

MEETING MINUTES – April 16, 2004 1:30 – 3:30 p.m.

MEMBERS PRESENT:

Bill Neland, Chair
Tom McMullen, Vice Chair
Ron Polvi, Northwest Natural Gas
Denny Nielsen, Salem Hospital
Doug Spencer, Providence Health Systems

MEMBERS NOT IN ATTENDANCE:

Edith Yang, A.I.A.
Ed Galligan, Port of Portland

OTHERS PRESENT:

Bill Foster, DAS Facilities Division
Shirley Finanger, DAS Facilities Division
Elin Shepard, DAS Facilities Division
Elaine Schacher, DAS Facilities Division
Col. David Ferre, Oregon Military Department
Stan Hutchison, Oregon Military Department

Jim Willeford, Oregon Military Department
Dennis Ruth, Oregon Military Department
Karen Olson, Oregon Authority
Andy Golay, Oregon Authority
Dallas Weyand, Legislative Fiscal Office
Linda Riddell, Dept of Human Services

Handouts distributed to all members present:

- Minutes from March 19, 2004 meeting
- Oregon Military Department (OMD) Facilities Plan for 2005-2007 biennium w/questions and answers
- Oregon Authority (OYA) Facilities Plan for 2005-2007 biennium w/questions and answers
- 2002 Deferred Maintenance Report by Agency

INTRODUCTORY REMARKS:

Chairman, *Bill Neland* called the meeting to order at 1:35 pm.

APPROVAL OF MINUTES FOR MARCH MEETING:

The March 19, 2004 minutes were approved. *Tom McMullen* moved, *Ron Polvi* seconded.

FACILITY PLAN PRESENTATIONS

OREGON MILITARY DEPARTMENT PLAN (OMD): Presented by Col. David Ferre, Stan Hutchison, and Jim Willeford

The mission and goal of the Oregon National Guard is to provide the citizens of the State of Oregon and the United States with a ready force of citizen soldiers and airmen equipped and trained to respond to any contingency. The state of Oregon is responsible for providing adequate Armory accommodations, bases, camps, target ranges and other facilities and to maintain those facilities for the 9,000 OMD members of the Oregon National Guard stationed in Oregon

The federal government has allocated \$2.5B in resources to Oregon. In return, the State of Oregon is obligated to the federal government to house and train soldiers and maintain equipment and facilities for readiness to federal standards so those soldiers are prepared to respond to any contingency within 72 hours upon direction by the President. The OMD has approximately 2100 full time employees. The federal government is paying salaries of 1,734 employees and supporting 5,000 soldiers and airmen in the state who pay state taxes of approximately \$11M.

Oregon facilities are rated by the National Guard Installation Status Report. 412 facilities are evaluated and part of the federal funds received is based on that evaluation. The dilemma Oregon faces is that if facilities are not maintained to the federal higher standards, federal resources to Oregon could be lost. Example: Currently, Oregon houses Black Hawk helicopters valued over \$150M. These helicopters are frequently used for search and rescue under the auspices of the Governor of the state of Oregon. Right now there is a security issue with those helicopters and the state of Oregon must pay a portion of that. Oregon also houses F15 Fighter aircraft, Tanks, and Humvees for the United States military. It is essential that Oregon maintain those federal standards because if Oregon doesn't staff up to protect a \$150M asset, the federal government could send that asset to another state that is willing to uphold a higher standard.

Statute 399-105 requires that the State of Oregon provide adequate facilities and maintain those facilities. The federal government provides almost the entire funding (97%) to construct all facilities except armories. Of the 412 facilities in Oregon, 39 are armories. The construction costs for armories are split 75% federal - 25% state funding. Once constructed (with 75% participation by the federal government), the state of Oregon is expected to maintain those 39 armories. The reason is because the armories are viewed as a state resource and they can be used for state purposes on a daily basis and rented for community activities. The expectation is that the state will rent the armories and use that rental income to maintain it..

Facilities are very critical. There is a strategy by the leadership of the United States to place OMD facilities in low population centers. Oregon facilities are strategically located throughout the state, near major cities. Another reason they are located where they are, is because the OMD facility becomes part of the community and brings the surrounding communities together and carries on family tradition resulting in better recruiting strength.

The function of the National Guard is to respond to emergencies in the event of a natural disaster such as earthquakes, forest fires, floods, perform disaster relief, and defense of the Canadian border. There are emergency coordination facilities for the State of Oregon and emergency management facilities for the State Police. One of the two locations in the world training F15 fighter pilots for the US and NATO, is located in Oregon.

Army Guard facilities are in three general categories: 1) Training Sites 2) Logistic Sites and 3) Armories (39) for a total of 412 buildings totaling 2.5M sq. ft. These facilities are located strategically around the state and are a vital component to the states' ability to timely and appropriately respond to a state of emergency and for the adequate storage of emergency equipment as well as housing for and citizens displaced by disasters and emergency command centers. Training and maintenance are of the utmost importance. These sites are supported by a combination of federal, state and other funds. Of the 2.5M sq. ft, 900 sq. ft. is 100% federally supported. About 500,000 sq. ft. is supported 75% federally and 25% by the state of Oregon. 200,000 sq. ft. is 100% state supported. When a new facility is replaced, they are generally 56% larger than the facilities they replace. Storage space alone has tripled since the 1950's. New construction since 1995 has seen an increase of approx 670,000 sq. ft.

The National Guard Installation Status Report is the OMD's report card used for evaluating the condition of facilities. The state of Oregon has 39 Armories. Six (15%) meet the standard; 8 (21%) are adequate; 25 (64%) are below standard. 85% of their Armories were designed and built in the 1950's and they are rated dysfunctional or inadequate resulting in an inability to store, maintain and fully utilize resources. These buildings have exceeded their design life, they are expensive to maintain and do not meet seismic standard resulting in revenue loss and increased property management expense.

Emergency Board actions:

Emergency funds were obtained for: Salem Anderson Readiness Center
Events Marketing Coordinator Employee for Portland
Baker City Readiness Center

Energy Conservation Efforts

A staff federally funded Energy Manager conducts training for Facility Managers. Energy Conservation efforts include Energy Conservation Measures, De-Light Technology turns off lights when a facility is not occupied and Remote Energy Controllers, controlled from Salem, make adjustments for optimum heating and ventilation. Lighting has been reduced by 26%; there is less power distortion in energy power grids. They moved away from whole building heating systems in

favor of heating and cooling only when required. This type of system is more efficient for their type of facility. It eliminates waste in unoccupied areas.

Sustainability

They recycle in all facilities that have recycling programs. In areas that do not have recycling programs, they transport recycling to other facilities that do have programs. Their design model for new construction is a Sustainable Project Rating Tool (SPiRiT) developed by the Army Corp of Engineers. The Baker City Residence Center scheduled to be completed in August 2004 used this model and the Energy Manager worked closely with the Design Architect to make sure the state energy conservation standard will be exceeded by 20%.

Denny Nielsen asked what they intend to do with these facilities?

Stan Hutchison responded that they are managing the decline of the facilities.

Denny Nielsen asked what their plan was for managing the decline.

David Ferre responded that 600+ facilities are 100% federally funded. The facilities in poor condition are the 39 Armories which are the state of Oregon's responsibility to maintain. They have asked for \$74M from the Oregon legislature and have never received funding; therefore the maintenance backlog is exponentially increasing. The risk is that at a certain point, the Federal government will conclude that Oregon might not be a good partner to entrust federal assets. When facilities decline to the point where they are no longer economically feasible to maintain and it is cheaper to replace than repair, they are disposed of and replaced with new buildings with federal funds. They receive one or two replacement facilities per year. The Dalles and Ontario Armories are scheduled for replacement because they don't have the funds for repair. It takes six to ten years to plan for replacement of a facility. They sell the old facility, putting the funds into a construction fund which is used as state match for future construction.

Denny Nielsen commented that this was an interesting model for how you manage physical assets. Build, let them deteriorate until they rise to the top of the list, demolish, then rebuild with federal dollars.

Property Disposal and Replacement: - All will be sold

- Newport Airport
- Eugene Armory – working with ODOT for a possible land swap – To be replaced pending federal and state funds
- The Dalles Armory – To be replaced pending federal and state funds
- Ontario Armory – To be replaced pending federal and state funds
- Cottage Grove Armory – To be replaced pending federal and state funds
- Redmond / Central Oregon Readiness Center – To be replaced pending federal and state funds

Bill Neland asked if these projects have been legislatively approved.

Stan Hutchison responded that they have been or will be in the legislative approval process for the next budget cycle.

Additional 03-05 requirements are:

- Central Oregon Readiness Center – Construction to modify the Prineville OYA facility to meet Readiness Center standards. A vacant OYA building may be acquired – ODM is working with DAS on this acquisition.
- Civil Support Team – Construction to house the unit assigned to Homeland Defense mission will probably be in Salem.
- Mail Processing Facility – Construction to meet National Guard Bureau mail-handling security requirements. This will probably be located in Salem, adjacent to the OMD headquarters building.

If OMD is required to go to the Emergency Board for Construction funding, they will come back to CPAB and present the individual projects.

- **Lane County Armed Forces Reserve Center in Springfield** - A 23,000 sq. ft. joint maintenance facility to provide administrative, training and storage areas for units currently stationed in Eugene and Cottage Grove. This facility will also house units from the Navy and Marine Corp Reserve. The agency is pursuing partnerships with the US Forest Service and the Bureau of Land Management. Need for this project is to provide an adequate facility to attain required training objectives. OMD will request financing approval and construction funding from

the 2005 Legislature. Projected cost for the State is \$1M and Federal of \$13M. \$170,000 additional operational budget for maintenance will be requested in 2007-09 biennium because the building is larger.

- **Ontario Readiness Center** – A 21,000 sq. ft. joint project with Treasure Valley Community College as a partner and possibly local emergency management and police, which could require enlarging the facility. Facility to provide administrative training and storage areas for units currently stationed in an inadequate facility. Need for this project is to provide an adequate facility for the unit to attain required training objectives. OMD will request financing approval and construction funding from the 2005 Legislature. State share is \$1.7M and Federal is \$5.3M. OMD will need to request \$49,680 additional operational budget for 2007-09. Occupancy date is July, 2007.
- **Boardman Multi-purpose Training Range Complex** - Multi-purpose Training Range Complex - joint project with the Navy. Training range allows units to conduct live fire weapons training. OMD will own the range – Department of the Navy owns the land. Need for this project is to provide a range that will allow armor and mechanized units to conduct live fire weapons qualification. OMD will request financing approval and construction funding from the 2007 Legislature. Construction of this project will be \$7M Federal Funds. Project is forecasted to start July, 2007.
- **The Dalles Readiness Center** – A 24,123 sq. ft. joint project of administrative, training and storage areas for units currently stationed in an inadequate facility. Columbia Gorge Community College, local Emergency Management, and local police are considering partnering, which could require enlarging the facility. Columbia Gorge Community College will own the land. OMD will own the improvements and lease the land from the College. Need for this project is to provide an adequate facility to attain required training objectives. OMD will request financing approval and construction funding from the 2005 Legislature. State share is \$2M and Federal is \$6M. OMD will need to request \$27,422 additional operational budget for 2005-07. OMD will sell existing 11,776 sq. ft. armory built in 1951. New construction to start February, 2006.

Building Maintenance Needs Plan

OMD has been forced to manage the facilities decline for many biennial periods in a row. The result is a decline of armory rental program revenue and negative impact on soldier recruiting, training, readiness and retention. Issues addressed were safety, inadequate storage, increased energy costs, security deficiencies, encroachment and deferred maintenance. OMD has asked for \$74M from the Oregon legislature for deferred maintenance for the 39 Armories located in Oregon and they have never received funding, therefore the maintenance backlog is exponentially increasing. Armories are taking budget cuts, primarily receiving funding for maintenance through emergency Board actions. They are asking for 1% of what it takes to maintain these Armories. As they go forward, they will continue to request funding for 100% of the cost to operate and maintain the new facility. They will also continue to ask for deferred maintenance for the backlog.

OMD uses the Department of the Army Standards to measure the suitability of a facility. 85% of the Armories are rated dysfunctional or inadequate according to these standards. They look at size to store and secure equipment such as tanks, aircraft, helicopters and humvees as well as the electronics to support the equipment. Size of the equipment has increased in the past 50 years as well as the equipment a soldier uses. Safeguarding the equipment and training soldiers on it has also changed. The existing Armories have a square footage shortage in every facility. The details on all facilities are available and OMD will hand out that criterion in their next presentation to the Board.

Bill Neland asked where Oregon ranks in regards to statewide budget support?

David Ferre responded that most states are suffering from the same type of budget shortages.

Denny Nielson requested that OMD provide a summary of the criteria used to rate a building dysfunctional or inadequate in the next Board presentation. He commented that it would be easier to understand if somewhat generalized.

David Ferre responded that the details on all facilities are available and OMD will hand out that criterion in their next presentation to the Board.

Bill Neland asked if they close any facilities when they don't get funding.

David Ferre responded that in 1991 through 1993, four facilities were closed due to lack of funding. There is a list of facilities that will be closed if they don't get funding.

David Ferre commented that this presentation represents only the Army Guard. It does not reflect Air National Guard. *Stan Hutchison* commented that OMD is working hard to structure the new facility design to offset the requirement for state dollars with partnerships with others. This sometimes requires changing the type and size of the facility. The strategic plan is to seek federal funding wherever possible.

They can actually leverage \$5.7M if they had \$2.8M in state match. This would go toward roof replacements, HVAC, etc. System replacement projects are matched 50% by the federal government. The key point is that they do not get enough state funds to get any federal funds. They have taken advantage of several component replacements through the e-board in previous biennia.

The Army Guard state facilities, dollars per sq. ft. cost have decreased from \$2.77 in 1994 to \$1.86 per sq. ft. in the current biennium. Prior to the 1993-1995 biennium they had an Armory Operations technician employee assigned to each of the Armories. These employees were responsible for generating income and maintaining the Armories. These employees took great pride in the Armories and the facilities were well maintained. The armory Operations technicians remaining after the 1993 layoffs were assigned multiple facilities and the employees were required to use their own vehicles to commute between multiple facilities, sometimes 30 miles to perform maintenance tasks, due to shortage of funding. This caused significant turnover in their staff. Since the 1993 reductions, the Armories have been declining at an alarming rate. They have implemented a regional maintenance plan to maintain the armories with reduced staff but the plan has not worked well. It has done little more than manage the decline of the facilities. The backlog of maintenance continues to increase. They simply do not have sufficient funding or staff to maintain the Armories. They have analyzed many options for maintenance of the facilities and have determined that the most cost effective method is to increase the number of Operations Technicians and they also require additional funding for maintenance, repair and supplies. In the meantime, they have required federal staff to perform normal custodial and building maintenance tasks. They don't feel this is the most effective use of the soldier's time but it is the best alternative. They have been unable to address historic preservation in older buildings, many dating back to 1911. Older facilities contain no space for women's restrooms and have inadequate infrastructure for today's telecommunications demands as well as safety and security issues.

Ron Polvi asked if there is security restrictions placed on the Armories by the federal government.

Stan Hutchison responded that it depends on the type of activity being conducted at the facility. They do have marketing individuals working on getting community activities into the facilities.

It was moved by Tom McMullen and seconded by Ron Polvi to accept the four reports submitted by ODM. The motion passed unanimously.

Tom McMullen requested that a comment be added: "The Board recognizes that the state has failed to maintain and protect the taxpayer's investment and believe that this area needs to be corrected."

OREGON YOUTH AUTHORITY PLAN: Presented by Karen Olson and Andy Golay

OYA has 12 sites. Each site could have more than one building. Warrenton, Tillamook, Florence, Grants Pass, Corvallis, Albany, Salem, Woodburn, Prineville, Burns and LaGrande. They have a pre-1995 group of facilities and a post -1995 group. Prior to 1995, OYA was concentrated in MacLaren (Woodburn) and Hillcrest (Salem) with four regional camps around the state (25 bed facilities used as work/study camps). In 1995, OYA was created with Senate Bill 1 and a second group of buildings were constructed. The outlying facilities around the state are newer. The total number of separate structures is 83. OYA has 1,131 beds in 12 facilities built and ready to occupy. 850 beds are currently occupied and funded. They have more physical capacity than they have actual funds to operate. In order to fund any additional beds, they would have to go to the Legislature to request funding to occupy the vacant beds. Reductions have caused the loss of funding for 250 beds and 4 facilities were closed. There is currently a shortfall of funding for 300 beds (not a construction shortfall). Capital Constructions projects are driven by growth in population and

replacement of buildings at the end of their service life. OYA houses three types of youth: 1) Not mandatory sentence 2) Legal custody-mandatory sentence 3) 12-14 year olds committed due to measure 11 crimes.

Energy Savings Measures

They met the Governor's 2003 reduction target (15.5% reduction compared to 2000); MacLaren and Hillcrest reduced energy use by 17%, yet cost increased 12%. There is an energy audit underway at MacLaren funded by Energy Trust. They are evaluating the cost effectiveness of central steam plant vs distributed natural gas heating at MacLaren.

Preventative Maintenance Program

All sites have a PM Program for HVAC, refrigeration and boilers, air compressors, condensate pumps, dishwashers, mixing valves and fire safety systems. 20% of their work orders are PM. The larger facilities have a computerized system, however the smaller regional facilities do not.

Deferred Maintenance Projects

A facility's Condition Survey was completed in 1998 which identified 330 deficiencies with an estimated cost of \$7.14M. Their current four-year capital improvement plan is to address 29 projects at a cost of \$1.9M. The only funding they have to attack this problem is the \$615,000. As the projects become more critical, they take care of them with the \$615,000. Capital Improvement and Maintenance Budgets have not been reduced at open facilities.

Current Construction Projects Update

Update on Scott Hall Remodel at Hillcrest – A 27,000 sq. ft building with 3 living units, 2 stories and a basement, constructed in 1950. Remodeled building will be an open dormitory to improve lines of sight, have central control rooms and a new security system and will become 4 living units and add 50 beds. OYA has received financing approval and construction of State Funds of \$100,000 and Federal Funds of \$1M. Construction has started and completion is expected by early June, 2004.

Project Plan Whitaker Hall / New Administration Building (MacLaren)

Construct a 3 story 19,000 sq. ft. building to be used for administration, security, training and program/treatment. The project demolishes the existing building built in 1926, and constructs a new one on the perimeter of the campus. The new building would straddle the campus fence and limit visitor access to the secure perimeter. The cost to remodel the existing 78 year old structure was calculated in 1998 Facility survey at \$1.14M. This is 41% of the new building cost. OYA will request funding of \$2.6-\$2.9M from the 2005 Legislature.

Tom McMullen inquired about COP Funding (borrowing money and retiring the loan). He asked who pays the money for retiring the loan.

Karen Olson responded that they plan to request additional general funds to cover that. They will request that the COP's be sold to pay for the building construction and they will also request debt service funding out of the General Fund.

Tom McMullen asked, what if economy continues to decline and they cut the COP's.

Karen Olson responded that in the budget process, there are certain categories that are protected, debt service is a one of them. What that would mean for OYA is they are assigned to come up with 10% reductions. Because debt service is set aside, that might mean they have to reduce their program budget.

Tom McMullen asked for clarification of the temporary structures. He wanted to know if they were Quonset structures.

Andy Golay responded that 100 beds at MacLaren and 50 beds at Hillcrest are temporary Quonset structures.

Tom McMullen asked if eliminating the temporary structures has entered into their decision making for the whole plan.

Karen Olson responded that the temporary structures aren't going to last very long. As they try to vacate space at MacLaren and Hillcrest, they want to move out of the temporary structures, back into the new regional structures.

Bill Neland asked if they have the legal authority to deny transfers of youth who are court assigned.

Karen Olson responded that they do not have the authority to deny access. They do have paroling authority but that only pertains to those who were adjudicated as juveniles. They do not have paroling authority for youth under the legal authority of the Department of Corrections. Population management is a very important part of managing the facilities.

Ron Polvi as if anyone looked at the potential use by other government agencies.

Karen Olson responded that they are open to any suggestions as long as the use is consistent with having juvenile detention and they can maintain the building so that OYA can move back into it without having to do a lot of remodeling. Also, it must be used by a governmental agency because they are still paying off the debt service on these buildings.

Ochoco is the only facility totally closed and OMD may acquire it. Karen Olson has been approached by a number of local groups wishing to purchase the property, but they have no connection to juvenile justice and are not a governmental entity.

It was moved by Doug Spencer and seconded by Tom McMullen to accept the report for the replacement of Whitaker Hall. The motion passed unanimously.

Doug Spencer commented that a real effort has been made by OYA to get ahead of their deferred maintenance and they have done a great job.

Deferred Maintenance Listing - Shirley Finanger

The board had requested a listing of deferred maintenance by category for each agency. The listing of deferred maintenance from the 2002 planning process was given to the board. It will be updated when the 2004 data is available.

NEXT MEETING DATE: May 21, 2004 from 1:30 pm to 3:30 pm at the Forestry Building.

Meeting adjourned at 3:30 pm.