only major leasing project coming up. That office will be roughly 27,000 sq ft. They will have a presence there with some partners. The property will house 93 Employment Department staff and 11 partner staff with enough space to accommodate a small growth factor over the anticipated 10 to 15 year lease period. This represents all of the Employment Department's Office of Administrative Hearings (OAH), west Portland metro area staff and all the Beaverton ES staff, along with six partners that have signed on at this location. They are about 70% done with the planning for this consolidation. They have not yet submitted the required business case to DAS. They are still modifying that business case pending the consolidation.

Capital Projects on owned buildings:

At their last reporting, they showed they owned eleven buildings. However, they now have only ten as DAS is the owner of the Pendleton building.

Building Maintenance Needs:

They have some deferred maintenance on their facilities. They have completely upgraded and done the deferred maintenance on the Ontario site and on the Medford site. Those sites are complete. This biennium they are working on the Roseburg site. They are replacing the roof on that building. Next biennium they are going to have to defer a roof replacement on their Albany site. This is going to be approximately \$250,000 and there is some other deferred maintenance going into that biennium. This biennium, they will be completing Roseburg. They expect that by 2009-2011, they will be caught up on deferred maintenance on their owned sites. The rest of the maintenance will be general preventative maintenance, not deferred maintenance.

Kathy Majcher asked if there were any questions.

Bob Stutte asked if they have sent out an RFP for the Beaverton relocation. *Kathy* responded: No. *Bob* further commented that the lease expires 12-31-2007 and asked if the lease could be extended if they need to. *Kathy* responded that, after repeated requests, the Lessor has not told them that he would extend. What the Lessor has said is that he will take the two agencies, which are DHS and OED, and move them into another location on the same pad. However, there isn't another building existing on that same pad right now that they could move into. The building they are currently in is quite a large building. Their goal is to get through this completely and have it done and wrapped up and into the budget by July, because the lease is out to the end of 2007 and it takes about 18 months to get through the process of siting and building. They think they can do that.

Bob Stutte commented that his sense is that the market is tightening up and it is harder to find these large pieces of office space today. In the market area that you are targeting of 217 and I-5, you are going into the high rent district. If you expect to ask somebody to build-to-suit in 18 months, it can't be done. He stated that OED should be very careful about where they are going. *Kathy Majcher* responded that OED may need to re-visit their boundaries in siting a new property. They may not get the exact geographic boundaries that they want. It may need to be more toward the Tigard Industrial district which is a little more north/east of 217. *Bob Stutte* commented that they will probably find a more cost effective rent there than on Kruse Way because Kruse Way is very expensive (probably \$2.00 /sq ft). *Kathy* responded that they want to try to stay away from a build-to-suit if they can, simply because they want to try to move into an existing building. They are probably looking at 24 months to build so they are probably looking at going back to the existing Lessor, once they get their business case done, and try to figure out what to do.

Vickie Hardin Woods asked how OED decides whether to lease or to build. When does that decision making process happen? *Kathy Majcher* responded that it happens for OED when it comes to the movement of their clients. They try to stay within the client densities. This current need for another facility came up simply because they are consolidating offices right now. The 10 year lease will give them time to evaluate any further client density shifts. It's anticipated, given current trending that in the coming years the density will shift further to the south, away from Multnomah County, but that's unsure. Once they deal with the current need to move into a different building, they will trend any additional shifts. They have an office in Hillsboro and they don't need to move more that direction. They will most likely need to move toward the Woodburn, Wilsonville areas. *Vickie* asked, aside from the shifting client base, is it cheaper to build than to lease over time? *Kathy* responded: Yes, over time it is cheaper to build. *Vickie* further asked if they would be looking in the future to being able to peg that down better and eventually build. Or, do they forever see shifting client bases so they will always have to lease? It looks like they did a really good job of determining where they need to be geographically. They have a good process to help them determine that. *Dan Hall* responded that he thinks that agency flexibility is important. Leasing provides more flexibility. One of the strategies they have right now is to backfill the vacated space with partners. They have terminated about ten leases already this biennium and are looking to terminate ten more as they are downsizing and going through this consolidation process. To the extent that they can stretch themselves to maintain maximum flexibility, they think that policy is set for the long term. *Vickie* asked if there are numbers that go with that. Is there a cost benefit analysis done over the years to make that determination? *Kathy* responded that in this case they have not done a cost benefit analysis; only because they are trying to determine the long term shifts in the client base. Their client base does not move as rapidly as some other agencies. That is why a ten year time period for a lease is fine for them because it takes that long for their client base to shift. OED is not like DHS whose client base shifts almost yearly or biennially. They have not done a cost benefit analysis against purchase. They knew the densities were shifting, and decided to do this.

Bob Stutte inquired about the rental rate that DAS charges agencies which was discussed in the last meeting. *Bill Foster* asked if he was referring to the Uniform Rent rate which is currently \$1.32. *Bob* continued that OED lease number 44 indicates a rate much higher than \$1.32 in the Salem Central Office. *Kathy Majcher* responded that they are actually on what is called "industrial rent" on that building. It is full service, self support. *Bill Foster* asked if it were an annual number or a biennial number. *Dan Hall* responded that it is an annual number, around \$101,000 per month. *Bill Foster* added that his recollection is that the agreement includes more than uniform rent. Often, what drives up the rent is debt service. We don't have a whole lot of debt service on that building.

Kathy Majcher asked if there were any further questions. They will return in a later meeting to give an update on the net zero project. *Chairman Neland* thanked Dan and Kathy and asked for a motion.

A motion was made by *Tom McMullen* to accept the report presented by the Oregon Employment Department without exception. The motion was seconded by *Bob Stutte* and unanimously approved.

Bill Foster added that he will check on this rent issue but he thinks that what may be the case here is that DAS has included in that number, a supplement for some energy related improvements made to the building that have some fairly short payback times. That may be what is running up that rent figure.

C2. Department of Education (DOE)

Robin Kirkpatrick advised the Board that The Department of Education was unable to be here today. They have requested that their presentation be postponed until the July meeting.

C3. Department of State Lands (DSL) (Steve Purchase, Assistant Director, Land Management Division and Vickie Nokelby, Facilities Manager)

Agency Overview:

DSL is the administrative arm of the State Land Board. The State Land Board is made up of the Governor, Secretary of State and State Treasurer. They are charged with managing the assets of the Common School Fund which includes their building in Salem, includes all the lands that they manage, includes statutory lands given to them by the Legislature, and includes Common School Fund. *Steve* said that he is happy to report that the Common School Fund has surpassed the \$1 billion dollar value mark for the first time in Oregon's history. The fund gives money to the schools twice a year. They recently gave schools \$48 million out of the fund. They typically give 2 to 5% out of the value of the fund to the schools twice a year. They

give the money in June and January of each year. Other duties are assigned to DSL by the legislature. The Land Board approved their Strategic Plan in 2003. They are currently in the process of revising their Strategic Plan which is due in October, 2005. They are also revising their Asset Management Plan which includes how they are going to manage their land and water assets, and all the different assets in the Common School Fund, to help maximize the amount of money given to the schools; as well as a general plan of how they are going to do things.

Space Needs Plan:

DSL does not anticipate any increase in their need for space in the coming biennium. They have identified what they think they will need long term in their strategic plan; for staff to manage land assets. They have examined their staff needs for the 2007 legislative session and are not anticipating any major re-organization in the building in Salem, at this time. They are aware that Employment IT will be moving out of the DSL building late 2006, early 2007 to relocate into the Employment building right across the street from the State Lands building. They don't think they are going to have any unneeded space. They will hold the space being vacated as open space until they get through the 2007-2009 budget period. They put together a pretty aggressive budget for the Land Management division and they may be able to use that space themselves, so they are going to hold it open.

Energy Conservation: Like a lot of other agencies, DSL set in place a number of energy conservation measures back in 2003. Some of the measures involve turning off lights in hallways, heat controls, HVAC systems, heaters, energy efficient copiers, and turning off computers. Their energy usage only dropped 8.5%. However, based on more recent information they provided to Robin this morning, the 2005 numbers show that the reduction is currently 23%. *Bill Neland* asked if most of their energy use is lighting. *Steve* responded: Yes, mostly lighting and electrical.

Project Plans: None

Building Maintenance Needs:

DSL has had a number of preventive maintenance plans on their list over the last several years. The legislative assembly did not approve their maintenance plan budget request last biennium for the six major projects that were proposed. They didn't feel that the agency has enough information about those six major efforts so they chose to have DSL come back to the E-Board in 2005. The E-Board approved \$614,000 for the major projects DSL put into their plan which were:

Replace the roof (the building is 17 years old and the roof leaks)

Replace the carpet on the 2nd floor with carpet tile

Replace the boiler flue

Re-coat the cooling tower

Move some transformers and panels on the 2nd and 3rd floors

The E-Board approved the \$614,000 request for this effort. What they looked at was the DAS estimates for 2003 and asked them to come back if they exceed the \$614,000, which he is sure they will do.

Current Projects:

Work has been started on the boiler flue.

Carpet has been chosen and replacement will begin this summer.

A Request For Proposal (RFP) was just completed for the roof repair so they will be choosing a contractor soon.

The roof is the major concern because they have had some leaks.

Sustainability:

They have completed their Sustainability Plan. It is a very essential part of their Strategic Plan as well as their Asset Management Plan across all of their assets, not just buildings. They have a trust responsibility that is unique. In the Sustainability Plan itself, they have identified a number of ways in which they can generate revenue from some of the state lands that indeed fit the theme of sustainability.

Some were listed:

- Forest lands carbon mitigation (this is one that the Land Board took a keen interest in through the Secretary of State);
- Multi-species habitat conservation plan and forest management plan for the Elliott State Forest. DSL contracts with the Department of Forestry to manage DSL's 144,000 acres of forest lands. They are in the middle of a six year

planning effort for a multi-species habitat and forest management plan to allow them to increase the harvest on that forest and still allow them to maintain a safe habitat for endangers species;

- They also look for opportunities for wind generation of electricity and other alternative energy generation opportunities on their trust lands. This morning Steve received a phone call about a piece of property DSL owns between Burns and Bend. They are going to be looking at that very closely;
- Increased noxious weed treatment and rangeland health assessments (they are hoping the legislature continues to fund this). They have 630,000 acres of rangelands. The biggest issue on the rangelands is noxious weeds. Until last session, they were not given any money to control noxious weeds. When you allow noxious weeds to spread across your land onto your neighbor's land, which is not a good thing. They have been able to get that under control.
- Options for increased beneficial use of dredge spoils (they do sell the spoils for money);
- Exploring wave energy opportunities off the Oregon Coast with Oregon State University. There are a lot of folks involved. A large process will be required before it comes to fruition; which they know it will. This will be another alternative energy process that meets their sustainability goals;
- Investment in Brownfield sites for future industrial development or other uses; as long as the investment meets the prudent investor standard for the Common School Fund.

They are redoing their Asset Management Plan. The idea behind the Asset Management Plan is to re-balance the real estate portfolio and look at some other alternatives they might have to generate revenue. That summarizes the State Facility Plan for DSL and Steve asked if the Board has any questions.

Bob Stutte asked about the main building (17,000 sq ft). Does the roof need to be seismically upgraded? *Steve Purchase* responded that they have not done any major roof repair in the 17 years they have owned the building. They have done some patches here and there but nothing major. *Bob Stutte* continued that re-roofing today is not as simple as it once was because sometimes the required seismic work is more extensive than the re-roofing itself. *Steve* responded that DSL is very fortunate because DAS helped them take a look at the roof and helped them with the estimate. *Chairman Neland* interjected that Bob's question concerns earthquakes. *Chairman Neland* asked if the building has been evaluated seismically. *Steve* responded that he believed it has been. *Chairman Neland* asked DAS if that was a factor in Mall buildings. *Bill Foster* responded that he was trying to remember if that was one of the mall buildings that were evaluated. Certainly there were none that needed upgrades. He was thinking that that building is one that was designed to be seismically within spec. *Bob Stutte* added that he would advise that they have that checked. *Bill Foster* added that he doesn't know if that has found its way into the Salem code or whether that is a Portland issue. *Bob Stutte* added that it certainly is an issue in Portland. *Bill Foster* responded that he is not aware of any re-roofing codes generating a seismic evaluation for retrofits. *Vickie Hardin Woods* added that she is not aware of any either. *Denny Nielsen* added that he doesn't think that re-roofing is considered a remodel. He thinks that since it is not affecting the structure, there is no obligation. This is not to say that you may need an assessment. He doesn't think re-roofing is a trigger for a seismic evaluation. *Bob Stutte* added that it is in the Portland market. For a building of that size, at seventeen years old, in Portland, you would probably have to do a seismic evaluation in order to get a permit. This increases the cost considerably. *Bill Foster* added that unless he has missed something, they have not included seismic retrofit yet, unless you are doing structural upgrades. *Vickie* stated that she thinks this is correct.

Vickie Hardin Woods asked about the Employment Department vacating the DSL space. Does this mean DSL loses revenue? How much money is involved? *Steve Purchase* responded: It is approximately \$1,000 monthly. They plan to move out in late 2006, early 2007. DSL will know fairly soon, when they go through their legislative budget process what will be approved and what they will need. Then they will look to lease that space to someone else. They do know that one of their other tenants is looking for additional space. It is very possible that they may take that space.

Chairman Neland asked if there were any further questions. There being none, he asked for a motion.

A motion was made by *Tom McMullen* to accept the report presented by the Department of State Lands without exception. The motion was seconded by *Peter Fernandez* and unanimously approved.

D. OTHER ISSUES**D1. Secretary of State Audit – Review of Statewide Facilities Maintenance Processes – Bill Foster**

A copy of the Secretary of State Audit Report (audit) was distributed to the Board. The audit started about three years ago; in October, 2005. It took quite a while to bring it to conclusion. The basic idea was to try to look at where we were with maintenance issues. They specifically included three agencies: the University System, Military Department and Department of Administrative Services in looking at this issue. Of course, a certain amount of the focus was on the processes with this Board and how it is reviewing things. A fair amount of time was spent, going back and forth with the auditors, trying to get this to something that made sense from both sides. Some of their initial comments were a little more pointed, but they acknowledged that this wasn't what they intended to say. Some of it was around trying to have enterprise-wide management of facilities and budgets that doesn't exist and isn't in the statute, and is not likely to ever exist. We worked through that. *Chairman Neland* added that there were vocabulary problems with the auditors. *Bill Foster* continued that the sense in what is reported here is that there has been a lot of progress made, since the previous audit that really laid some of the ground work for the legislation that created the CPAB in 1992. They are pointing out that there has been some good progress and yet there are some things that still need some work. We certainly agree with that. DAS prepared a response to the audit report which is shown on page 7. Areas that we felt we could do more in were better coordination with Budget & Management and follow up on some of the reports and materials that come from the Board. The idea is that when you have deferred maintenance or something listed in the reports, perhaps the BAM analyst follows up on that to see that someone from the involved agency follows up on that in the Budget. The other area we are trying to get to is more consistency about the definition of deferred maintenance. We will get into this topic a little later. Comments from Oregon University System (OUS) as well as the Military Department are also included in the packet.

Generally, there is acknowledgement that there has been a lot accomplished but there is more that could be done. We all recognize that this has been an evolution over time and that is just the nature of the process. When we are trying to make changes on a biennial basis, it takes a certain amount of time because you set up a process and that's what you live with until the next cycle. While it has been quite a few years now, we have really only completed three cycles.

Chairman Neland commented that he was invited to meet with the three auditors on several occasions. The first meeting was mostly just sitting and staring because they didn't understand what Bill was saying and Bill didn't understand what they were saying. They had to work through that and they had to be informed as to how things worked. Then it grew quite well after that and they started to comprehend the process.

Bill Foster commented that a member of the Legislative Fiscal Office was in the audience and Bill asked if Dallas Weyand had anything he would like to add to this discussion. *Dallas* responded that he has his thoughts but he would pass on commenting.

Vickie Hardin Woods stated that if she understands this report correctly, it sounds like the main recommendation relates to having comparable and standardized information upon which to base decisions. Is that the essence? *Bill Foster* responded that he thinks this is the point that they were trying to get to, but they were also hoping that somehow all of the needs could get put into one pot and funded. The nature of funding is such that this is almost an impossible dream because of the restrictions on funds and sources. *Vickie* added that it does seem reasonable from her perspective, as a member, who has to make decisions about this information coming in. It is helpful to have some relativity to it so that you can see that one agency does better or worse than another. Not having the background or experience in facilities management herself, that kind of context would be helpful. She thinks DAS is working on getting to that.

Dallas Weyand, with the Legislative Fiscal Office introduced himself and explained that one of his responsibilities, budget-wise, is the Department of Administrative Services. He also staffs the Legislative Audit Committee. He met with the Secretary of State audit staff when they were thinking about doing this audit. They kept bringing up this funding of deferred maintenance and Dallas kept trying to explain to them the political and legislative process and the issues surrounding funding of departmental needs. You are well aware of different funding streams, different demands on general fund resources, and the demand on dedicated funds like PERS.

What they tried to encourage the auditors to do was to look at the process; because the legislation that established this Board was meant to address, and in large measure a reaction to, that 1992 report. They tried to get them to focus on

and look at this process and hopefully the outcome would fit the role. Legislative Fiscal looks to this Board to be the sounding board, i.e., the group that oversees, not only original construction but deferred maintenance issues. They tried to push the auditors in that direction but they didn't want to go there. They ended up where they wanted to go.

Chairman Neland added that it is almost as though they started at the end and tried to take them back to the beginning so they had to take nomenclature. *Dallas* doesn't think we got a lot out of this audit to be honest. He was interested in a detailed analysis of what CPAB was doing and if it is really accomplishing what the legislature intended it to do. *Chairman Neland* commented that he didn't think any of the auditors ever appeared at a Board meeting. *Dallas* said that one staff member attended for 15 or 20 meetings at one meeting that he attended. *Bill Foster* confirmed that this was correct.

Robin Kirkpatrick commented that as a result of the audit, DAS has focused more attention on tools that have been implemented since the panel has been put into place. The database that was put together is now capturing a lot of data. You will hear more about it as we talk about the deferred maintenance issue. But, what we are trying to do with the tools, that are there, is to look at how we can refine them so that we can bring the information from all the agencies together in a more standardized format. It has taken a lot of time to get the data into the database in a consistent manner. Robin has been working with the agencies through this CPAB review cycle; working with them to update their data in the database. There have been some revelations on the part of the agency staff, that as staff has turned over, there has to be an ongoing education process so that agency staff knows what data we are looking for and how to get it included. We are going to be taking further steps in helping get that data and using it to create a more consistent approach for looking at this issue. When we bring the information back to CPAB, we can look at it more consistently from agency to agency. That is not going to deal with any of the funding issues that a particular agency has. *Vickie Hardin Woods* added that it is helpful to have that database. She knows the political world and the politicians are going to use the money for what works the best in the short term probably. But, at least having that information, provides some clear information. The impacts of decisions that are made, is clear.

Robin Kirkpatrick called attention to a handout report that was generated from the database. It is specifically used to look at all the agencies. It does present the information in a consistent manner and is driven by the database. It should help us to get to that consistent picture that you want to see. *Bob Stutte* agreed that he would like to see that the Board will ultimately make suggestions on how to do things better. He would love to see these agencies coming to the table and talking to the Board about costs per sq ft for utilities for example. *Chairman Neland* advised that this would not be within this Board's responsibility. CPAB is not here to manage an agency. The Board is here to help agencies form their presentations and give feedback about what they are doing so that when they go before the legislature, they make a meaningful presentation. *Bob Stutte* added for confirmation that CPAB is not here to make recommendations on repairs and maintenance and that sort of thing. *Chairman Neland* responded: Not specifically and asked Bill Foster if this is accurate. *Bill Foster* responded that it is a fine line and certainly we evolve over time on some of this. Perhaps, at some point, a little more focus on the maintenance plans may be in order. That is not what the Board has been doing in the past.

Tom McMullen commented that part of the CPAB history, as he recalls the first year that the Board existed, they spent a lot of time on trying to organize this in a way that State Facility Plans could be submitted in a pretty consistent way. As the plans were developed, they were in fact to include the components. There were a lot of agencies that gave some lip service to deferred maintenance but it was mostly just that. We found that people were going to the legislature asking for funds for new facilities with no comprehensive overview. The first effort was to get a bigger picture view of what is happening. Somewhat on purpose, we didn't get involved in saying you need to do this or that. What the Board was saying is that you need to analyze this and that and if you are going to build a new building, how do you plan to take care of maintenance and other kinds of things? If you put all your dollars into a new facility and let the other ones run down, we would view that as inappropriate. You need to consider ongoing maintenance and answer that question for funding purposes to the legislature. It wasn't a primary focus of the Board, at that time, to tell an agency that the agency should not proceed with something until they've dealt with the maintenance issue. *Bill Foster* added that this is an area where we are beginning to evolve a little more. One of things now on the table is the Governor's Executive Order ramping up the energy savings level from the current statutory amount of 10% over the 2000 baseline to 20%. We may in fact need to get a little more focused on how some of that is going to happen. *Chairman Neland* commented that this is a fine line to walk because we don't control the money. The agencies get plenty of advice usually and we

are trying to make sure they understand the advice. *Vickie Hardin Woods* commented that she has been trying to figure out what the Board's job is during the past few months. If she is looking at the review criteria correctly, she thinks it is their responsibility to evaluate if all the criteria are effectively addressed. That's what she reads. She knows CPAB doesn't control the money. *Chairman Neland* responded that CPAB doesn't control the money and CPAB doesn't take responsibility for things that the agency has very little control over. CPAB is dealing more with the larger picture. That's the function of the Board. *Bob Stutte* added that in order to deal with the larger picture, he thinks the Board can ask agencies to report in a manner that results in some things sticking out. It becomes obvious not only to us but to them. An example could be an agency comes to the Board and tells us that their central heating system is a centrally heated plant running hot water 200 feet this direction and 500 feet in that direction, and they are trying to do this on natural gas. Their utility bills are costing them \$3/sq ft a year and the average in all the state buildings and the private sector is \$1.50. Hopefully something is going to stick out and somebody will say, hey, you need to spend some money on this. It will be obvious because maybe this Board helped put a criteria together that causes that to be seen where it wasn't seen before. This is what he is talking about.

Robin Kirkpatrick commented that this is what we are trying to do. Use the tools, capture the information and put it together in a succinct way. Then you will be able to look at it and recognize anomalies that may be occurring. Then you can give some advice and direction on what otherwise would not have been noticeable until you put all the agencies information together and start looking at it as a whole. *Bob Stutte* asked if the Board will get an opportunity to comment on the reporting criteria that DAS is looking at. *Bill Foster* responded, absolutely. We do that at the conclusion of each biennium before the next legislative session. That's usually the window of opportunity to change or adjust or deal with some things. Maybe this is a good segue point for the deferred maintenance discussion. Some of those operational things are key issues, but the other one that everybody seems to be interested in is the deferred maintenance issue. Part of the difficulty is that we do have inconsistency of approach regarding deferred maintenance. Buried in the Oregon University System's numbers, of what they put forth as deferred maintenance, are probably some things that have to do with program obsolescence more than deferred maintenance. Those should not be blended because they really are separate issues. *Chairman Neland* commented that this is correct.

Robin Kirkpatrick addressed the Board and stated that if there were no further questions or comments related to the State Audit, then we are ready to move on to the Deferred Maintenance discussion.

Dallas Weyand asked to make a further comment. He stated that if the Board would be interested in pursuing modification of the enabling statutes, to strengthen their role in guiding agencies, this would be good timing to propose changes. This is the only place that sees all of the agencies. At least in his office (the Legislative Fiscal Office), they are very appreciative of what this Board is doing. *Chairman Neland* thanked Dallas for his input.

D2. Deferred Maintenance – Initial Discussion – Frank Silkey, State Architect

Frank Silkey addressed the Board with a PowerPoint presentation of Deferred Maintenance Reporting. The way the current financial reporting requirements are written is that they are very concise. We started out a couple weeks ago talking about what is deferred maintenance. We discovered something. The United States of American has a little bigger problem with deferred maintenance than Oregon. A group called the Federal Accounting Standards Advisory Board is a group that has come up with some interesting definitions for the United States. "*Maintenance* is the act of keeping fixed assets in useable condition. It includes preventive maintenance, normal repairs, replacement of parts and structural components and other activities needed to preserve the asset so that it continues to provide acceptable services and achieves its expected life. *Maintenance* is not involved with expanding the capacity of an asset or otherwise upgrading it to serve needs different from or significantly greater than those originally intended". "*Deferred Maintenance* is maintenance that was not performed when it should have been or was scheduled to be and which, therefore, is put off or delayed for a future period. *Deferred Maintenance* is not functional obsolescence".

Vickie Hardin Woods requested an example of functional obsolescence. *Denny Nielsen* responded: a building that is no longer ADA. *Tom McMullen* responded: A sewing lab in a high school or a typing class.

Frank continued that the deferred maintenance standard requires disclosures related to the condition and the estimated cost to remedy deferred maintenance of state owned buildings. Issues brought up in the audit and in real life reality point out that there are many variables that have to be considered in estimating deferred maintenance amounts in a

building. The State has a Property Management Inspection system which DAS may have developed. The property Inspection Rating System is:

A – Good, B – Acceptable, C – Work Required, D – Major Work/Overdue.

The trick here is that *C* is not average; *C* is actually below average and requires work. Right now, all the building information in the *DAS Facilities Building Inventory database* has major building systems like *Roofs, HVAC, Building Envelope and Structure* coded as *1,2,3 and 4*, as you see reflected here in the spreadsheet. The theory is that *C* was work that needed to be done and if hadn't been done, it would fall into the "*D*" category which would be classified for today's purposes as "*deferred maintenance*".

Bob Stutte asked if the agencies are doing this now. *Bill Foster* responded: Yes, however, he's not sure if it is being defined consistently. Deferred maintenance information is included in the maintenance plans but the information from the database is not being included at this time, and is often not the same as what's in the maintenance plans. *Bob Stutte* added that this would be helpful to include the database information. The reality, as an inspector, is that a building is going to be evaluated in a certain way. One inspector's eye may be different than another inspector's eye. When it comes to the department, there are management concerns with the budget and management may change some of the ratings depending on different levels of what may be acceptable to different organizations.

A slide of possible deferred maintenance was shown in order to show how deferred maintenance can become a critical health and safety issue. Within the category of "deferred" is maintenance that can still be put off and there is maintenance that is actually critical and should not be put off. When things erode to the condition of becoming critical, it often is not an issue of just fixing that one item, but there may be a catastrophic amount of things that need to be fixed. The critical damage to the structure in the slide, that was shown, was caused by water infiltration into the surface of the balcony. If preventative maintenance had been performed, the stairs could have been preserved, but as it was they had to replace the entire system of stairs and balconies.

Vickie Hardin Woods asked about the rating system. When you have a *4* which is "major work overdue", has there been a decision made typically that this deferred maintenance could lead to a critical condition? *Bill Foster* responded that this is the discussion on the table.

Frank continued that maintenance standards for defining acceptable conditions for each class of site and building component are not in general use at the present time. Within office buildings, existing standards are subject to different interpretation. One solution would be for the state to adopt maintenance standards for each class of site and building component and provide training to property inspectors so everyone starts out with the same standard.

Chairman Neland asked who the inspectors are. *Frank* responded that there are three situations: DAS has teams of people who inspect all the DAS owned buildings, the outside agencies can choose to hire consultants or they have one of their staff people do inspections. Even if you put trained inspectors in the same building, there is still going to be differences. *Chairman Neland* added that his point is that budgetarily, agencies do not have money for inspectors other than saying, Joe don't sweep today, go inspect. There is not that kind of money in agency budgets typically to hire an inspector. *Robin Kirkpatrick* added that as a consequence of that, we are seeing some of these building conditions getting worse and worse. *Chairman Neland* added that DAS is probably in the best position to be able to fund maintenance because in the rental rate, they can include the cost of these inspections and funding to deal with issues that they find.

Tom McMullen commented that there is another component of this. A simple visual inspection, even by people with knowledge, cannot always accurately assess what the condition is. If you get into electrical or boiler systems and those kinds of things, it would seem that if you don't have some in-house expertise, one may want to contract it out. Also, if you start out with the idea that a boiler system has a 35 year life, does the agency ever remember at 15 years to do some major service on it? His history is that deferred maintenance is reactive maintenance. It is not maintenance that was just put off, it is maintenance that was put off so long that it does create this extra work. The proposed training for some systems, it seems to him, could be done and get it fairly uniform, but other systems are so complex or have such an ability to hide the degradation that it really would take specialists to do the inspections.

Frank continued that there are different ways of measuring deferred maintenance:

- Management may use condition assessment surveys – this is on-site inspections by an inspector.
 - And /or Life cycle cost reserve and replacement schedules. These begin with the inspector's inspection. This will give the useful life for the elements in a building. For example HVAC which may have a 35 year life cycle and you are in year 15 so there is 20 years left in the projection. Then all this information is entered into a spreadsheet and it projects out how much time you have left on each component. Basically, after the initial inspection, you have periods where you can monitor the annual cost for replacing things in your maintenance schedule which prevents deferred maintenance. Sometimes you can get a little extra life out of things so you would just modify your schedule. These are the two primary tools that are used now.
 - Condition assessment surveys are periodic inspections of buildings to determine their current condition and the estimated cost to correct any deficiencies.
 - It is desirable that condition assessment surveys be based on generally accepted methods and standards that are consistently applied.
- ▲ Deferred Maintenance Reports could show some stratification between non-critical and critical types of deferred maintenance:
- Non-Critical: Deferred without consequence (concrete, sidewalks) or
 - Critical: Deferred with collateral damage, which can result in major costs to repair (exterior water damage, roof leaks).
- ▲ If management elects to disclose critical and non-critical amounts, the disclosure shall include management's definition of these categories.

Vickie Hardin Woods ask why the statement would be to say "if" management elects to disclose. *Frank* responded that when it comes to funding the critical maintenance needs, they cannot be compelled to make that call between Critical and Non-Critical. *Robin Kirkpatrick* responded that within the *A,B,C,D* or *1,2,3,4* rating system there is quite a bit of latitude in what management can decide to do or take action on, or put off because a lot of it is a non-critical type maintenance activity. As it becomes a *B* or a *C* it is obviously becoming more critical. As it gets closer to a *C*, management of that particular agency may choose to interpret things in one way or another. They may be more reluctant to consider it a *C* because of the limited funding that is available in the budget. They may choose, if they know they are going to have limited funding available, next biennium to place something into one of the *A,B, C* categories rather than the *D* category; avoiding showing it as a critical maintenance need. It's that latitude. Trying to compel them to classify something into that 4th category may be very difficult to do.

Bill Foster added that *Vickie's* point is that when you get to the deferred maintenance category, going the extra step of differentiating, to the degree that you can, between whether or not doing the maintenance will have adverse consequences on other systems. If it needs to be done but the consequences of not doing it will not compound the cost in the future, it should be done. Management may have the discretion of categorizing it one way or the other, but over time if nothing is done, it will filter into the *C* or *D* categories. There will be a point in time where it falls into the *C* or *D* category because after putting it off so long, it will have serious impacts on the operation of the facility. They can defer that decision for a time but then there is a point in time in which it becomes difficult for responsible management not to come forward and say there is an issue with an item.

Bill Foster commented that clearly, the system that DAS is trying to get into place is identifying and funding critical maintenance issues so that we don't have the degradation of state assets. *Chairman Neland* added that people should understand that in public government, you are not allowed to carry over unspent funds to the next biennium. The funds expire and the agency must go back to the legislature to request the funds again and the likelihood of getting amounts specifically assigned for deferred maintenance in addition to your normal budget are very rare. The legislature will nod, but eventually you stop doing something else in order to free up funds to deal with that problem.

Robin Kirkpatrick added that there are essentially two areas of focus: The first is recognizing the condition and getting it classified as requiring major work. The other issue then relates directly to the funding. Once something is recognized as a critical need, it becomes more important and attention will be focused on how to fund it. Because of the various public funding types and sources that becomes a challenge. DAS, owning so many buildings and renting them out, can

deal with that problem more easily. But, for other agencies, higher education for example, you get so many dollars and maybe you get 2% more than you received the year before although your utilities have gone up 3%.

Tom McMullen asked Vickie if it would work better if instead of the statement saying "If management elects to disclose" it read: "When management discloses critical..."; Instead of giving management a choice of whether or not to fess up to critical issues. It is important to know that this item of major work overdue has a critical component to it and this other major work overdue doesn't. If the agency does happen to have \$1.50 left over and it happens to be that one issue, it could be fixed.

Tom McMullen added that another thing that came up, in the way the funding works, is that it would be good if one can create a fund like capital funds that do carry over from time to time. One could put a maintenance component into a fund that carries over and over. It would seem to him that that would be a big help in dealing with those issues. *Denny Nielsen* asked if the Board had discussed this concept some months back. *Tom McMullen* said that this issue has been ongoing for some time and also there was the discussion as to whether it was cheaper to rent than own. On the rent side, they don't have these problems.

Denny Nielsen commented that if this were treated like a private business person would treat it, there are plenty of tools available in the marketplace today that can be used to take a look at an old building that anybody in the state owns and help you make thoughtful, logical decisions about when you do certain things. You don't question it because if you own it as an investment, you are interested in maintaining that investment. *Bob Stutte* responded that these are the same problems you deal with in the private sector. It may be an investment but you have the same issues (falling concrete). He manages dozens of buildings in downtown Portland and they have concrete falling off all the time and they have to deal with that. *Denny* said that he knows a lot of people who own a lot of property who don't have those problems because they follow certain standards in terms of evaluating and reacting to maintenance issues.

Bob Stutte added that a private investor is trying to get a return on the investment and sometimes you put off maintenance because you don't have those monies available in a given year and somebody is saying they want a 10% return on the investment. Bob thinks the definition stuff is great but you need a system to track all these things. He has seen systems across the country where they bar code the different components of the building and there is a history of each one of these components (chiller, cooling tower, exterior maintenance). The system of being able to keep a history and when maintenance was last performed is critical. It isn't easy but you must have something that survives people.

Bill Foster added that what we are talking about here is the statewide DAS Facilities Building Inventory database which is more on a macro level. The detailed component level is more on a micro level and the agencies that are managing it need to engage in it. What we are trying to get to is more consistent data about what is the inventory of what is critical maintenance. *Bob Stutte* asked if there would be a system for the agencies to report into so you could keep track of these things. *Bill Foster* responded that the question is: What is a transition point? The system we are using right now requires agencies to identify major components of their facilities and what their condition is. Is it a *D* category or an *A*? That can be the basis of trying to get a better handle across the state of what is the magnitude of deferred maintenance. The auditors pulled together a number for deferred maintenance and I'm not sure where they got it. Certainly a large part came from OUS. Much of what's on the OUS list, I would guess, is not critical deferred maintenance. It is other things. That is where we're trying to start.

Bill Foster stated that maybe this is the time to mention another discussion point. The Governor's office, right now, is interested in seeing if some deferred maintenance could be funded on a one-time basis. This would be considered if there is funding available in the next session. If there is something left over, they would like to try to fund some of the identified deferred maintenance.

The Governor's Office is asking us to help compile a listing of what deferred maintenance everybody has. This is a good opportunity. What they are trying to get to is how can we agree to some common things? It seems that the idea is that what really needs to be at the top of that list are these critical deferred maintenance issues. If the list goes down into the other maintenance categories, that's fine but we probably don't need to be in the "*C*" category or the functional obsolescence category, or some of these other kinds of things. They are needs for the agency but sometimes what

happens is that you are not aware of the problem. You get some water infiltration from something on the roof and all of a sudden a chunk of concrete comes out. You obviously had deferred maintenance but you didn't even know you had it.

Bob Stutte asked if this list were a one time shot or will it continue. *Bill Foster* responded that it would get to the point in the future where it would be more of an ongoing basis but right now, as far as the potential for funding it in this manner, it is maybe a one time shot. *Robin Kirkpatrick* added that that is where we are going with the data we have in the database at this point; this new consideration will help. What we want to do is go back to the agencies that have provided the information to this point and ask them to give us a prioritization on those that are in the critical category 4. We want to be able to produce a list of not only the deferred maintenance items but also more information as to how critical each is. It is not an elaborate tool but it is a step in the right direction.

Bob Stutte responded that he knows that it is not going to happen overnight. It would be nice to take steps now that will lead to a better system down the road as apposed to a one-time shop where you put a bunch of man power on this thing then it is gone. *Vickie Hardin Woods* commented that it is good to talk about this type of system because it raises the awareness. *Tom McMullen* stated that if you are focused on finding the *D*'s and putting them together you come up with a completely different answer in how you are trying to manage this rather than having a sound basis for an ongoing maintenance system. We know that deferred maintenance is maintenance that was not done when it was supposed to be. So the emphasis for controlling this lies in the *A* and *B* component, (not the *C* and *D*) for the longer view. He doesn't think we should loose site of Bob's comments and looking at it being a more comprehensive system.

Robin Kirkpatrick gave an analogy of an injury. First you stop the bleeding then you look at taking care of the other injuries. If there is an opportunity for funding, it could help stop the bleeding. It is wonderful that there would be support to help do that sort of thing. *Bob Stutte* commented that it will be interesting getting everyone on the same page. If DAS is doing these inspections themselves it is easier to control. Again, the potential for some funding is often a great motivator to get people on board with a process. The possibility exists of some funds that are not currently in an agency budget so we may find that there will be a lot more interest in pursuing a process that might result in them getting those funds. *Bill Foster* added that the other piece is that some agencies are doing well to keep it at the "*C*" level. *Denny Nielsen* asked how one agency does it better than another. What happens there? *Bill Foster* responded that a certain amount of it really boils down to what their funding base is. If their funding base is General Fund and it's marginal, unless they get a special grant or some other additional fund source, they have a problem. That is one of the things we have been talking about with regard to the State Hospital. If replacement goes forward, they need to figure out how not to replicate where they are right now. That means doing it in a different way and having some reserves and some dedicated funds. That way when there is a choice between facility needs and program needs, they don't always choose program.

Bob Stutte added that he thinks there is also the factor of the age of some of the agency portfolios. Some of the agencies have buildings which were constructed prior to 1920. You will have a lot more maintenance and a lot more deferred maintenance in that and there are also environment issues. At the Oregon Coast, you can watch things rust. If you are in the rain forest versus Bend then the elements are going to be five times as invasive on property.

Chairman Neland added that at any state university, you will find that the dormitories and the student unions are fairly well maintained because that is non-general fund money. *Bob Stutte* commented that he walked around the Oregon State campus (his daughter was down there) and he was floored at the maintenance on those old brick buildings. It was terrible. Mortar was literally falling out of some of those old beautiful brick buildings. *Tom McMullen* added that this is the same impression he had 30 years ago when he went there.

Vickie Hardin Woods asked what the Board would see next in regard to this. *Bill Foster* responded that assuming we have a consensus of direction, what DAS is proposing is that we continue work on establishing assessment and condition standards.

Robin Kirkpatrick added that DAS will work with the agencies and come back to this Board in July, if possible, with a prioritized list that basically would list the "*D*'s" and give agency priority. Some preliminary discussions have occurred as to how that might translate into some cost information. Frankly, it is very recent news that this might be a possibility. We really haven't had time to think about how this might translate into direct impacts on budget dollars. What we are

hoping is to get the Board's support in this process of using the *A,B,C,D* or *1,2,3,4* category standard. We want to capture all that data as succinctly as possible and bring that data back to the Board to look at. Hopefully you will provide some support for moving a recommendation forward that says this really is the state of state facilities that do have deferred maintenance; and you recommend some action be taken.

Bob Stutte asked if DAS has access to how other state's deal with this comprehensive issue of maintenance. *Robin Kirkpatrick* responded that we have some access and have done a little research. It was interesting, when doing an investigation, Robin found that most of the states are very much in the same position as Oregon. It was eye opening. *Vickie Hardin Woods* added that cities are the same way.

Bob Stutte asked if it were feasible and/or possible that DAS could go out and do the assessments with their teams. Is that possible, even if you would have to borrow people from the other agencies, training them and going through the buildings as a team? Could that kind of thing work? *Bill Foster* responded that on the timeline that we are talking about, no. Basically we would be taking our staff and using them for a different purpose for a fair amount of time. DAS cannot really afford to do that.

Tom McMullen asked if there is funding available for a consultant. *Bill Foster* responded that at the moment, it would be determined agency by agency, which is part of the dilemma. *Tom McMullen* commented that as he has tried to work with this in the past, the greatest problem is to get different eyes to see the same thing. If there is money available, and people who have self-interest are evaluating it, he doesn't know how you will calibrate this to be an accurate study. If there were some way to have one group do the evaluation, he thinks there would be better consistency. He understands there is funding and time associated with that.

Bill Foster responded that depending upon what is available, maybe once you get to this list of what is considered critical deferred maintenance that it may be possible to put a team together to review it to make sure it has been done consistently. *Vickie Hardin Woods* added, maybe you would look at the top five or ten. *Bob Stutte* added that you could then prioritize by saying that the first emphasis will be on building envelope, roof, exterior, and windows. The second priority might be on utility systems. If they know that there is money out there that they can have, and you want a priority list of the items that need to be done in each of these categories. He's hearing that there is no chance that a central group will go around and inspect all these so you have to figure out how to get the results out of the system by prioritizing. Robin and Bill Foster agreed.

Robin continued that it might be a more manageable task to look at the list that is provided and see if there has been shenanigans involved in developing that list or if it really is consistent. That would be a much smaller task than having a group go out and look at everything. That may be a desirable end eventually in the process, but for the time frame and resources that we have to work with now, that's not possible. *Bill Foster* added that Bob has a good point about defining the primary items. *Bob Stutte* commented that carpet may not be a high priority item. Then you could go out and visit the top priorities or get bids on them.

Robin asked Frank Silkey if there is anything further he wants to share in his presentation.

Chairman Neland commented that Frank certainly raised an interesting problem for this Board to consider. *Tom McMullen* added that this presentation would be helpful to many people in the sense that most people just don't know what deferred maintenance is. This Board does have a pretty good handle on it but when you are dealing with people who don't have any idea what it is, this presentation, the way Frank put it together, is helpful in understanding it.

Bill Foster added that one of the interesting things you learn when you start reading the literature is that there is this sentiment that it means different things to different people at different times. What we are trying to do is get it down to one definition. What deferred maintenance really is, is when you have major work that is overdue.

Bob Stutte commented that he joined this committee because he was hopeful that he would be able to make a difference. He likes this. He thinks this is an opportunity to make a major difference here and cause something to happen that wasn't happening before. He thinks DAS is onto something and he hopes it can be carried further.

Robin Kirkpatrick commented that this Board has the potential of having some influence and it may be in an evolutionary position from where the Board started. However, if some good can come from it, he strongly recommends that the Board support this kind of evolution. *Vickie Hardin Woods* added that it would certainly have some strong advocates for this kind of thing. *Robin* stated that if the Board is willing to support this process, DAS will go ahead and put together a list based on these 4 criteria and get the agency prioritization with some accommodation to the kind of priority within priority that Bob mentioned and bring that back to the Board in July. If the list is not available for the July meeting, then it will be presented in August. *Tom McMullen* asked if head nodding is sufficient. *Robin* responded: Yes.

D3. Next Meeting – June 16, 2006 1:30 to 4:00 pm

Robin Kirkpatrick stated that presenters will be: Forestry, ODOT, Military and Aviation. Hopefully for the July meeting, we will have the Department of Education making a presentation and Employment back with a presentation on the large lease that they are pursuing. The business case should be rapped up by that time.

Bob Stutte asked if copies of the ideas for the deferred maintenance project could be shared with the Board as they evolve. *Robin* responded that he would be happy to accommodate the Board provided the DAS Facilities Administrator approves that request. *Bob Stutte* responded that the Board does not want to micro manage this thing but there is an opportunity here to be actively involved. He remembers when his property management company was first beginning, they would walk every suite in every building every year and believed it was very important to do that. Frankly the system wore them out and they no longer do it. They used to have maintenance stickers on every piece of mechanical equipment. Those things are great but they didn't survive the times and that is why this system is so important. Systems change, notions change and people change. *Vickie* added that maybe this is something that should be on the list. *Chairman Neland* added that we had systems before but no money.

There being no further agenda items, the meeting was adjourned at 3:20 pm.

Prepared by Elaine G. Schacher, DAS Facilities