



Department of
Administrative Services
FACILITIES

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

MEETING MINUTES – September 16, 2005 1:35 – 2:35 p.m.

MEMBERS PRESENT:

Bill Neland, Chair
Tom McMullen, Vice Chair
Ed Galligan, Port of Portland, retired
Vickie Hardin Woods, City of Salem
Ron Polvi, Northwest Natural

MEMBERS NOT IN ATTENDANCE:

Denny Nielsen, Salem Hospital, retired
Peter Fernandez, Public Works Department

OTHERS PRESENT:

Bill Foster, DAS Facilities Division
John Wales, DAS Facilities Division
Fred Lord, DAS Facilities Division
Elaine Schacher, DAS Facilities Division

Robert Reitmajer, DAS Facilities Division
John P. Wilson, Department of Aviation

Handouts distributed to all members present:

- Agenda
- Minutes from August 19, 2005 meeting
- Agency Projects Legislatively approved
- 2006 CPAB meeting schedule
- 2006 Agency Facility Plans Reporting Schedule
- PowerPoint presentation of draft of Statewide Facilities Inventory Data Report

CALL TO ORDER:

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

Public Testimony.

No public testimony was requested.

ADMINISTRATION

A1. Board Meeting Minutes of August 19, 2005

Bill Neland asked for a motion to approve the minutes of the last meeting.

Ed Galligan moved and *Ron Polvi* seconded to approve the minutes of the August 19, 2005 meeting. The motion passed unanimously.

A.2 Review of legislatively approved projects

Bill Foster reported that Senate Bill 5004 has been adopted by the current Legislative session. *Bill* stated that he doesn't know how much of a discussion there needs to be but distributed a listing of what actually did pass as opposed to what agencies brought forth. There are a few that did not get approval. Some ODOT projects (maintenance stations) did not get approved and one that DAS was working with ODOT on, to rehab the Transportation building on the Capitol Mall. This bill made law, the funding of the projects listed on the report. This listing of projects will be a guide for projects that will be presented to this Board for Salem Area Review if sited in the Salem area.

A3. Tentative Biennial Planning Schedule of agency plans and other Board activities

2006 Facility plans presentations and Listing of CPAB meetings scheduled

Fred Lord reported that the reason for these lists is to enable the Board to check their calendars and day planners to see if there are any existing conflicts at this time. If so, let us know. Otherwise, the Board was instructed to put those dates on their

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calendars. He also informed the Board there will be October and November meetings this year, but no December meeting. *Bill Neland* stated that he wasn't going to come anyway.

A4. Review draft of the Statewide Facilities Inventory Data Report

A paper handout of the PowerPoint presentation was presented to members of the Board.

John Wales, Manager of Real Property Services Section at DAS Facilities narrated a PowerPoint presentation. Over the past biennium, there was a lot of data generated from this Board as far as agency plans for the future. The facilities inventory database is updated every biennium as well. The thinking was that it may be useful to start rolling up some of this information and review findings as individual agencies report on the status of their facilities. This report will give a bigger picture of the state-of-the-state facilities. The focus of the report is what we have, where it is located and what condition the facilities are in.

Vickie Harden Woods commented that she has a map at her desk of all the state owned property in the City of Salem. She will bring that map to the next meeting.

John continued that DAS has collected a lot of data on the condition of the roofs, HVAC systems and exterior walls. The thinking was that an overview report would be beneficial to this Board as they start the next round of agencies coming in to talk about their plans. This will give the Board a perspective of how that agency fits into the bigger picture. DAS also thought it would be a good idea to share some of this information with the legislature so that they get an overview as well. When some queries were run of the database, there was a tremendous amount of information. The presentation contains about 40 slides. This is the first cut. *John* stated that he cannot take credit for this report. It was created by Shirley and Elaine, he merely drew the short straw to do the presentation. An enormous amount of work has been done. DAS would like to get the Board's feedback as to whether or not this information is useful, and if there are some other things that would be beneficial. DAS also intends to look back at previous bienniums and look at the previous condition of the roofs, HVAC and exterior walls to see how they have improved or not improved. There should be some interesting information. Each biennium, the agencies come before this Board and provide very detailed information on the buildings that are over \$1M in value. The buildings valued less than \$1M are lumped as a group but the agencies provide plans on those. The main thrust of this group is to look at those high value buildings. The 387 buildings valued over \$1M are the focus of this report.

See PowerPoint handout. The categories of information presented were:

- ▲ What we know. State owns a diverse inventory; supporting a wide variety of uses, most are located in Salem. The buildings are a wide range of age of structure and continue to age requiring commitment to maintenance; maintenance costs continue to increase but it is much more costly to repair something that has been deferred for many years; historically we know that funding is below what is needed; agencies have prepared maintenance plans and strategies to address requirements over the next 3 biennia.
- ▲ Number of State-owned facilities, square footage and replacement values over \$1M and under \$M.
- ▲ Agency ownership by number of buildings – Nearly half owned by 2 agencies – Military and Corrections.
- ▲ Square feet by agency – 82% of square footage is owned by 5 agencies – Corrections, DAS and Military, ODOT.
- ▲ Ownership by building size - Average building size is 36,000 sq ft. 242 of 387 buildings are between 10,000-50,000 sq ft. Only 7 buildings are over 100,000 sq ft.
- ▲ Location – Located in 69 communities throughout Oregon – 39% in Salem (7.3M sq ft or 52%) – 7% in Portland (\$1M sq ft)
- ▲ Use – 30 different building use classifications – 2 largest are Office and Correctional Facilities 28% (3.9 sq ft) each.
- ▲ Age – 35% are less than 20 years old – Average age 37 years. – 56% constructed prior to 1974 (6M sq ft) (prior to adoption of modern building codes) - Buildings by decade – Construction is cyclical 1950's (2.3M sq ft) and 1990's (3.3M sq ft) were the development years.
- ▲ Cost - \$952M has been spent to construct this inventory - 43% were attributed to Corrections facilities and 12% was spent on Military facilities. This figure includes Federal money.
- ▲ Replacement value - \$2.1 billion. Corrections has 34%, DAS 18% and Military 15%. – Values are updated each biennium using the McGraw Hill Building Cost Index Table.
- ▲ Building construction materials – 67% concrete, 13% steel, 10% wood, 7% masonry and 3% light weight metal.
- ▲ Roof construction materials – 53% wood, 24% concrete, 17% steel and 6% light weight metal.
- ▲ Roof type – Nearly 76% are owned/maintained by 4 agencies – Corrections 32%, Military 19%, DAS 15%, ODOT 13%.

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- ▲ Roof age and type – 70% of roofs are 0-19 years old, 13% are 50+ years old. Built up single ply roof type accounts for 55% and 25% are metal.
- ▲ Exterior wall condition – 61 buildings require exterior wall repairs. Of the 7 with major work overdue, Military owns 4. Of the remaining 54 buildings that require work, ODOT, Oregon State Hospital and Military account for 72%.
- ▲ Roof condition – 11% in need of roof replacement (574,000 sq ft of roof). Corrections, Oregon State Hospital and Military account for 75%.
- ▲ HVAC condition – Oregon State Hospital, Corrections and ODOT account for the largest number of buildings requiring major HVAC work or replacement
- ▲ Private leased space – 53 agencies lease office and storage space. Approx 575 to 620 active leases 4.1m sq ft at a biennial cost of \$120M. 46% are DHS leases. A lot of these leases are developed due to changing programs and population changes. 31% are located in Salem, 28% Portland Metro area. Average term is 6 years, 32% fall within a 10 to 12 year lease period. Projected rent for 1007: Portland \$1.54 sq ft, Salem \$1.39 sq ft, Eugene \$1.54 sq ft.
- ▲ Summary findings state office space – Demand continues to outpace supply, 51% state-owned and 49% leased from private owners. Leased space provides flexibility to provide services at appropriate locations.
- ▲ State owned lands – 1.9M acres of land owned throughout Oregon. 19 agencies own land, DSL accounts for 41% followed by Forestry and ODOT.
- ▲ Forecast - 50 new buildings (2.5M sq ft) will be required over the next six years. 27 are for Readiness Centers for Military, 10 for new Corrections facilities, 7 for ODOT maintenance stations and 5 for new office facilities planned for the Capitol Mall. The state will continue to lease 4M sq ft of office space since demand will continue to exceed existing state-owned space. DAS will continue to work with agencies to track basic facility performance data, evaluate needs and long-term facility plans through CPAB and report findings and recommendation to the legislature.

Questions:

Bill Neland commented that Military buildings are made up of mostly Armories.

Ed Galligan asked if the Capitol was included in this inventory. *Bill Foster* responded no, the Capitol is not included.

Vickie Hardin Woods asked if there were others like that which are not included. *Bill Neland* asked if the State Library was included. *Bill Foster* responded no, the State Library is not included. The independent branches of Government are not included, such as the Supreme Court Building. The biggest disclaimer is the Oregon University System because they were exempted from this process. *John Wales* added that only the agencies that come before this Board are included in this report. *Bill Foster* added for the purpose of context, last time checked, the University System buildings represented about half of the overall count of buildings. They are far and away the largest facility owner.

Ed Galligan asked if ADA is addressed in this inventory. *John* responded not yet as it is not a required field in the database. He assumes that most state facilities are ADA compliant but maybe that's not true. *Bill Foster* commented that there were certainly some efforts to improve that. Bill thinks the question is included in the database and offered to research this. It's a great question.

Bill Neland asked if there is a distinction in the database between when a building was constructed versus when it was purchased. *John* responded that the information in the database captures both dates, when available. This data captures the construction date.

Tom McMullen asked about the replacement cost. Does it include the purchase of the land? *Bill Foster* responded that this cost is only the construction cost of the building. *John* stated that it is the cost to replace the building should it be totally destroyed. *Vickie* clarified that furnishing would not be included. *Bill Foster* confirmed that the land is not included in the value, nor are the furnishings. The costs used by Risk Management are a separate restoration cost and furnishings cost because the insurance coverage is different for the furnishings than it is on the building. *Tom* clarified that this would be essentially the cost to build a new building on an existing site. *Bill Foster* responded, yes. *Tom* recapped that this replacement value is only the value of the building on an existing site without furnishings.

Ed Galligan requested that John touch briefly on the criteria used to establish the ranking for building, roof and HVAC conditions. He's guessing that a professional engineer may have some categories in mind such as: mildly required, severely required and nice to have. How did the agencies go about determining the ranking? *John* responded, that in the original

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plans there is a criteria defined. *Bill Foster* responded that there are 4 rankings used: Good, Acceptable, Work Required or Major Work Overdue Needs Replacement. *Ed* further confirmed that there is something that says if you don't do this the wall is going to fall down and kill people and that's priority one. *Bill Foster* stated that the distinction is the building is in very good shape, in reasonable shape, needs some work or major work overdue. This is the gradation and this data was just looking at those. *Ed* asked if this was financially driven versus simple engineering driven. What were the drivers? Is there a financial component on this, such as if you do it now it will save X amount? *John* answered, no, its based on whether or not the roof is leaking. It is trying to articulate that ten out of 30 of ODOT's buildings have problems with the roofs. If it's major work overdue that definition indicates that it needs replacement. The intent is to take a look at the condition and check to see if they asked for funding and whether they got it. The question is: is it something that was known and noted but didn't get funded. *Ed* stated that this is the genesis of his question. How credible is the information. If we were to go in and pull two of these out, how credible is the criteria that would be compelling enough to say that it is irresponsible to continue to defer on this particular item. The Board has addressed this many times and this is part of the crux of the question here. Is the data so compelling yet for whatever reason, politically or whatever, they are just ignoring this. *John* responded that the way this is rolled is that it is highlighting a problem and it is suggesting that the agency needs to put some attention of this and then the agency needs to come in and give some specifics and really fine tune what the problems really are. This report is a big picture thing. Comparatively, a particular agency seems to be getting adequate funding and are getting their maintenance taken care of. When you go to another agency that continues having the same problems, maybe it isn't getting addressed but perhaps it was worse two years ago. Perhaps this tool will build a story and this is the story that will help them justify their budget.

Bill Neland asked what happens if a building falls down or an agency comes in and padlocks the building because it cannot be used until it is repaired. We haven't reached that point yet. *Bill Foster* added that one of the other things recalls a conversation with the Military Department. They have two classes of inventory. One they get some Federal funding to maintain and the other must be maintained by the State. The state maintained buildings go downhill, the others get maintained. The term the Colonel used was "managing the decline" of the buildings. *John* added that it is also an opportunity for the Board to raise questions with the agencies. For example if the Report shows there are 15 buildings requiring HVAC repair or replacement, tell us about that, what is that.? It could be used as a signal for the Board that maybe there is area here that the agency probably needs to talk about and where you probably want to ask some questions. Are these under control, is there a plan for these, is this addressed in your maintenance plan? It will help the agency as well as it will help them focus because they not roll everything up the way it is done here. *Vickie* asked what is the difference between major work overdue and work required. *John* responded that major work overdue indicates that it needs replacement. *Bill Foster* added that it is probably that stuff that is on the deferred maintenance listing.

Vickie asked for clarification that most of the state-owned facilities are located in Salem with only about 7% in Portland yet 28% are leased in Portland as opposed to Salem. *John* responded that the leasing agents try to put agencies in owned facilities first so buildings are built like the Portland State office building. When the agency cannot be accommodated in a state-owned building, then they go into a leased facility. There are a few agencies like the Department of Environmental Quality (DEQ) and, up until recently, Fish and Wildlife that had headquarter functions in Portland. Fish and Wildlife has now come to Salem in a leased facility but DEQ is still in a headquarter facility in Portland. It is unique to the agency and the clients they serve. There is not a correlation between where the agencies are owned or leased. DAS tends to own their own facilities in the localized area. *Bill Neland* added that the buildings talked about earlier are owned buildings. Owned by the State. Now we are talking about buildings that are privately owned, that the state occupies. *Vicki* commented that it is still disproportionate. *John* responded that this is true, however, a huge portion of the state-owned buildings in Salem are correction facilities. The leased space is mostly office facilities. The state doesn't lease prison space. *John* thanked Fred and Vickie for making a good point. *John* added that lease payments are high. *Vickie* added because you have to pay taxes on them. That's why it is cheaper to own and tougher on the local jurisdiction. *Ed* asked about paying taxes. Are the taxes imbedded in the lease rate? Answer: Yes. There is also an escalator that if those taxes increase the state pays the increase. *Vickie* stated again, there is a disproportionate impact on Salem. *John* added that the Feds typically don't pay taxes on their leased facilities.

Bill Foster added that the state ultimately tries to do is put administrative headquarters in state-owned space and most of is in Salem. When you get into the social services delivery support, a fair amount of it is in Portland but it is something that you don't really intend to own.

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John Wales added that most of the office leases are full service leases. Everything is locked in, there are no triple net leases where everything is paid separately.

Vickie noted that the rent in Eugene is more than Portland. *John* responded that there are a couple of leases that throw that off but, by and large, the Eugene market is high. The state does not have a big inventory for one thing. The leases in Salem are geared to the Uniform Rent and that kind of suppresses the rates. Typically Class A space is not leased.

Bill Neland asked if any of the new building forecast includes Mental Health facilities. *John* responded: No, they are not in there yet.

John explained that this information could be useful and if we could bring this out and start packaging it, and get a good report that this is the state-of-the-state facilities and make it available to all the agencies, CPAB and the legislature. There are so many questions we get asked and we have this information that we thought we would present and get your thoughts as to what would be useful.

Bill Neland asked if Elaine had lots of help from the agencies and were they cooperative. Elaine responded that the agencies were very cooperative. This year we actually created a new method for the agencies to cooperate in reviewing the information that's in the database. It is a web-based system and they were actually able to go in and look at the information they put in two years ago and then just update it. It worked wonderfully and all of the agencies were cooperative. I didn't hear any complaints and it went smoothly with a couple of incidents with one agency.

Ed Galligan asked what is the goal for the timing of the first draft of the actual Report? *John* responded that the goal is to have it in the hands of this Board before the next round of Agency Facility Plan presentations start. A good guess would be to have it complete by the end of the year. *Bill Foster* concurred that this Report should be in the hands of the Board by the start of the Agency Plans to use as a yardstick to refer to in drafting questions. *John* added that we will put in into the hands of the agencies as well and be able to speak to it.

Bill Neland added that historically (inaudible) beneficial nature. Does it just fall on deaf years with the legislature? *Bill Foster* added that it helps a whole lot and it's a matter of where it comes from and what's competing for it. The legislature feels that they have solved the state Fair's problem by moving it to Parks. The solution to that was interesting. If that actually ends up compromising Parks remains to be seen, particularly when budgets are tight, there is a lot of competition. They can here this and listen to it but if the money isn't there, it's tough to do anything about it.

Ron Polvi asked if there is confidence or has been any QC to say that Military is ranking there buildings at the same level as Parks, for example. There are different structures, and facility managers. *Bill Foster* responded that they are self-evaluated so, there is some room for disparity. The definitions were provided but whether they were applied uniformly is a question. *John* added that for the past 3 or 4 years there has been a list of criteria and training sessions to make sure the facilities managers understood, but that doesn't mean that the same people are actually doing it.

Vicky Hardin Woods commented that this has been very informative. *Bill Neland* agreed.

Bill Foster requested that the Board Members take a look at the report and advise if there is anything that would be good to incorporate into it. *Ron Polvi* suggested that a picture is worth a thousands words. It might be a good idea to put in a few pictures of those buildings that are in desperate need of repair.

Fred Lord advised that the advisory portion of the meeting is now concluded and attention moves to the review of an actual Salem Area Plan. This is the Department of Aviation plan to co-locate with Military out at McNary Field in Salem Airport.

SALEM AREA REVIEWS PURSUANT TO OAR 125-125-0350

B.1 Department of Aviation Update – (Co-locate with Military) – Bob Reitmajer with John Wilson available to answer questions.

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Bob Reitmajer, DAS Facilities and John Wilson from Department of Aviation, presented an update of where the project is at this time. DAS is working with Aviation to put together an adequate presentation to the October E-Board to request funding limitation for this project

The project agreement has been finalized between Aviation and Military. The building will be constructed according to the Oregon Military Department design/build contract. DAS amended the procurement exemption to allow Aviation to be part of the Military Department design/build because the initial exemption did not cover the possibility of the Aviation Department's project. Military Department will own their part of the facility and Aviation Department will own their part. In some way, which has not yet been determined, Aviation and Military will pay for the shared use of space. There will be some efficiencies of common use and common equipment but it is not clear what that is going to look like yet. Military will own the land so Aviation will not likely own any land. The memorandum of understanding that outlines the general project was signed by the Aviation Department, Oregon Military Department and DAS. Military has solicited bids and received proposals for a design/build contractor as of yesterday. Interviews are scheduled for next Tuesday to see the proposals of two selected finalists. On the Aviation side of the project, a consultant has been hired to assist with programming and estimating. The consultant completed the programming for the Aviation headquarters. Both Aviation and DAS have approved the programming and the consultant is moving towards finalizing the report and cost estimates now. The project covers 5,200 sq ft of office space and 4,800 sq ft of storage and shop space. It is envisioned that the storage shop space will be a separate building because it can be constructed less expensively. A quick cost estimate was done, based on the programming, and came up with \$1.5 M for the project cost plus approximately \$200,000 for tenant improvements and moves. DAS will work with the consultant to finalize the report and work with Aviation to help them with the presentation to the October E-Board where limitation will be requested. Aviation reports that FAA funding is not available for this project.

Bill Neland asked if this land is separate from the contaminated land owned by Military. *John Wilson* responded yes and no. Military purchased the Eyerly property which was contaminated and the building will basically go over the top of that and then some. The Eyerly property is owned 100% by the Military. The surrounding property is leased by Military from the city of Salem on a 100 year lease so the entire complex will sit on those two pieces of land. *Bob Reitmajer* commented that the Military Department is working on the clean up of the contaminated property.

Tom McMullen asked if there was some compelling reason for this project to be design/build as opposed to conventional. *Bob Reitmajer* responded that Military started this project way before Aviation joined the team. Their thinking is that by design/build, they can get the most building for their money. It is kind of a design/build only backward. They have specified how much money they have and they want to work with the construction professionals that will get them the most building for the money they have. *Tom* asked if it was driven by time constraints. *Bob* responded no, it is driven by money. He has never experienced this before. He has worked on several design/builds before and the driver was time.

Bill Neland added that the computer center worked quite well as design/build. *Reitmajer* added that time was the driver on that project. The people who are working on the project on the contractor and design side, say that they have never worked on a project that has moved so fast, especially a Government project.

Tom McMullen added that the cost control issue is interesting. Looking for economy by putting the design/build team in front of that, indicates there may be a recognition that committees or groups of people aren't able to make decisions as cost effectively. Response: Yes. In times past, if time wasn't a constraint, the project would be bid and they would be over cost then they would be redone and bid again. *Bill Neland* added that time is money and the sooner you can get that money working the better off you are. In a project like this, going through a design competition doesn't seem appropriate. There may be more standard building on a more standard site with more standard occupancy. This project is going to get going really quick depending on the legislative approval. What is the timeline for occupancy? *John Wilson* responded that Military will start construction in January, 2006 with completion planned for September, 2007.

Fred Lord gave driving instructions to get to the Department of Public Safety Standards and Training tour site and asked for a head count of the number of people planning to go on the tour.

Chairman Neland adjourned the meeting at 2:35 pm.

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TOUR

CI.1 Tour of Department of Safety Standards and Training (DPSST) Academy Site

Project Manager, Richard Ross conducted an informational tour of the Oregon Public Safety Academy site.

NEXT MEETING

D.1 Next meeting scheduled for October 21, 2005 1:30 to 4:00 at Department of Forestry, 2600 State Street, Salem, OR.

Prepared by Elaine G. Schacher, DAS Facilities