

RECAP

Capital Projects Advisory Board

Meeting Date: March 11, 2022
Time: 10 am to Noon
Location: Virtual Public Meeting



Attendees: Robert Chandler
Bill Foster, Chair
Bill Messner, Vice Chair
Cynthia Wagner
Norman Wright
Bruce Johnson

Staff: Daniel Christensen, Department of Administrative Services (DAS)
George Naughton, Chief Financial Officer, DAS
Renee Klein, Capital Finance Manager, DAS

A. Board Administration

- **Chair Bill Foster** called the meeting to order at 10:00 a.m.
- Roll call determined a quorum. Bill Messner joined late.
- Norm Wright motioned approving Board minutes. Bruce Johnson seconded the motion. Board meeting minutes were unanimously approved.

B. Old Business

None

C. New Business

2023-25 CPAB Agency Kickoff

The meeting was organized as a kickoff to the 23-25 Statewide Facility Planning Process. All CPAB-reporting agencies were represented. Chair Foster led Board members in introductions, after which participating agency staff were asked to identify themselves.

The most principal facility staff from agencies were invited to the meeting for an overview of the process and expectations for completing the agency facility plans and presenting to CPAB.

Daniel Christensen presented the agency presentation schedule, which outlined agency presentation groups, the date agency facility plans are to be submitted to DAS, and the presentation date. All agencies are divided into groups with five agencies presenting per group. Each group is organized by agency size and complexity. Agencies with more complex portfolios will be presenting in July 2022, giving them more time to prepare.

Daniel reviewed the plan submission requirements:

- Agency Facility Plan Workbook that includes five budget documents
- Agency Facility Plan Presentation consisting of all pertinent content elements as described in the 2023-2025 Agency Facility Plan Presentation Guidelines
- Agency cover memo

Daniel Christensen will develop a presentation template to help agencies who need guidance. Agencies will create their own memos on their agency letterhead, and include information outlined in the plan submission requirements document.

Daniel Christensen will email a package of Agency Facility Plan information to agencies. He will set up meetings with agencies to work through requirements as well. Many agencies have new principal staff due to turnover. There are agencies that have no experience with the process, adding a new complexity to this process.

Daniel Christensen provided a plan presentation overview, stating that agency presentations should be efficient with time, concise, and clearly state basic components of supporting agency goals and needs. The emphasis should be on communicating information useful to CPAB for evaluating and reviewing plans.

New this year, agencies will need explain how their facility risks are identified and mitigated. The range of risks are expanded. Additionally, plans will incorporate climate change adaptation strategies. Examples of risks and adaptation strategies will be provided by Daniel.

The biggest change from the previous Statewide Facility Planning Process is that presentations will need to illustrate an agency's facility stewardship trend by providing portfolio Facility Condition Index (FCI) for three biennia—the currently proposed biennium, and the two previous.

For Major Construction/Acquisition Projects over \$1M agencies need to distinguish how the project eliminates or offsets deferred maintenance, capital renewal and seismic mitigation needs.

Daniel Christensen will provide this as a template to agencies with relevant projects.

Michael Elliott from Oregon Department of Education asked how best to calculate the FCI, given the data challenges with the loss of iPlan—particular FCI from previous biennia. Daniel replied that the FCI can be calculated manually using the data we have, which is the best available for this process. Paul Ehenger from Oregon Youth Authority suggested that agencies could use the FCI in their last two biennia plans.

Daniel continued to outline the criteria CPAB will use to review the plans. Daniel illustrated various risks agencies should plan for, and any relevant climate adaption strategies they will use in the future.

Daniel stated the Major Project Review Checklist is for projects over \$1M. Daniel stated that CPAB has been exploring the idea of project phasing and denoted it has now been simplified to being in a planning phase or an imminent construction phase. This distinction helps DAS understand which projects are most ready to be executed.

Daniel stated he will send all review documents and templates out the week of March 14, 2022.

Oregon Administrative Rule Update

Chair Foster introduced the next topic of discussion, the Oregon Administrative Rule (OAR) 125-125. Daniel shared the current OAR, and a version that has separated CPAB-specific duties from what should be attributed to the Capital Planning Commission (CPC). CPAB will work with the CPC to resolve the OAR issue for what is relevant to CPC.

Daniel stated the current OAR 125-125 would be broken up into two sections, one being assigned to CPAB and the other assigned to CPC. The text in the rule assigns everything to CPAB. The draft revised version removes the Salem Area Project Review function from the CPAB section. Additionally, Daniel noted that since the current rule was adopted, there has been a numerical shift in rules and statutes; the draft text has been updated to reflect this.

Cindy Wagner asked if there is any relationship between CPC and CPAB anymore. Daniel replied yes—in a sense. CPAB reviews projects more than \$1M and CPC reviews projects within the Salem and Keizer area.

More generally, CPAB focuses on the budget process, while CPC is concerned with area plans, which are design oriented. There are development policies that agency projects must follow.

Chair Foster said the CPC was established in 1949. CPAB was created by the legislature in the late 1990s. CPC was then decommissioned. CPC's roles were integrated into CPAB and two members from the City of Salem were added to CPAB. Years later the CPC was reestablished. However, the original OAR integrates CPC with CPAB. Their respective rules need to be sorted out. The function of CPC is land use within the City of Salem and the immediate area.

Daniel asked if the Board would prefer to examine this as a group or establish a subgroup and have them review the OAR and report back to CPAB. Board members indicated a subgroup would be preferred. Daniel noted that any subgroup cannot have so many members as to constitute a quorum, thus requiring a public meeting.

Bruce Johnson, Bill Foster, and Bill Messner agreed to serve on the subgroup. George Naughton stated that there is no timing associated with this process.

Chair Foster then adjourned the meeting.

- **Public Testimony – None**

D. Other Issues

None

Next meeting:

April 8, 2022

10am to Noon

Virtual Public Meeting

AGENDA

Capital Projects Advisory Board



Members

Bill Foster
Chair

William Messner
PGE
Vice Chair

Ben Kaiser
Kaiser+Path

Norman Wright
City of Salem
Community
Development

Robert Chandler
City of Salem
Public Works

Bruce Johnson
Higher Education
Coordinating
Commission

Cynthia Wagner
Salem Health

Meeting Date: Friday, April 8, 2022

Time: 10 am to Noon (or, as needed)

Location: Virtual Public Meeting
(See meeting access information on the following page)

ITEM	PRESENTER	TIME	ACTION
A. Board Administration			
<ul style="list-style-type: none"> Virtual Meeting Technology Test/Troubleshoot Call to Order Roll Call/Determination of Quorum Approval of Previous Meeting Minutes 	Chair/DAS Staff	10:00 am – 10:10 am	Approval
B. Old Business			
<ul style="list-style-type: none"> None 			
C. 2023-25 Agency Facility Plan Presentations			
<ul style="list-style-type: none"> Oregon Department of Agriculture 	ODA Staff	10:10 am – 10:30 am	Acceptance
<ul style="list-style-type: none"> Department of Aviation 	Aviation Staff	10:30 am – 10:50 am	Acceptance
<ul style="list-style-type: none"> Department of State Lands 	DSL Staff	10:50 am – 11:10 am	Acceptance
<ul style="list-style-type: none"> Oregon Department of Education 	ODE Staff	11:10 am – 11:30 am	Acceptance
<ul style="list-style-type: none"> Public Employees Retirement System 	PERS Staff	11:30 am – 11:50 am	Acceptance
D. Other Issues			
<ul style="list-style-type: none"> Agency Plans – Board Discussion 	Chair/DAS Staff	11:50 am – Noon	Discussion/ Recommendations
<ul style="list-style-type: none"> Close/Adjourn 	Chair	Noon	None

Next meeting:
April 8, 2022
10 am to Noon
Virtual Public Meeting

For more information, contact: Daniel Christensen daniel.christensen@das.oregon.gov (503) 930-0765

AGENDA

Capital Projects Advisory Board – April Virtual Public Meeting Information



Topic: Capital Projects Advisory Board (CPAB)- April Meeting
Time: Apr 8, 2022 10:00 AM Pacific Time (US and Canada)

Join Zoom Meeting

<https://us02web.zoom.us/j/82619742634?pwd=bFlyTW9MVUtrS1pRSWRncHVxYXJaUT09>

Meeting ID: 826 1974 2634

Passcode: 1FwjRG

One tap mobile

+16699006833,,82619742634#,,,,*138203# US (San Jose)

+12532158782,,82619742634#,,,,*138203# US (Tacoma)

Dial by your location

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+1 253 215 8782 US (Tacoma)

+1 346 248 7799 US (Houston)

+1 929 205 6099 US (New York)

+1 301 715 8592 US (Washington DC)

+1 312 626 6799 US (Chicago)

Meeting ID: 826 1974 2634

Passcode: 138203

Find your local number: <https://us02web.zoom.us/j/82619742634?pwd=bFlyTW9MVUtrS1pRSWRncHVxYXJaUT09>



CAPITAL PROJECTS ADVISORY BOARD 2023-25 Agency Plan Submission Requirements

PLAN SUBMISSION REQUIREMENTS

In accordance with ORS 276.227 and OAR 125-125-0150, the following materials must be submitted by email to DAS staff by the end of business on the date provided in the CPAB plan presentation schedule, or a minimum of two weeks prior to the agency's presentation date.

1. Agency Facility Plan Workbook, including the following completed budget documents:
 - 107BF02 (Facility Planning Narrative)
 - 107BF16a (Facility Summary)
 - 107BF16b (Facility Operations and Maintenance/Capital Improvements)
 - 107BF11 (Major Construction/Acquisition Project)
 - 107bf13 (10-Year Space Needs Summary)
2. Agency Facility Plan Presentation consisting of all pertinent content elements as described in the 2023-25 Agency Facility Plan Presentation Guidelines.
3. A cover memo (presented on agency letterhead) stating the following:
 - What the agency has accomplished with respect to facility stewardship and planning during the 2021-23 biennium
 - What changes the agency has experienced over this period and their impact on current and future facilities
 - What the agency's 2023-25 facility plan will accomplish
 - A brief description and cost estimate for any major construction/acquisition project.



CAPITAL PROJECTS ADVISORY BOARD

2023-25 Agency Facility Plan Presentations

PLAN PRESENTATION OVERVIEW

In accordance with ORS 276.227 and OAR 125-125-0150, the Capital Projects Advisory Board (CPAB), with the assistance of Department of Administrative Services (DAS) staff, provides the DAS Director with advisory information and recommendations in support of the Governor's Recommended Budget (GRB).

The State of Oregon has a decentralized facility planning process. Each agency is responsible for planning and identifying needs to properly maintain their facilities. Per statute, agencies must submit agency facility plans to DAS each biennium as part of the Statewide Facility Planning Process. The process is intended as a common framework for evaluating agency capital funding requests to best protect state's capital assets; ensure rational, data-driven investment decisions; and provide facilities that help deliver responsive government services.

Agency facility plans must be presented to CPAB prior to submitting capital requests as part of the statewide budget development process. DAS outlines a presentation schedule for each agency, generally occurring during a monthly CPAB meeting from April to July in the year preceding the biennial legislative session.

In addition, agencies with qualifying¹ major construction/acquisition projects must present project proposals to the Capitol Planning Commission (CPC), in accordance with ORS 276.059.

GENERAL AGENCY FACILITY PLAN PRESENTATION GUIDELINES

Agency presentations should...

- Be as brief as possible—though, this will depend on the agency portfolio size
- Be submitted/presented in reduced PDF format to ensure compatibility and efficient file size
- Include photos that visually support the content being presented

AGENCY FACILITY PLAN PRESENTATION CONTENT REQUIREMENTS

Agency presentations should clearly and concisely address how the plan...

- Supports the agency's overall mission, purpose, and strategic goals
- Identifies significant factors influencing the agency's facility needs
- Addresses the agency's long-term needs/capacity

¹ Projects \$1M or greater in total cost within the cities of Salem and Keizer, as described in ORS 276.054



CAPITAL PROJECTS ADVISORY BOARD 2023-25 Agency Facility Plan Presentations

- Considers alternatives for meeting the agency's needs (particularly major modernization projects)
- Supports effective stewardship of the agency's facilities
- Identifies/mitigates risks to the agency's facilities
- Incorporates climate change adaptation strategies where applicable

In addition, presentations must illustrate the agency's facility stewardship trend by providing their portfolio Facility Condition Index (FCI)² for the current year, and previous two consecutive biennia.

PLAN SUMMARIZATION

CPAB project review The Statewide Facility Planning Process provides a uniform approach to evaluating project funding based on how the project achieves three distinct plan dimensions: Facility Stewardship (Priorities 1-3), Resilience/Risk Mitigation (Priority 4), and Modernization (Priority 5).

AGENCY PLAN/PRIORITY SUMMARY

Agencies must present a cost summary that clearly addresses Deferred Maintenance (Priority 1), Capital Renewal (Priorities 2/3), Seismic/Risk (Priority 4), and Modernization (Priority 5). Modernization (Priority 5) should be shown as a net cost (less Priorities 1-4) to accurately account for priority-related costs since total Modernization project costs may include Priority 1-4 project work in their scope. This allows agencies to demonstrate how modernization projects can effectively address these other priorities. Example I below provides a hypothetical summary of plan costs by priority that should be used in agency plan presentations.

Example I – Agency Plan/Priority Summary

Agency Plan Summary	DM/Life Safety (Priority 1)	Capital Renewal (Priority 2)	Capital Renewal (Priority 3)	Seismic/Risk (Priority 4)	Modernization (Net Priority 5) ³	Total
DM/CR	\$20M	\$15M	\$10M	\$0	\$0	\$45M
Resilience/Risk	\$0	\$0	\$0	\$5M	\$0	\$5M
Modernization	\$0	\$0	\$0	\$0	\$40M	\$40M
Total	\$20M	\$15M	\$10M	\$5M	\$40M	\$90M

² Facility Condition Index (FCI) = Deferred Maintenance + Capital Renewal/Current Replacement Value

³ Priority 5, less project-related Priority 1-4 costs



CAPITAL PROJECTS ADVISORY BOARD 2023-25 Agency Facility Plan Presentations

MAJOR CONSTRUCTION/ACQUISITION PROJECTS (PRIORITY 5)

Major Construction/Acquisition project costs should be allocated by the funding amount directed toward each of the following plan dimensions: Facility Stewardship (Priorities 1-3), Resilience/Risk Mitigation (Priority 4), and Modernization (Priority 5). A project may address multiple dimensions— for instance, a facility renovation project may eliminate a portion of deferred maintenance and allow for a seismic rehabilitation in one execution. Distributing project costs in this manner provides added transparency and illuminates a project’s effectiveness at addressing multiple funding priorities. Example II illustrates a hypothetical project summary that should be included in agency plan presentations for all major construction/acquisition projects⁴.

Example II — Major Construction/Acquisition Project Summary

Project Name ⁵	Total Cost ⁶	DM/CR ⁷	Resilience ⁸	Modernization ⁹	Phase ¹⁰
Office Building Remodel	\$50M	\$10M	\$5M	\$35M	Planning/Design
New Headquarters	\$75M	\$25M	\$25M	\$25M	Construction

⁴ Projects \$1M and greater in total cost (see 2023-25 Budget Instructions for additional information)

⁵ Project name must reflect those listed in the “Modernization” project summary tab. A project may address numerous actions that combine to equal the total cost.

⁶ Total cost is the requested total project cost (Priorities 1-4, Net Priority 5).

⁷ Subtotal of all Priorities 1-3 actions that comprise the total project cost.

⁸ Subtotal of all Priority 5 actions that comprise the total project cost.

⁹ Subtotal of “net” modernization costs (Total Cost, less Priorities 1-4)

¹⁰ Current project phase (Phase I – Planning/Design or Phase II – Construction)



CAPITAL PROJECTS ADVISORY BOARD

2023-25 Agency Major Project Review Checklist

AGENCY:			
PROJECT NAME:			
Is the project supported by the agency's strategic facility/master plan?	Y	N	N/A
Does the project adequately address the stated purpose/need?	Y	N	N/A
Has the agency evaluated other alternatives?	Y	N	N/A
Is the agency's preferred alternative reasonable?	Y	N	N/A
What is the current project phase?	P ¹	C ²	N/A
Has the agency identified/secured an appropriate project site?	Y	N	N/A
Is the total project cost reasonable?	Y	N	N/A
Does the project mitigate a risk(s) to the agency's facilities?	Y	N	N/A
Does the project implement climate change adaptation strategies?	Y	N	N/A
Does the agency have sufficient capacity to execute the project?	Y	N	N/A

¹P – Planning/Design

²C – Construction



CAPITAL PROJECTS ADVISORY BOARD

2023-25 Agency Plan Review Checklist

AGENCY:			
Does the plan support the agency's overall mission, purpose, and strategic goals?	Y	N	N/A
Does the plan adequately convey significant factors influencing the agency's facility needs?	Y	N	N/A
Does the plan adequately address the agency's long-term needs/capacity?	Y	N	N/A
Considers reasonable alternatives for meeting the agency's needs?	Y	N	N/A
Indicates a trend of effective stewardship? ¹	Y	N	N/A
Identifies/mitigates risks to agency's facilities? ²	Y	N	N/A
Incorporates climate change adaptation strategies where applicable? ³	Y	N	N/A



CAPITAL PROJECTS ADVISORY BOARD 2023-25 Agency Plan Review Checklist

¹HOW CAN WE MEASURE EFFECTIVE STEWARDSHIP?

Over the past several biennia, DAS has used the facility condition index (FCI) as a proxy measure in evaluating an agency's portfolio stewardship. FCI is an expression of an agency's facility maintenance need relative to its current replacement value (CRV). A higher percentage FCI indicates facilities in poorer condition. The following scale provides a general guideline for interpreting FCI as a measure of effective stewardship:

FACILITY CONDITION INDEX (FCI)

- 0-5% — Good Condition
- 5-10% — Fair Condition
- 10-60% — Poor Condition
- >60% — Very Poor Condition

An agency's portfolio FCI can vary from biennium to biennium depending on the scheduled needs. Each facility plan provides three FCI metrics: current year, as planned (with requested funding), and 10-year (unfunded). These three metrics provide short and long-range indicators of effective stewardship.

²WHAT RISKS SHOULD AGENCIES PLAN FOR?

- Natural Hazards (e.g. seismic, tsunami, flooding, slide, erosion, wildfire)
- Energy reliability (e.g. electricity, fuel)
- Social (e.g. political unrest, terrorism, violence)
- Economic (e.g. funding, affordability)
- Health and Safety (e.g. pandemic, supply-chain, access)

³WHAT ARE EXAMPLES OF CLIMATE CHANGE ADAPTATION STRATEGIES?

- Efficient location/telecommuting
- Adaptive reuse
- Sustainability (e.g. greenhouse gas reduction, energy efficient design)
- Disaster preparedness
- Migration planning (e.g. climate refugees/population change)
- Resource Reductions (e.g. water, energy, human)