

Agenda

Enterprise Asset Management

Customer Utility Board



Members:

Marc Williams - Chair
DOJ

Ryan Vogt - Vice-Chair
DHS

Christian Grorud
Oregon Marine Board

Teddy Leland
DLCD

Lori LeVeaux
ODFW

Fabiola Flores
Secretary of State

Gene Bentley
Real Estate

Virginia Carey
ODOT

Rick Willis
State Police

Jason Barber
Agriculture

David Moon
Oregon Judicial Dept

DAS Support Staff:

Barry Pack
Deputy Director

Brian King
EAM Interim
Administrator

Janet Savarro
DBS Administrator

John Fox
DBS Analyst

Debby Dyer
Administrative Support

Meeting Date: February 10, 2016

Time: 1:00-3:00 p.m.

Location: Somerville Building | 775 Court St. NE

ITEM	PRESENTER	TIME
Welcome		
<ul style="list-style-type: none"> Welcome Review of January minutes Action items <ol style="list-style-type: none"> John will add another column to the RES 17-19 CSL Assessment Spreadsheet and send to members through email – Completed Surplus discussion in March 	Ryan Vogt	1:00-1:10
2017-19 Policy Option Packages		
<ul style="list-style-type: none"> Capital Projects/Uniform Rent 	Brian King/Barry Jones	1:10-1:50
<ul style="list-style-type: none"> Fleet Vehicle Purchases 	Brian King	1:50-2:20
<ul style="list-style-type: none"> Staffing Needs 	Brian King	2:20-2:40
CUB Leadership		
<ul style="list-style-type: none"> Chair Vice-Chair 	Ryan Vogt	2:40-2:45
Roundtable		
	All	2:45-2:55
Other Updates		
<ul style="list-style-type: none"> Improving Government 	Barry Pack	2:55-3:00

Next meeting:
March 9, 2016
1:00-3:00 p.m.
775 Court St. NE
Salem, Oregon 97301

Minutes

Enterprise Asset Management

Customer Utility Board



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John Fox
EAM Analyst

Debby Dyer
Administrative Support

Meeting Date: January 13, 2016

Time: 1:00-3:00 p.m.

Location: Somerville Building | 775 Court St. NE

Attendees: Marc Williams, Ryan Vogt, Teddy Leland, Fabiola Flores, Gene Bentley, Virginia Carey (by teleconference), Christian Grorud (by teleconference), Jason Barber, David Moon (by teleconference) Lori LaVeaux (by teleconference)

DAS SUPPORT: Barry Pack, Brian King, John Fox, Caitlin Breitbach, Debby Dyer

Guests: Randy Gengler, Jeremy Miller, Barry Jones, Sven Anderson, Shannon Ryan

SABR Coordinator: Amber Taylor

Absent: Rick Willis

TOPIC	PRESENTER
Welcome	
Review last meeting minutes – approved Action Items completed	Marc Williams
Budget Conversation	
This current budget cycle has been good and strong with a growing economy. The picture for 17-19 will be tighter. The cost side of state government is increasing, primarily in personal services. The PERS adjustment is significant and will cause an increase in the rates. Projecting a shortfall, a 3-5% gap. As you go through the rate setting model process, expect that costs will go up. We're going to build the budget as we usually build, but just be aware of what could be coming down the road. Hot topics for legislature this session will be minimum wage, small business, public records request and agency response, and housing to name a few. Timeline for DAS rates. Mid-March – a month to finalize the price list.	George Naughton
SLA Performance Reports	
<ul style="list-style-type: none"> Operations (see Operations handout) All targets met except for #3 3. Average rating of satisfaction with custodial scheduled cleaning services – Target not met at 3.72 No target – newly added measure – 4.8 out of 5 Maintenance (see Maintenance handout) All targets met except for 3 and 5 3. Target not met – fixed this and will be in green next time 5. Target not met, going to adjust measure to fix. Fleet & Parking (see Fleet & Parking handout) All targets met except for 2,4 and 7 2. Target not met at 14.2% 4. Target not met at 5.0% 	Randy Gengler Jeremy Miller Brian King

<p>7. Target not met at 78.4%</p> <ul style="list-style-type: none"> • Planning and Construction Mgmt (see PC&M handout) <ul style="list-style-type: none"> 1. Target not met – 2 were cancelled, others had bids come in lower than anticipated. Some of the targets have not been identified. Ready to set them. Members agreed. • Surplus (see Surplus handout) <ul style="list-style-type: none"> 2. Target not met – inventory tracking – consistently it is office furniture. Possibly change the target. ACTION: Caitlin to bring notes from the rationale used in setting this target. ACTION: Put Surplus on March agenda. <p>Real Estate (see Real Estate handout) No data in performance measures.</p>	<p>Barry Jones</p> <p>Sven Anderson</p> <p>Shannon Ryan</p>
<p>Real Estate SLA Changes</p>	
<ul style="list-style-type: none"> • Changes – Ty and Caitlin came up with suggestions to change these metrics. <p><i>Handout</i> – Lease space cost – 80-85% of Portfolio is along the I-5 corridor. No data possible in the outlying areas because there are no other negotiations happening in those areas. Part of the struggle is to find apples to apples comparisons. Suggest hiding this metric, but not removing.</p> <ul style="list-style-type: none"> #5. Add inclusion, but add to comments section. #6. Replace this measure with leases that were signed within the quarter. – Members agreed #7. Suggested deleting this one and replacing with a new interior design metric. “Quality of completed projects”. – Members agreed. 	<p>Shannon Ryan</p>
<p>17-19 Real Estate Assessment Update</p>	
<p>One third FTE, one third agency budget and one third parcels owned. Considering a minimum charge so we’re not sending small bills for under \$10. Suggested \$500 minimum.</p> <p>Discussion: ACTION: John to bring back the spreadsheet with another column. Will send it to members through email.</p>	<p>Shannon Ryan/John Fox</p>
<p>Other Updates</p>	
<ul style="list-style-type: none"> • Improving Government Barry spoke about the HR/Shared Services Costing Methodology that was presented to the CUB Chair/Vice-Chair Meeting. 	<p>Barry Pack</p>
<p>Next meeting: February 10, 2016 1:00-3:00 p.m. Somerville Building 775 Court St. NE Salem, Oregon 97301</p>	

AMOUNT AND FUND SOURCE

LEASED SPACE IMPACT

Project Description	2017-2019				
	Site	Structure	Less: Force Account Work	Expenditures	Fund
Mahonia Hall: Security and Other Upgrades	N/A	\$466,484	N/A	\$466,484	OF
Maintenance Shop Upgrade Main Service Panel	N/A	\$105,537	N/A	\$105,537	OF
550 Building restrooms complete remodel/upgrade	N/A	\$300,000	N/A	\$300,000	OF
PSB Building restroom complete remodel/upgrade	N/A	\$600,000	N/A	\$600,000	OF
Surplus Service Upgrade	N/A	\$125,000	N/A	\$125,000	OF
Tenant Improvements	N/A	\$750,000	N/A	\$750,000	OF
Emergency Projects	N/A	\$500,000	N/A	\$500,000	OF
Sustainability Projects	N/A	\$750,000	N/A	\$750,000	OF
Project Totals	N/A	\$3,597,021	N/A	\$3,597,021	OF
Carry over from 2015-17				\$750,000	OF
Total 2017-19 Biennium Limitation Request		\$3,597,021	N/A	\$4,347,021	OF

2017-19 MAJOR CONSTRUCTION/ACQUISITIONS

	Budget	Capital Projects Fund	Other Sources	Added State-Owned Office Space	Remaining Salem Leased Office Space SF*	Remaining Total Office Leased Space SF*
1 Human Services Building Upgrades	\$3,742,595	\$3,742,595			1,307,497	4,374,061
2 Employment Building Upgrades	\$6,235,930	\$6,235,930				
3 Electrical Upgrades and Replacements	\$3,889,795	\$3,889,795				
4 Capitol Mall Parking Structure study and upgrade	\$2,926,140	\$2,926,140				
5 Planning	\$500,000	\$500,000				
6 Boiler and Heater Upgrades in Multiple Buildings	\$1,234,350	\$1,234,350				
7 Portland Crime Lab Upgrades	\$1,161,909	\$1,161,909				
8 Parking Lot Upgrades	\$3,500,000	\$3,500,000				
	\$23,190,719	\$23,190,719			1,307,497	4,374,061

(1) Article XI-Q Bonds

* Leased office space as of June 2006

DAS

STRATEGIC CAPITAL PLAN UPDATE/

01.29.2015

GUIDING PRINCIPLES

DESCRIPTION

DESIGN FOR QUALITY	Good building design contributes to higher employee productivity and better public service. Aspire for the highest feasible level of environmental and architectural design.
STEWARD OUR INVESTMENTS	Public investments must be properly maintained to ensure safety and reduce long-term cost. Design high-performance buildings with the lowest total cost of ownership.
RIGHT-SIZE OUR PORTFOLIO	Buildings have large environmental footprints, and are costly to build, operate and maintain. Prioritize adaptive reuse of buildings and projects that maximize efficiency and long-term utility.
CONTRIBUTE TO THE WHOLE	Our buildings serve key roles across the state and represent sizable community investments. Consider how a project impacts the community and helps achieve statewide priorities.
CONVEY OUR IDENTITY	Our buildings represent the aspirations, integrity, and legacy of Oregonians. Ensure buildings contribute to an "image of accessibility and responsiveness of government".
BE RESILIENT	We build for resilience using science, data and community wisdom to protect against and adapt to risks, thereby making people, communities and systems better prepared to withstand catastrophic events...

VISION/

ORS 276.094

To promote more efficient use of the state's construction resources, to foster the preservation of buildings of historical, architectural or cultural significance and to enhance the social and economic environment within and surrounding state buildings. State buildings are to reflect the highest standards of the environmental design arts and are to contribute to the citizen's image of accessibility and responsiveness of government.

PRIORITY

10-YR OUTCOME THEMES

DESIRED 10-YR OUTCOMES

1

**EFFECTIVE BUILDINGS AND SPACE
TO SUPPORT BUSINESS NEEDS**

- High quality facilities; Beautiful buildings
- Facilities are a model for the NW
- One-stop shop facilities: facility services
- Healthy facilities: good air/environmental factors
- Facilities that honor workers
- Wellness spaces within buildings
- Informal collaboration through design
- Design that fosters a range of workstyles

2

GOOD MANAGEMENT

- Minimize disruption to tenants
- Proper budget/rent rate to maintain high quality facilities
- DAS is a master tenant for the portfolio (GSA model)
- One-stop shop facilities: facility services
- Full cost implications known: total cost of ownership
- Design considers cost of labor impacts
- Reduced "churn"

PRIORITY

10-YR OUTCOME THEMES

DESIRED 10-YR OUTCOMES

3

EFFICIENT USE OF PORTFOLIO

- Reposition our portfolio to be more efficient
- Realign tenants with space/building
- Optimal labor cost
- Space better aligned with business needs
- High performance/low carbon/net zero energy
- Right-sized for evolving technology and workstyles
- Efficiently/effectively using what we have

4

OPTIMAL LOCATION

- Reposition our portfolio to be more efficient
- One-stop shop facilities: consumer services
- Facilities that integrate with the community
- Employee vehicle miles traveled (VMT) reduced

PRIORITY	10-YR OUTCOME THEMES	GUIDING PRINCIPLES ALIGNMENT
1	EFFECTIVE BUILDINGS AND SPACE TO SUPPORT BUSINESS NEEDS	<ul style="list-style-type: none"> ▪ Right-Size Our Portfolio ▪ Steward Our Investments
2	GOOD MANAGEMENT	<ul style="list-style-type: none"> ▪ Steward Our Investments ▪ Design For Quality ▪ Right-Size Our Portfolio
3	EFFICIENT USE OF PORTFOLIO	<ul style="list-style-type: none"> ▪ Convey Our Identity ▪ Design For Quality ▪ Contribute To The Whole
4	OPTIMAL LOCATION	<ul style="list-style-type: none"> ▪ Convey Our Identity ▪ Contribute To The Whole ▪ Right-Size Our Portfolio ▪ Be Resilient

CHALLENGES

OPPORTUNITIES

POLITICAL

P

- Bureaucracy: Policies/Laws/Regulation
- Internal Politics: DAS Tenants/Inter-agency
- Intermediate Politics: Legislative
- External Politics: Local Jurisdictions/Public

- Leverage DAS authority
- Public engagement tools
- Form a working group with EAM, DLCD, Regional Solutions and ODOT for formulating deployment strategies in communities

STRUCTURAL

S

- Budget: Limit; Cycle; Structure
- Siloed nature of DAS
- Unions
- Lack of Common Definitions
- Financing: limited resources; mechanisms
- Timing: implementation efficiency
- Lack of enterprise planning
- IT Policy inhibits co-location and use of wireless
- Technology challenges limit quick moves

- Change financing mechanism (legislative process)
- Formalize intra-agency planning
- Ritualize plan updates
- Engage DHS for planning
- Budget cycle alignment with Plan
- Remove technology barriers that limit co-location opportunities

CHALLENGES

OPPORTUNITIES

- Workers: workspace size; parking availability
- Short-term view (driven by budget cycle)
- Cultural of aversion: conflict; risk; change
- Perception: "How's that going to look?"

CULTURAL

C

- Promote ridesharing/carsharing
- Utilize technological innovation
- Be more proactive and less reactive

- Deferred Maintenance
- Lack of flex/swing space to accomodate renovations and surges
- Space utilization: standards; layout

OPERATIONAL

O

- Build flex space/swing building

CHALLENGES

OPPORTUNITIES

- Lack of Transit

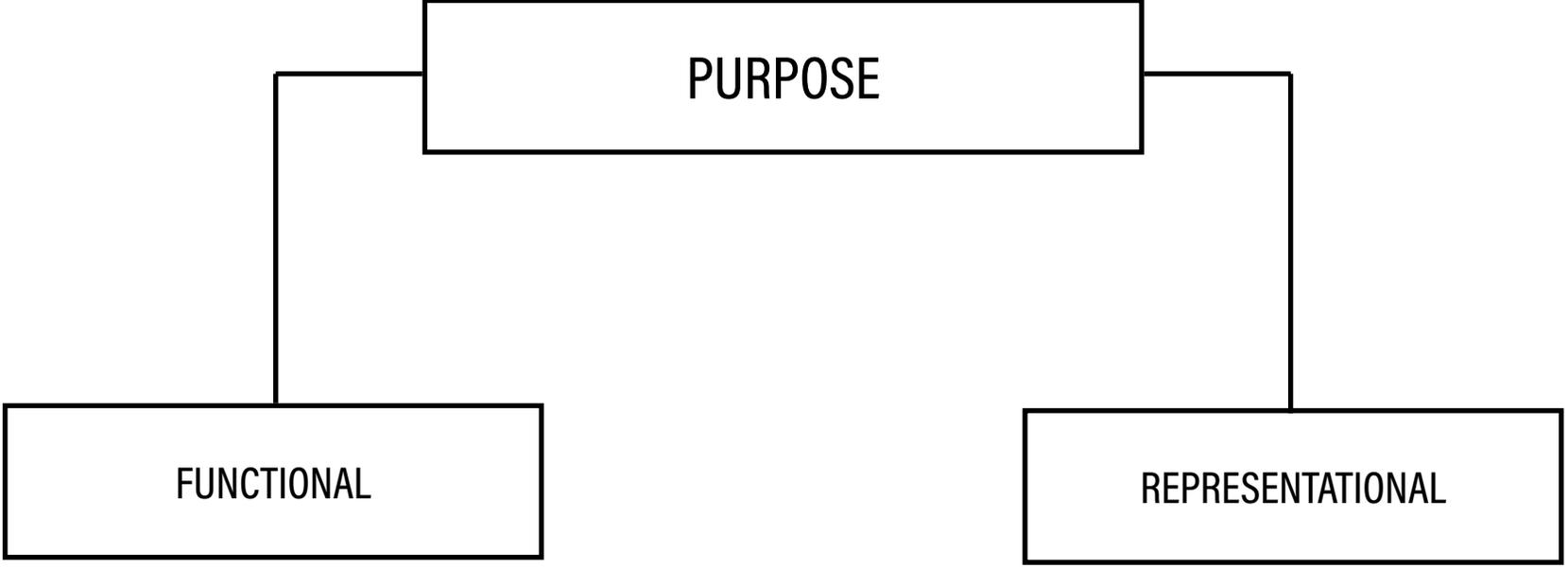
LOCATIONAL

L

- Identify regional centers
- Develop campuses
- Relocation opportunities due to hazards/risk
- Diversification of portfolio
- Provide local shuttles to and from park and rides

GOALS/

BUILDINGS



GOALS/

FUNCTIONAL

WHAT OUR BUILDINGS DO/

- Provide a physical place for government to happen
- Serve as community institutions that engage social and economic activity
- Serve as shelter

REPRESENTATIONAL

WHAT OUR BUILDINGS MEAN/

- Cultural symbols of state identity and history
- A physical manifestation of a collective, shared endeavor
- Constitute a public good

GOALS/

GOAL	STATEMENT
1	Provide buildings that enhance productivity and contribute to a responsive government
2	Provide facilities that enable the highest level of service/program delivery feasible
3	Provide buildings with optimal efficiency to ensure the highest and best use of public funds and minimize external impacts
4	Provide buildings that maximize community benefit

<p>1</p>	<p>Provide buildings that enhance productivity and contribute to a responsive government</p>	
<p>A</p>	<ul style="list-style-type: none"> ▪ Ensure life safety, security and business continuity 	<ul style="list-style-type: none"> ▪ Ensure life safety, security and business continuity
<p>B</p>	<ul style="list-style-type: none"> ▪ Provide a healthy, functional work environment that enhances state worker productivity 	<ul style="list-style-type: none"> ▪ Design spaces that attract and retain talented employees ▪ Design spaces that convey identity, and reflect a positive image of government
<p>C</p>	<ul style="list-style-type: none"> ▪ Provide quality interior spaces 	<ul style="list-style-type: none"> ▪ Design building interiors to fit a range workstyles to best support existing and future workforce needs ▪ Design building interiors with high quality environmental factors

2	Provide facilities that enable the highest level of service and program delivery feasible	
A	<ul style="list-style-type: none"> Optimize facility locations to best serve program delivery needs 	<ul style="list-style-type: none"> Ensure facility locations maximize user access Ensure facilities are in the closest feasible proximity to primary service delivery areas Co-locate compatible programs to centralize public access to state services and resources
B	<ul style="list-style-type: none"> Provide space that best suits the business/operational needs of users 	<ul style="list-style-type: none"> Ensure buildings are fully-maintained, and provide adequate safety and security to users Ensure space is suitable for specific program needs Provide technological solutions that enhance space and increase effectiveness

3	Provide buildings with optimal efficiency to ensure the highest and best use of public funds and minimize environmental impacts	
A	<ul style="list-style-type: none"> Provide buildings in locations that minimize transportation-related energy costs and carbon-related impacts 	<ul style="list-style-type: none"> Ensure buildings are located in optimal proximity to service delivery areas Ensure buildings are located in areas that maximize access through all transportation modes
B	<ul style="list-style-type: none"> Provide buildings with the highest feasible performance at the lowest total lifecycle cost 	<ul style="list-style-type: none"> Design the most-energy efficient buildings feasible Design buildings with the lowest carbon-related impacts feasible Design buildings to optimize costs related to labor, operations and maintenance
C	<ul style="list-style-type: none"> Provide the most responsive government with the smallest portfolio feasible 	<ul style="list-style-type: none"> Design buildings with highest and best use of land, space, and materials Design interior space to an optimal space utilization standard Adapt and reuse existing buildings
D	<ul style="list-style-type: none"> Provide buildings that maximize long-term utility 	<ul style="list-style-type: none"> Design buildings of the highest materials feasible Design buildings that are adaptable for future reuse Ensure buildings are maintained to an optimal standard

4	Provide buildings that maximize community benefit	
A	<ul style="list-style-type: none"> Provide buildings that generate positive economic impact to the community 	<ul style="list-style-type: none"> Locate facilities in communities with economic need Provide facilities that catalyze development/redevelopment opportunities
B	<ul style="list-style-type: none"> Provide buildings that contribute positively to the built environment 	<ul style="list-style-type: none"> Buildings employ best practices in community/civic design
C	<ul style="list-style-type: none"> Provide buildings that serve community needs 	<ul style="list-style-type: none"> Provide buildings that serve as community shelter and resources during emergencies Provide buildings that may serve as community meeting spaces

NEW/MISSION CRITICAL

\$126,000,000

\$138.6M — 2020-2022

DESCRIPTION

Provide a (post-Cascadia event) resilient building for mission-critical state operations on the Yellow Lot

PROGRAM/COST

- 260,000 GSF \$126M
- 950 Parking Stalls - Under Building \$35M
- 1250 Parking Stalls - New Structure, Red Lot \$30M

LIFESPAN

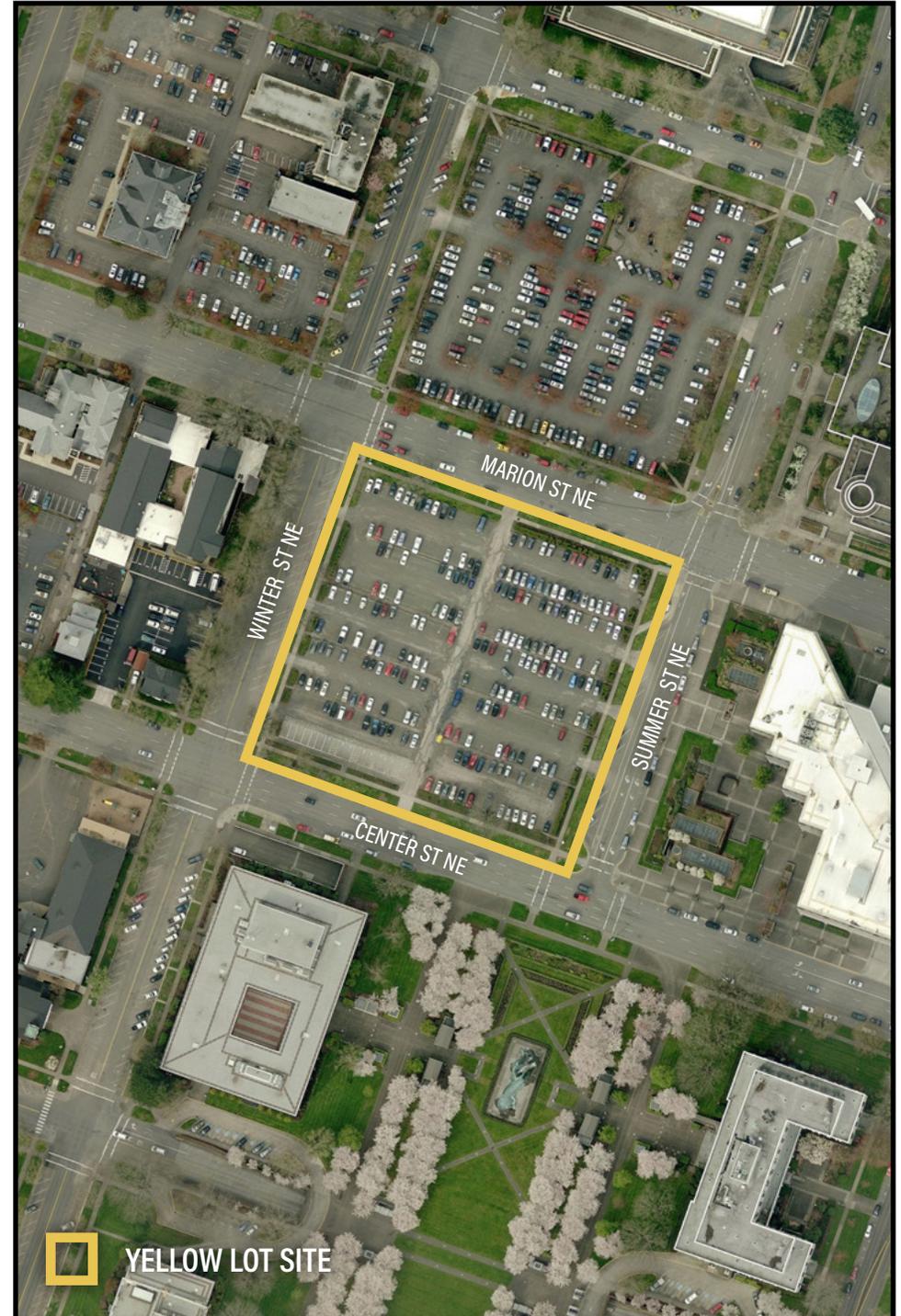
- 50-75 Years

TIME

- Planning 1.5 Years
- Construction 2 Years

GOAL ALIGNMENT

- 1A, 1B, 1C; 2A, 2B; 3B, 3C, 3D; 4C



REVENUE/RENOVATION

\$2,400,000

\$2.4M — 2019-21; \$2.6M — 2021-23

DESCRIPTION

Minimal renovation with no seismic improvements

PROGRAM/COST

• Exterior/Electrical/Interiors/Voice/Data \$2.4M

LIFESPAN

• 10 Years

TIME

• Planning .5 Year
• Construction 1 Year

ALTERNATES CONSIDERED

• Minimal renovation with collapse prevention (15 years) \$21M
• Full renovation with life safety seismic (30 years) \$80M
• Full renovation with I/O* seismic (30 years) \$130M

GOAL ALIGNMENT

• 1A; 3B, 3D



*I/O = Immediate Occupancy

L&I/RENOVATION

\$42,500,000

\$50.5M — 2021-23

DESCRIPTION

Full building renovation with immediate-occupancy seismic upgrade

PROGRAM/COST

- Restrooms/Electrical/Seismic/Interiors/Voice/Data \$42.5M

LIFESPAN

- 30 Years

TIME

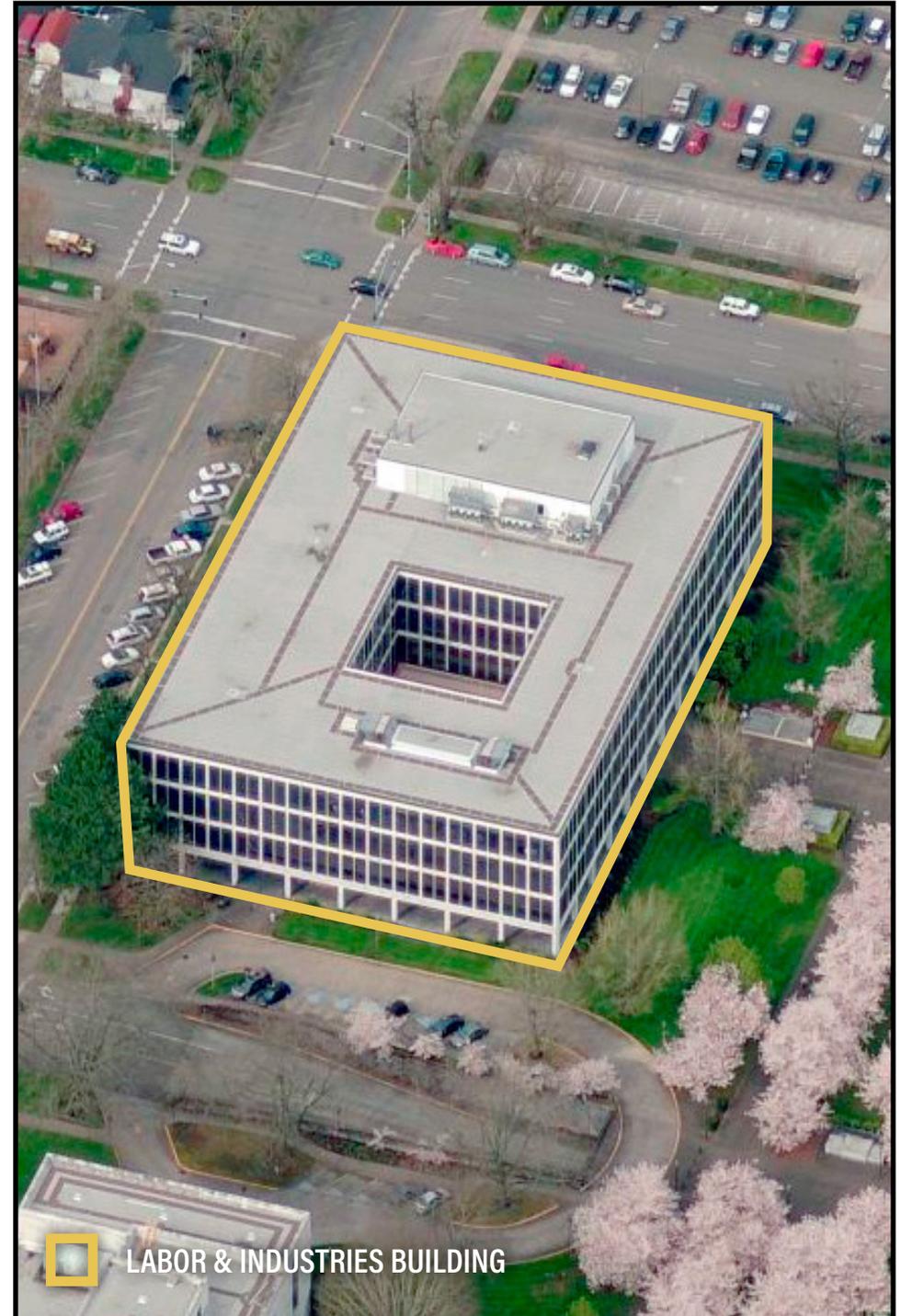
- Planning 1 Year
- Construction 2 Years

ALTERNATES CONSIDERED

- Partial renovation with life safety seismic \$20M

GOAL ALIGNMENT

- 1A, 1B, 1C; 3D



NEW/EXECUTIVE SITE

\$135,000,000

\$148M — 2023-25

DESCRIPTION

Construct a new facility on the current Executive Building site meeting operational seismic standards. The existing building and parking structure would be demolished.

PROGRAM/COST

- 265,000 GSF \$135M
- 950 Parking Stalls - Under Building \$35M

LIFESPAN

- 50-75 Years

TIME

- Planning 1.5 Years
- Construction 2 Years

ALTERNATES CONSIDERED

- Minimal renovation with I/O seismic (15 years) \$13.6M
- Full renovation with I/O seismic (30 years) \$27.5M

GOAL ALIGNMENT

- 1A, 1B, 1C; 2A, 2B; 3B, 3C, 3D; 4C

*I/O = Immediate Occupancy



NEW/REVENUE SITE

\$135,000,000

\$169M — 2027-29; \$192.5M — 2033-35

DESCRIPTION

Construct a new facility on the current Revenue Building site meeting operational seismic standards. The existing building and parking structure would be demolished.

PROGRAM/COST

- 265,000 GSF \$135M
- 950 Parking Stalls - Under Building \$35M

LIFESPAN

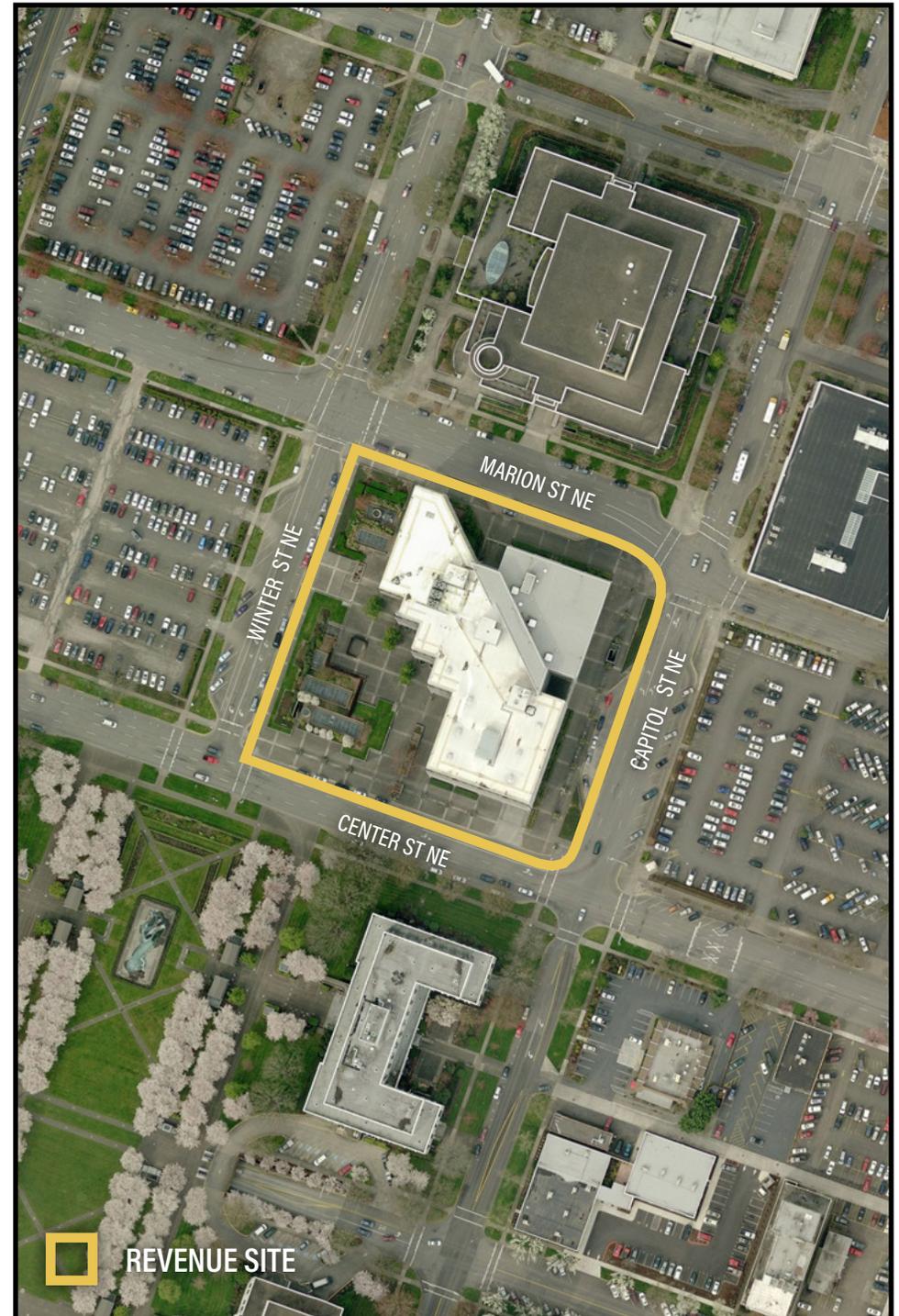
- 50-75 Years

TIME

- Planning 1.5 Years
- Construction 2 Years

GOAL ALIGNMENT

- 1A, 1B, 1C; 2A, 2B; 3B, 3C, 3D; 4C



PSOB/RENOVATION

\$21,146,000

DESCRIPTION

Partial renovation and security improvements. Renovation costs covered by PSOB tenants only through uniform rent surcharge

PROGRAM/COST

- Exterior/Roof/Electrical/Cooling/Interiors/Voice/Data \$21.1M

LIFESPAN

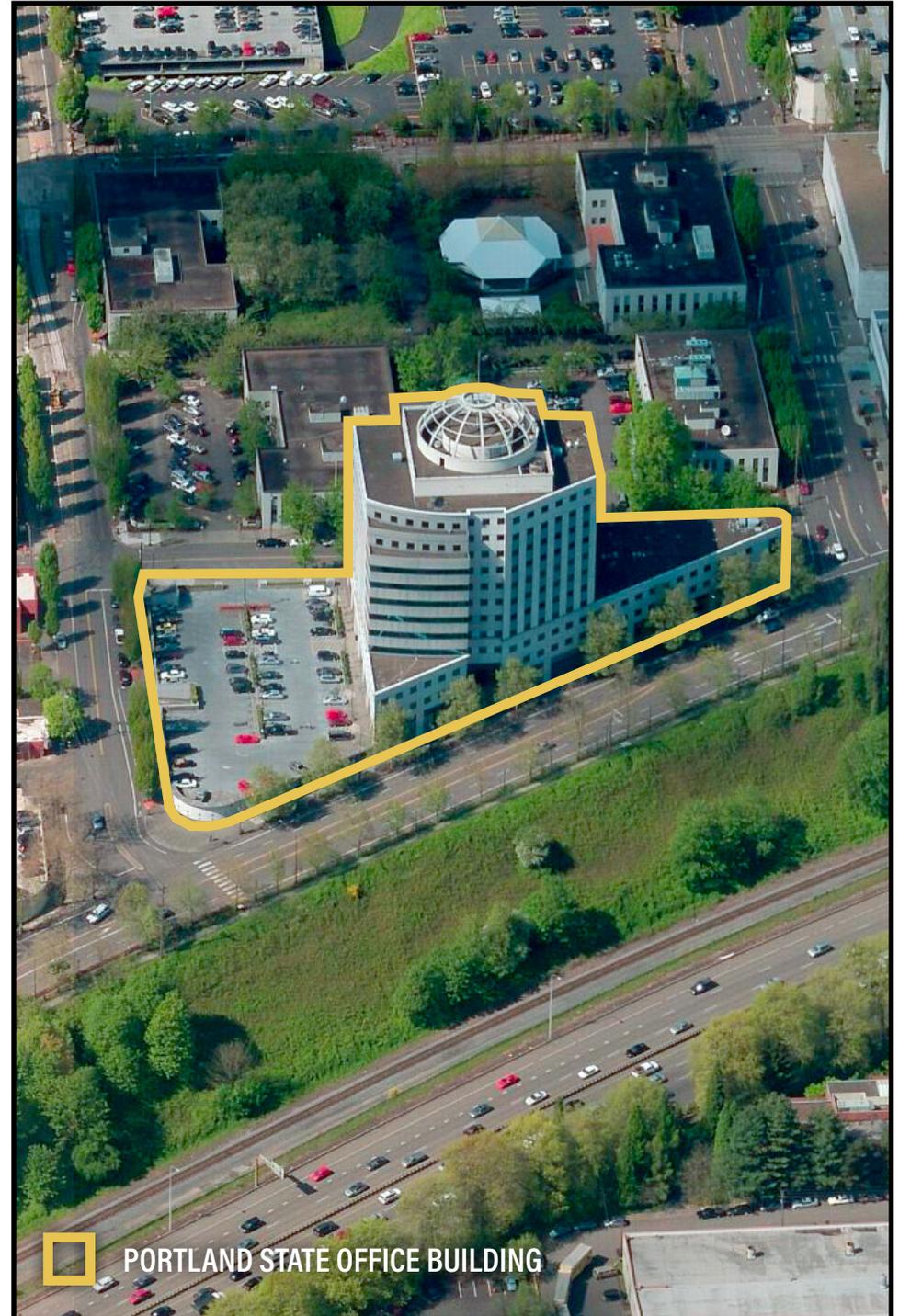
- 20 Years

TIME

- Construction 2 Years

GOAL ALIGNMENT

- 1A; 3D



WORKSPACE STRATEGY/

\$5,000,000

DESCRIPTION

A biennial program specifically targeting interior space modernizations

PROGRAM/COST

- Interior Modernization/Furnishings \$5M

LIFESPAN

- 20 Years

TIME

- Planning .5 year
- Construction Ongoing

GOAL ALIGNMENT

- 1B, 1C



 EXAMPLE: PORT OF PORTLAND

NEW/FUTURE CAMPUS

TBD

DESCRIPTION

Develop an off-mall or remote campus for agency consolidation

PROGRAM/COST

- TBD

LIFESPAN

- 50 Years

TIME

- Planning 2.5 Years
- Construction 2 Years

OPPORTUNITIES CONSIDERED

- Klamath Falls: DHS lease consolidation
- Bend: Natural resource agencies
- Salem: I-5 warehouse location
- Rural Campus: Newport/Brookings

GOAL ALIGNMENT

- 4A, 4B, 4C; Additional TBD



KLAMATH FALLS

NEW/LEASE SWING

\$26/RSF/YR

DESCRIPTION

A market built-to-suit in Salem-Keizer Region for immediate lease consolidation and swing space

PROGRAM/COST

- 100,000 GSF \$26/RSF

LIFESPAN

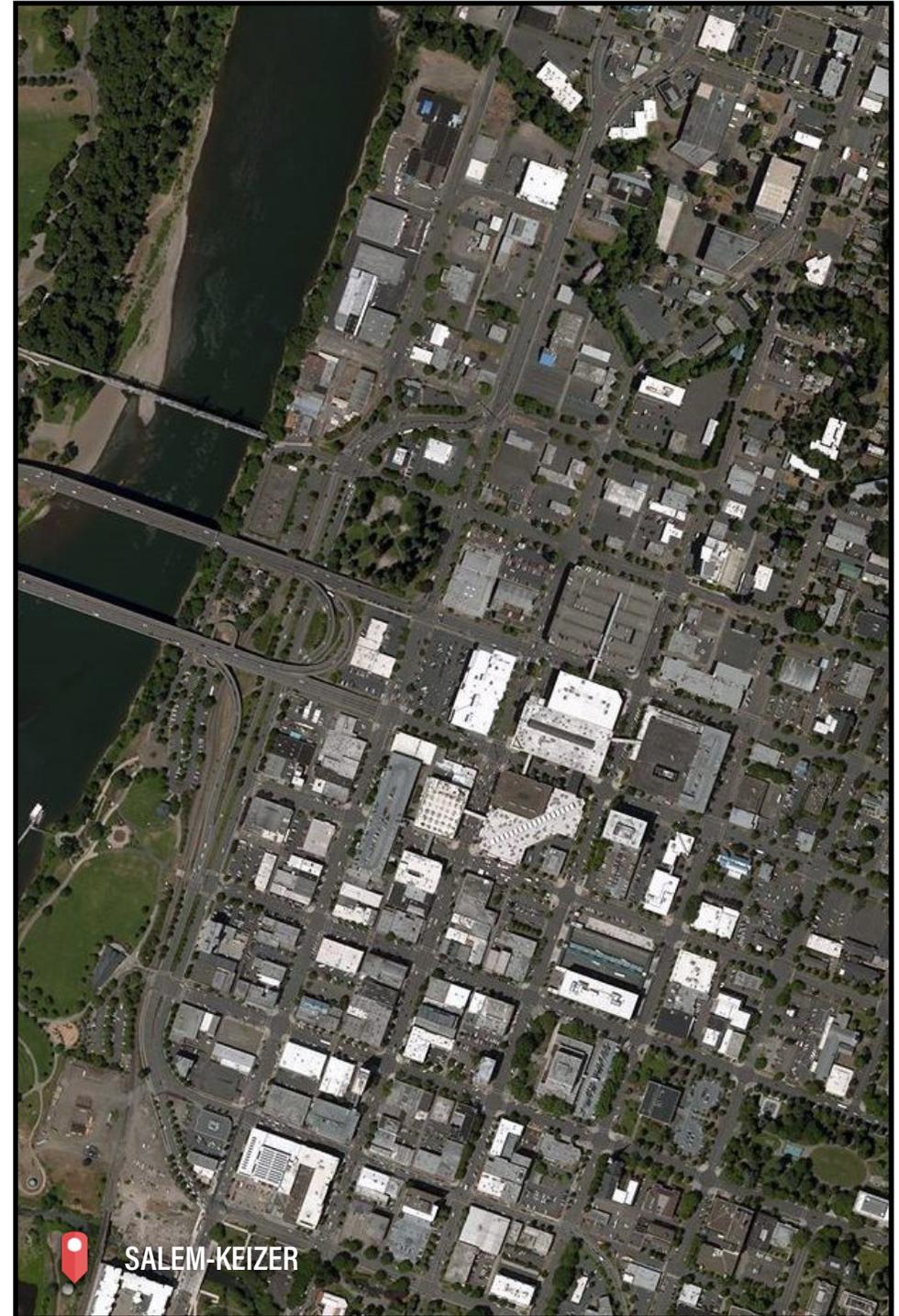
- 20 Years

TIME

- Planning 1 Years
- Construction 2 Years

GOAL ALIGNMENT

- 1A, 1B, 1C; 3C



Department of Administrative Services 2017-19 Biennium														DRAFT - WORKING COPY ONLY			
Policy Option Package Concepts																	
POP #	SCR	Division	Program	Title (44 Characters)	Description	Personal Services	Services & Supplies	Capital Outlay	Debt Service	Special Payments	Total	Positions	FTE	Assessment	Charge for Service	OH Transfer	GF
	060	EAM	Planning and Construction Management, Operations, Maintenance, and Real Estate Services	EAM Staffing	Positions needed for advancing recent enterprise-wide change initiatives migrating the enterprise to more efficient work environments, completing a growing queue of deferred maintenance and renovation projects for DAS and other agencies, and providing adequate service levels to our agency customers.	1,239,649	168,358	-	-	-	1,408,007	12	12.00	-	1,408,007	-	-
	060	EAM	Fleet Services	Agency Vehicle Requests	Establish funding primarily dedicated to meet agency requests for the new additional vehicles they need to accomplish their missions.	-	-	1,500,000	-	-	1,500,000	-	-	-	1,100,000	-	-
	060	EAM	Rent Program	Capital Investments	Increase monthly uniform rent rate from \$1.37 to \$1.55 to fund capital investment program below. Portland State Office Building monthly rent rate will be \$1.65. Increases S&S limitation to pay cost of issuing \$38 million in Article XI-Q bonds (phase 1 planning and construction costs).	-	973,451	-	-	-	973,451	-	-	-	7,643,716	-	-
	088	EAM	Capital Improvements	Capital Improvements	Capital improvement projects financed with Capital Project Fund (ORS 276.005) monies.	-	-	4,347,021	-	-	4,347,021	-	-	-	-	-	-
	089	EAM	Capital Construction	Capital Construction	Capital construction projects financed with Capital Project Fund (ORS 276.005) monies.	-	-	23,190,719	-	-	23,190,719	-	-	-	-	-	-
	089	EAM	Capital Construction	Capital Investments	Construction of a new 260,000 sq. ft. state office building in Salem and renovation of the Portland State Office Building. Also establishes a \$5.0 million dedicated revolving fund within the Capital Project Fund to assist with agency implementation of enterprise workplace strategy.	-	-	182,146,000	-	-	182,146,000	-	-	-	-	-	-
	094	EAM	Debt Service	Debt Service	Limitation to pay 2017-19 debt service costs for \$38 million in Article XI-Q bonds (phase 1 planning and construction costs).	-	-	-	2,564,193	-	2,564,193	-	-	-	-	-	-
Enterprise Asset Management Total						1,239,649	1,141,809	211,183,740	2,564,193	-	216,129,391	12	12.00	-	10,151,723	-	-

2017-19 Policy Option Narrative

ENTERPRISE ASSET MANAGEMENT

Policy Option Package (# TBD): Enterprise Asset Management Staffing

Companion Package: None

Purpose:

DAS EAM is responsible for facilities and leasing management for a combined 6 million square feet in buildings across the state. At present, DAS has more demand for services than it can meet. This staffing package focusses on positions needed for advancing recent enterprise-wide change initiatives migrating the enterprise to more efficient work environments, completing a growing queue of deferred maintenance and renovation projects for DAS and other agencies, and providing adequate service levels to our agency customers. DAS requests the following positions for the division's programs:

Planning and Construction Management:

- The buildings owned by the Department of Administrative Services and other state agencies continue to age and the deferred maintenance for state owned buildings continues to grow. We continue to receive requests from other agencies for help with Construction Project Management. There are also more DAS remodeling, renovation, and building upgrade projects than the current staffing level can accomplish. All of this has resulted in a rapid and constantly increasing demand for Construction Project Managers. Establishing permanent financing for the two LD's received at the beginning of 2015-17 and continuation of four more LD's created in later in the biennium will provide the project management resources needed to complete the pending project load. Continuation of the four LD's allows the program to get the workload done and to evaluate whether there is a need for more permanent staffing beyond 2017-19.

Operations:

- The EAM Custodial program had three managers to manage Salem and Portland staff of 52 custodians, along with overseeing the janitorial contract administration for seven buildings state-wide. One management position was eliminated as a budget reduction, leaving only two custodial managers responsible for 42 custodians. With the manager to staff ratio so high, assistance with the office workload is needed. Establishment of permanent financing for the Custodial Coordinator LD brought on for 2015-17 will provide enough administrative support to the Custodial program that will allow two managers to manage all 52 custodians and the program.
- The amount of labor required to maintain the grounds at DAS owned and operated buildings has increased over time. As building trees and plantings mature, it creates more cleanup, pruning and shearing. Many buildings are demanding more work to be maintained even though the landscape staffing has remained the same. These include, but are not limited to: State Data Center, State Motor Pool, Human Services Building (a.k.a. Barbara Roberts Building), Executive Building, Agriculture Building, North Mall Heritage District (NMHD) and Mahonia Hall (Governor's Residence). The addition of bio swales for storm water management at the Motor Pool and pending projects to address landscapes that require less water also increase workload. Establishment of permanent financing for the Grounds Maintenance Worker 1 LD brought on for 2015-17 is required in order to maintain our grounds at an acceptable level.

2017-19 Policy Option Narrative

ENTERPRISE ASSET MANAGEMENT

Maintenance:

- EAM eliminated our Portland building manager position as a budget reduction during the economic downturn. Since that time, the division has struggled to effectively manage service delivery at Portland State Office Building and our other Portland buildings. Establishment of permanent financing for the a current Limited Duration Maintenance and Operations Supervisor to oversee the maintenance and custodial programs will increase employee productivity, contract projects observed and inspected, and improve tenant relationships. This will result in a more cohesive work plan with the Salem area management team.

Real Estate Services:

- From July 1, 2013 to date, Real Estate Services has brokered hundreds of transactions that yielded significant cost avoidance for our client agencies. This was partially achieved by creating an Administrative Specialist 2 LD to assist the leasing staff and enable them to focus all of their efforts into the new business approach that is founded upon utilizing best industry practices and partnerships. The contract drafting subsection of Real Estate Services currently consists of one FTE. With over 300 leases and related contracts drafted annually, this function needs permanent, informed administrative support to meet the volume demand and ensure timely contract execution for all stakeholders, both within and outside of state government. DAS proposes establishing permanent financing for continued support of this vital work.
- At present, DAS has more demand for interior design and planning services than it can meet. Client agencies in both the private and public sector portfolios request DAS' design services with a forecasted demand for this service steadily increasing as agencies look to DAS to help them operationalize the new workspace strategies within their own organizations. Establishing one Interior Project Manager 2 and one Interior Project Manager 1 will be instrumental in helping agencies plan for efficiencies, the subsequent space design, coordinate moves, and facilitate furniture installations.

How Achieved:

Agencies rely on DAS EAM to provide the services and expertise they need to meet their facility needs. Approval of these positions allows the division program areas to meet the level of demand for services we are experiencing. In addition, the positions support the initiatives and long range goals the Executive Branch has for workplace strategies concerning space use and for managing our extensive owned and leased building assets.

In the last and current biennium, EAM brought on temporary and Limited Duration positions to explore the staffing levels needed to meet the workload. The proposed action makes most of the positions permanent and continues four as LD's. This mix of permanent and limited positions meets the need while allowing flexibility to discontinue the Project Managers in the future if enough projects are completed to sufficiently decrease the backlog of projects.

The Division considered a lower level of service and less effective management of the portfolio. However, this was deemed not in the best interest of state enterprise. Properly maintained facilities with workspaces designed to create efficient and effective delivery of state services to Oregonians will be best met by staffing the division adequately to meet the workload.

2017-19 Policy Option Narrative

ENTERPRISE ASSET MANAGEMENT

Staffing Impact:

060-02 Planning & Construction Management

- 1.00 FTE - Construction Project Manager 2 (OA C3268 AA, SR 30)
- 4.00 FTE - Construction Project Manager 2 (OA C3268 AA, SR 30) (Limited Duration)
- 1.00 FTE - Construction Project Manager 3 (MMN X3269 AA, SR 32)

060-03 Operations

- 1.00 FTE - Custodial Services Coordinator (OA C4103 AA, SR 13)
- 1.00 FTE - Grounds Maintenance Worker 1 (OA C4109 AA, SR 14)

060-04 Maintenance

- 1.00 FTE - Maintenance & Operations Supervisor (MMS X4046 AA, SR 27)

060-05 Real Estate Services

- 1.00 FTE - Administrative Specialist 2 (OA C0108 AA, SR 19)
- 1.00 FTE - Project Manager 1 (OA C0854 AA, SR 26)
- 1.00 FTE - Project Manager 2 (OA C0855 AA, SR 29)

Revenue Source:

060-02 Planning & Construction Management

- \$446,905 – Other Funds Limited, Other Charges for Services
(4 Limited Duration are position authority only)

060-03 Operations

- \$245,272 – Other Funds Limited, Rent

060-04 Maintenance

- \$199,640 – Other Funds Limited, Rent

060-05 Real Estate Services

- \$516,190 – Other Funds Limited, Other Professional Services

2017-19 Policy Option Narrative

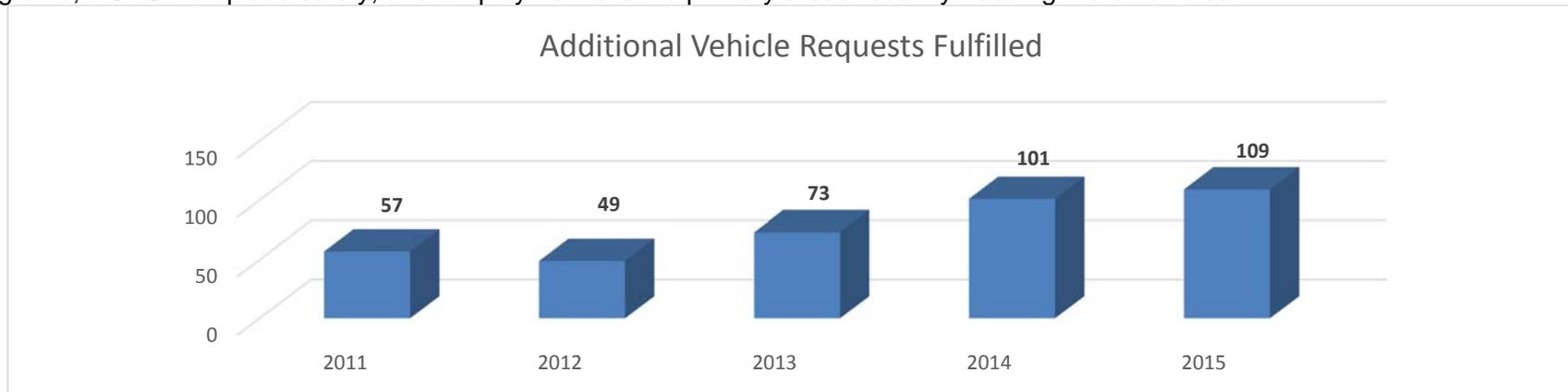
ENTERPRISE ASSET MANAGEMENT

Policy Option Package (# TBD): Agency Vehicle Requests

Companion Package: None

Purpose:

DAS seeks to establish funding primarily dedicated to meet agency requests for the new additional vehicles they need to accomplish their missions. Agencies rely on the DAS Fleet vehicles they use to deliver services across Oregon. DHS and public health workloads, DOC and OYA public safety programs, DCBS workplace safety, and Employment are the primary areas recently needing more vehicles.



The DAS Fleet vehicle capital outlay budget is based on replacement of the fleet as vehicle reach end of life due to accumulated miles, age, or mechanical failure. Each biennium, the program receives numerous requests from agencies and local government customers for additional new vehicles. DAS Fleet has met these requests in the current and previous biennia through a combination of delaying replacements and reallocating capital outlay funds, seeking limitation through E-board requests or rebalances, and spending down ending balances.

While allowing the program to meet customer vehicle needs, these actions have exacerbated the delayed replacements, ageing of the fleet, and increased repair costs resulting from the \$10 million reduction of 2009. Cash balances have been exhausted and are no longer a resource available to fund additional requests.

DAS needs additional funding to meet customer demand for vehicle resources.

How Achieved:

2017-19 Policy Option Narrative

ENTERPRISE ASSET MANAGEMENT

DAS proposes establishing \$1.5 million in limitation dedicated for purchase of the additional vehicles requested by agency and local government customers. Monthly rates on permanently assigned vehicles will need to be increased to raise the revenues required for the purchases. By lowering the 2017-19 ending cash balance build that is part of the revenue generated by the rates, DAS Fleet can self-fund \$400,000 of the \$1.5 million proposed vehicle purchases. This package will increase fleet rates by an additional \$1.1 million.

The main impact to agencies will be the increase in monthly rates. By lowering the 2017-19 ending cash balance build that is part of the revenue generated by the rates, DAS Fleet has minimized the increase needed to accomplish the POP. DAS projects that the ending cash balance combined with incoming revenues will still be sufficient for the program to purchase vehicle early in the following biennium as usual without generating any negative cash balance issues. Agencies will see an increase of \$22 more than the rates developed for our 2015-17 Current Service Level budget. Implementing the POP will actually return DAS Fleet to rate level consistent with those prior to the 2009 budget reduction, allow more optimal replacement of the fleet, and provide funding for agency additional vehicle requests.

Vehicle Type	2007-2009	2009-2011	2011-2013	2013-2015	2015-2017	2017-19 CSL, no POP	2017-19 with POP
SEDAN	\$295	\$296	\$250	\$197	\$197	\$246	\$268
7 PASSENGER MINI VAN (FWD)	\$280	\$286	\$256	\$203	\$203	\$287	\$309
PICKUP COMPACT 4X4	\$285	\$296	\$253	\$200	\$200	\$276	\$298
PICKUP 3/4 TON 4X4	\$345	\$321	\$313	\$260	\$260	\$328	\$350
SUV INTERMEDIATE	\$355	\$336	\$355	\$256	\$256	\$322	\$344
SUV Compact	N/A	\$321	\$286	\$233	\$233	\$295	\$317

In all request cases, DAS Fleet will continue to examine agency utilization of existing resources, history of prior requests, and how the requests align with the Legislative Assembly and the Governor's priorities for state government. Fulfillment of agency requests will be further prioritized as follows.

1. Vehicle needs identified during ARB will be logged and receive first priority. This will encourage agencies to plan ahead and identify vehicle needs at the proper time in the budget cycle.
2. Should more requests be received than funding available, DAS Fleet will make a recommendation to the Customer Utility Boards to gain agency input for the allocation of \$1 million in funding at the beginning of the biennium.
3. The remaining \$500,000 will be held until the start of the second fiscal year to meet any emergent requests that could not be identified before or at the beginning of the biennium.

2017-19 Policy Option Narrative

ENTERPRISE ASSET MANAGEMENT

4. Should any funding remain, DAS Fleet will spend it in the last six month of the biennium to replace existing vehicles. Vehicle types with excessive age and trend/history of mechanical failures will be targeted.

Staffing Impact: None

Revenue Source: \$1,100,000 Other Funds Limited, Fleet Vehicle Charges

	Uniform Rent Rate (per sq. ft. per month)					
	2015-17	2017-19	2019-21	2021-23	2023-25	
Baseline Projection						
Maintenance and Operations	\$ 0.88	\$ 0.82	\$ 0.86	\$ 0.90	\$ 0.95	Assumes 5% inflation per biennium Per CPF projections through 21-23 Per current schedules
Depreciation	0.30	0.37	0.43	0.42	0.42	
Debt Service	0.27	0.18	0.15	0.15	0.11	
	\$ 1.45	\$ 1.37	\$ 1.44	\$ 1.47	\$ 1.48	

Alternative 1

Workplace Strategy (establish revolving fund)		0.13	0.06			\$5.0 million - 4 year payback
Uniform Rent Capital Program						
Estimated debt service	-	0.05	0.35	0.60	0.75	25 yrs @ 5%, semi annual interest
Less: Parking Fund Transfer		(0.02)	(0.12)	(0.12)	(0.12)	
	<u>1.45</u>	<u>1.53</u>	<u>1.73</u>	<u>1.95</u>	<u>2.11</u>	
<i>Round up for 2017-19 price list</i>		<u>\$ 1.55</u>				

Alternative 1 plus surcharge (PSOB only)

PSOB \$21.146 million renovation						
Estimated debt service	-	0.11	0.43	0.49	0.49	"
	<u>1.45</u>	<u>1.64</u>	<u>2.16</u>	<u>2.44</u>	<u>2.60</u>	
<i>Round up for 2017-19 price list</i>		<u>\$ 1.65</u>				

DAS management approval per discussion on 1/29/16. Round up for price list and use difference for deferred maintenance.

Source file for type, size, location, and construction schedule: DAS Draft Alternates (parking included)_2-03-16.xlsx