

EEO

87

Alaska House of Representatives

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Chairperson
Transportation Committee

Military and Veterans
Affairs Committee

Member,
Finance Committee
Bush Caucus
Majority Whip

Eighteenth Legislature

HOUSE TRANSPORTATION COMMITTEE
TUESDAY, FEBRUARY 2, 1993

COMMITTEE AGENDA:

EXECUTIVE ORDER 87 - MOVING STATE FACILITY LEASING AND MANAGEMENT FUNCTIONS FROM THE DEPARTMENT OF ADMINISTRATION AND OTHER AGENCIES TO THE DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES.

I N D E X:

- I. FACT SHEET - EO 87
- II. LETTER, DATED JANUARY 11, 1993 TO THE HOUSE SPEAKER FROM THE GOVERNOR.
- III. EXECUTIVE ORDER 87
- IV. NEWSLETTER - FACILITIES MANAGEMENT UPDATE
- V. FISCAL NOTES - DATED 1/11/93 - 1. DOT&PF, 2. ADMIN. (GENERAL SERVICES), 3. ADMIN. (LEASING & FACILITIES)

Alakanuk, Chevak, Elim, Emmonak, Gambell, Golovin, Hooper Bay, Kotlik, Koyuk, Marshall, Mekoryuk, Mountain Village, Newtok, Nightmute, Nome, Pilot Station, Pitha's Point, Russian Mission, St. Mary's, St Michael, Savoonga, Scammon Bay, Shaktoolik, Sheldon Point, Stebbins, Toksook Bay, Tununak, Unalakleet, White Mountain

Staff: Elizabeth Walters, Jeannie Smith, Dr. Larry La Bolle

FACILITIES MANAGEMENT MERGER

Executive Order 87

- Approximately 250 employees are expected to be involved in the merger. These are existing maintenance personnel, design and construction project managers, leasing procurement officers, and administrative support personnel.
- Approximately 90 of these personnel exist in DOT&PF now, the remainder will merge from other departments.
- No personnel are expected to relocate to another community, but about 30-40 personnel may change building location.
- A rent structure to convert existing buildings maintenance funding to rent can be developed during FY94 and implemented in FY95 budget.

According to an inventory compiled in 1989, the state owns 7.5 million square feet of space, managed and maintained by personnel in ten departments. This does not include 4.7 million square feet of space occupied by the University system, or buildings owned by the international airports or State Authorities.

The FY93 budget appropriates approximately \$65 million to perform maintenance and related operations functions for the 7.5 million square feet. An additional \$39 million is appropriated to all branches of government for lease space payments.

One time costs: An estimate for costs associated with establishing consolidated facilities management is being developed. It is expected to be less than \$200,000.

Short-term costs and long-term projected savings: If we use appropriated capital funds to reduce energy consumption, savings accrued to the operating budget can be applied to elimination of the deferred maintenance backlog and compliance with physical requirements of the ADA. In FY93 DOT/PF will hire an energy management person to work with maintenance personnel to develop a plan for reducing energy consumption in our buildings. In FY93 \$2 million was appropriated to DOT/PF for energy and code upgrade. Additional amounts are requested in the FY94 capital budget for energy management as well as for ADA compliance.

The merger will prevent additional expense to the budget. It will be less costly to comply with ADA and code upgrade requirements with consolidated management than if many agencies are each separately responsible.

Information listed below is available:

- | | |
|--|---------------------------------|
| • Business Plan | • Interim Management Plan |
| • Merger Impacts Analysis | • Transition Workplan |
| • <u>Facility Management UPDATE</u> (newsletter) | • Protection of Building Assets |
| • Efficiency Team summary recommendations | • FY93 budget analysis |
| • Research Summary: Facility Management Models | |

Please contact Kit Duke (562-2728) or Katy McHugh (465-3904) for a copy of any desired document.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 11, 1993

The Honorable Ramona L. Barnes
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Speaker Barnes:

Under the authority of art. III, sec. 23, of the Alaska Constitution, I am transmitting an Executive Order relating primarily to the leasing of space for state agencies and the allocation and maintenance of space in state facilities.

The Order transfers, from the Department of Administration (DOA) to the Department of Transportation and Public Facilities (DOT/PF), the authority to execute leases for state facilities and to allocate space among state agencies. The Order also consolidates facilities management activities of the Department of Corrections (DOC) (related to prison industries) and the Department of Health and Social Services (DHSS) (related to juvenile corrections facilities) in DOT/PF.

These transfers of authority are necessary to allow the state to manage its leasing activities consistent with the long-term management of all of its public facilities. Under existing law, DOT/PF has broad authority to plan, construct, and manage state-owned facilities. However, many state agencies are housed in buildings leased from the private sector. Under the Executive Order, the private sector will still play a critical role in providing space for state agencies. What will change is the way the state analyzes leases of space and reaches its leasing conclusions. The result will be "smarter" decisions that better consider the state's long-term needs and ensure that the state gets the best bargain for its money.

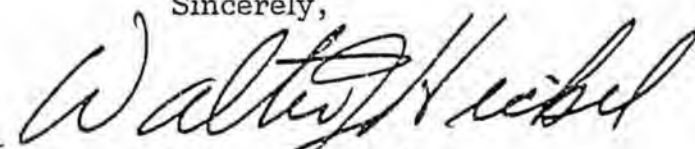
The Order also transfers to DOT/PF from DNR the disposal authority for lands acquired by DOT/PF under AS 35.20.010 - 35.20.070. This transfer is appropriate for consolidated facilities management because it enhances the state's ability, without increased administrative expense, to participate in modern leasing mechanisms. Under the Order, one agency, DOT/PF, will be responsible for land acquisition for public facilities and for procurement of the facilities, either through construction or leasing. Under one common technique for leasing

The Honorable Ramona L. Barnes
January 11, 1993
Page 2

buildings, the lessee conveys land to a developer, who constructs a building that the lessee then occupies under a lease/purchase agreement. Under existing authority, the state could use this technique only if DOT/PF acquired the land, DOA selected the lessor, and DNR conveyed interests in the land to the developer. This process is greatly simplified under the Order and will enable this type of conveyance to occur in a timely fashion at reduced cost, while still protecting the public interest.


The transfers made by this Executive Order will consolidate and streamline the state's facilities management activities. These transfers further the public interest and lead to a more intelligent use of the state's financial resources.

Sincerely,

A handwritten signature in cursive script, reading "Walter J. Hickel". The signature is written in dark ink and is positioned above the printed name and title.

Walter J. Hickel
Governor

Facilities Management **UPDATE**



Volume 1, No. 1 January 1993

Welcome to the first edition of *FACILITIES MANAGEMENT UPDATE*. We will be using this newsletter routinely to bring you up to date on the merger of facilities management within state government.

Why is this merger being done? ASFA and the Governor's Efficiency Task Force have urged that a better job of asset protection and building management be done. The task force recommended consolidation of the various state buildings management functions into a single organization.

What is being done? Merging all state building management functions under single leadership; including operations and maintenance, leasing, space management and design and construction.

Who is in charge? The Commissioners of Administration and Transportation and Public Facilities were tasked with addressing this recommendation. Kit Duke, DOT&PF Assistant Commissioner was appointed to head up this effort. She has recruited a transition team to assist in researching and implementing the task force's recommendations. The team consists of nine individuals from six State agencies (see Page 4). We encourage you to speak with these representatives, and express your questions and concerns.

What are the goals? To maintain, manage and secure state facilities in a more cost effective and businesslike manner. Also to create a statewide perspective on state-owned facilities, their condition and what it costs to main-

tain and operate them.

When will this happen? The target date for the merger is July 1, 1993.

ENERGY MANAGEMENT

We must find the money to fund preventative maintenance. Chances are this money already exists in department budgets but is lost to inefficient mechanical systems and insufficiently insulated buildings. One of the areas we will focus on concerns the reduction of energy consumption within state-owned buildings.

The cost of basic heating, ventilation, and electrical needs are a fixed expense. If not efficiently controlled can consume a significant portion of an already strained maintenance operating budget. With existing technology and a common sense approach to conservation, relatively inexpensive modifications can be made to almost any facility that will result in eventual payback and funds to perform needed scheduled maintenance activities.

We intend to examine energy management systems including basic insulation and weather-stripping, window glazing, efficient HVAC (heating, ventilation and air conditioning) equipment, and lighting. DDC (Direct Digital Control) systems have already proven to offer substantial savings with minimal investment and such a system is capable of achieving optimum energy efficiency. Some manufacturers of DDC equipment go so far as

to offer creative financing packages whereby the purchase and installation of equipment is paid for out of energy cost savings.

WORKPLAN

To organize this effort and ensure an orderly transition, a draft workplan has been prepared. It includes 28 tasks in five emphasis areas and has been distributed to the transition team and members of the Alaska State Facilities Administrators, (ASFA). The five areas are: General Transition Issues, Employee Transfer Issues, Corporate Development Issues, Physical Plant Management Issues and Financial Issues.

WORKSHOP: 24 HOUR FACILITIES

Workshops were held November 23 and 24 with employees from the Dept. of Corrections, Health & Social Services, the Pioneer Homes and ASFA members. Guest speakers from British Columbia included Ray Parks, Facilities Manager, Ministry of Attorney General (similar to our Law & Corrections Departments) and Don Lebeter, Operations Superintendent from the British Columbia Buildings Corporation (BCBC).

Our guests were invited to explain the operations of their facilities management program. On November 24, we covered specifically how it applied to 24 hour facilities. British Columbia established their consolidated facilities management program, (British Columbia Buildings Corporation) fifteen years ago. Prior to that, facilities management was handled separately by each ministry (similar to the current state program). At the time of the merger, both guests were employed by the ministry. Since then Mr. Lebeter transferred to BCBC. Collectively, they have over 35 years of experience in corrections and fa-

ilities management.

Even though other states have merged their facilities management under similar programs, we chose the BCBC program to review in depth because of the similarities between Alaska and Canada; geographic and both have a large number of remote buildings. Those attending the workshop were able to voice concerns on how the merger would affect them, and draw on the experiences of our guest speakers. A detailed summary of issues was mailed to all participants and is available by request.

BETHEL MAINTENANCE COORDINATION PROJECT

One of the many challenges facing the new organization is the merger of existing multi-agency maintenance personnel and equipment. This project was conceived as a way to gather information on both the benefits and the problems of merging facility related resources. The project involves the departments of Corrections, Health & Social Services, Military & Veterans Affairs and Transportation & Public Facilities. Bethel was selected because of its size, the number of maintenance personnel from different agencies and the off road location.

An initial planning meeting was held in November to develop project parameters and goals. Detailed planning for the project began this month. Meetings will be held in February and the project will be underway by March 1. It will be monitored by facility managers from the agencies involved. Don Valesko, Business Manager, Local 71 is involved in the planning stages of the project as well as the progress review. Status reports will be provided in future editions of UPDATE.

DEPARTMENT TRANSITION PLANS

Each department will be asked to appoint an internal transition team, who will complete a transition plan. A transition plan outline is being developed and will be sent out in mid-January. These transition plans will provide us with department policies, budget status, financing/funding and data management of current facilities management programs. From this information, an action plan can be developed.

Development of transition plans is the first of many opportunities department program managers will have to give input to the merger.

QUESTIONS FROM YOU

1. If we transfer to the new agency, will we lose some of the benefits we now enjoy?

Employees will continue to be in the state employment system, with bargaining unit representation and will transfer to the new authority without a change in benefits.

2. Does the proposed merger involve some privatization of maintenance functions currently performed by state employees. Does this mean that some employees will lose their jobs?

We do not expect the level of maintenance workers to decrease due to the merger. There is a backlog of work, some of which may be contracted out; but it is agreed we cannot accomplish the required maintenance with fewer personnel.

3. Will the new organization require employees to relocate?

Employees will not be required to move from a community. Maintenance workers currently assigned to a facility are expected to remain reporting to and responsible for that facility. Over time, as deferred maintenance is taken care of, it is expected there will be less need for daily "crisis" response and that facilities with multiple maintenance personnel may be able to share these employees to accomplish preventative maintenance work at other facilities in a given community or region.

4. Has this new facilities organization been successful in other places?

Yes. Ex: The British Columbia Buildings Corporation, British Columbia, Canada (1977), (see related article, Page 1) and the States of Tennessee (1984) and Maryland.

5. Maintenance budgets are continually being cut to subsidize agency program needs. How will the new organization help solve this funding problem so that adequate preventative as well as emergency maintenance can be done?

Certain financial tools are necessary to ensure adequate funding. These include charging occupants rent for the use of space, a mechanism which allows us to collect and retain funding past fiscal year boundaries and a means to obtain capital for repair, replacement and code upgrade projects.

- The Executive Order establishing the new organization will be submitted to the Alaska State Legislature January 11, 1993.

The Legislature has 60 days for review and action.

- Kent Crandall, P.M., DOT&PF has awarded a contract to Charles Bettisworth & Co., Inc., to complete Inventory and Condition Surveys for state buildings. The surveys will provide an across the board representative sample of state owned facilities. Results will help determine the existing condition of the state's facilities, the extent of the deferred maintenance backlog, and the funding needed to correct identified code deficiencies.

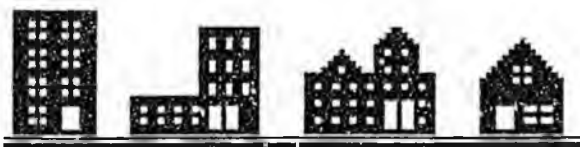
- Leann McGinnis has joined the transition team staff. She is responsible for several project communication tasks.

KIT DUKE'S MESSAGE

This merger is a major undertaking. Everyone's concern's and thoughts about making it a successful transition are important.

I have had occasion to meet with several groups of employees in Juneau and Anchorage, but we know those in other locations have many useful suggestions to offer about how we can be more effective.

We have received several notes and letters from maintenance personnel in several communities around the state. Please continue to contact me, Leann McGinnis or any of the Transition Team members with your suggestions.



TRANSITION TEAM MEMBERS

Cheryl Frasca, Deputy Director,
Office of Management & Budget
465-3568

Kathy Christy, Facilities Planner,
Dept. of Corrections
276-8122

Roger Patch, Director of Installations,
Dept. of Military & Veterans Affairs
428-6770

Newton Chase, Facilities Chief,
Dept. of Health & Social Services
465-3037

Janet Ignell, Human Resources Mgr.,
Dept. of Transportation/Public Fac.
465-4045

Jim Little, Buildings Maintenance Mgr.,
Dept. of Transportation/Public Fac.
451-2203

Boyd Brownfield, Director, D&C,
Dept. of Transportation/Public Fac.
266-1500

Dugan Petty, Director, GS&S,
Dept. of Administration, Leasing
465-2250

Representative: Vacant until Feb. 1993,
Administrative Directors Group

FISCAL NOTE

No. 1 V.
Bill Version: EO 87
(S) Publish Date: 1-11-93

Revision Date: _____ Department Affected: DOT&PF
Title: Executive Order: Consolidation of state
leasing, procurement and maintenance activities
for state buildings
for state buildings
Sponsor: Governor _____ Component:
Requestor: Governor _____ Component Serial Number:

EXPENDITURES REVENUES: (Thousands of Dollars)

| OPERATING | FY94 | FY95 | FY96 | FY97 | FY98 | FY99 |
|---------------------|------|------|------|------|------|------|
| PERSONAL SERVICES | . | . | . | . | . | . |
| TRAVEL | . | . | . | . | . | . |
| CONTRACTUAL | . | . | . | . | . | . |
| SUPPLIES | . | . | . | . | . | . |
| EQUIPMENT | . | . | . | . | . | . |
| LAND & STRUCTURES | . | . | . | . | . | . |
| GRANTS CLAIMS | . | . | . | . | . | . |
| MISCELLANEOUS | . | . | . | . | . | . |
| TOTAL OPERATING | . | . | . | . | . | . |
| CAPITAL | . | . | . | . | . | . |
| REVENUE FUND SOURCE | . | . | . | . | . | . |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|--------------------------|---|---|---|---|---|---|
| 1002 FEDERAL RECEIPTS | . | . | . | . | . | . |
| 1003 GF MATCH | . | . | . | . | . | . |
| 1004 GF | . | . | . | . | . | . |
| 1005 GF PROGRAM RECEIPTS | . | . | . | . | . | . |
| 1006 GF MHTA | . | . | . | . | . | . |
| OTHER | . | . | . | . | . | . |
| TOTAL FUNDING | . | . | . | . | . | . |

POSITIONS

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| FULL-TIME | . | . | . | . | . | . |
| PART-TIME | . | . | . | . | . | . |
| TEMPORARY | . | . | . | . | . | . |

Estimate of current year (FY93) impact: \$*

ANALYSIS: (Attach a separate page if necessary)

The reorganization of leasing, procurement and maintenance functions for state facilities will consolidate existing state responsibilities within the Department of Transportation and Public Facilities. The fiscal adjustments needed to implement this EO will be reflected in budget amendments for the Department of Administration and the Department of Transportation and Public Facilities. Detailed information reflecting all changes is being prepared by the departments.

Approximately \$31.2 million plus associated personnel and related costs will transfer from DOA to DOT/PF

Prepared by: Kel Duke
Division: Assistant Commissioner

Phone: 562-2728
Date: 1/6/93

Approved by Commissioner: Frank O. Durpin
Frank O. Durpin

Phone: 465-3900

Agency: Department of Transportation and Public Facilities

Date: 1/6/93

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STATE OF ALASKA
1993 LEGISLATIVE SESSION

No. 2
Bill Version: EO 87
(S) Publish Date: 1-11-93

Revision Date _____
Executive Order: Consolidation of State Leasing
procurement and maintenance activities for State buildings
Sponsor: Governor
Requester: Governor

Department Affected: Administration
BRU: General Services
Component: Purchasing
COMPONENT SERIAL NO. 60

Expenditures/Revenues

| OPERATING | FY 94 | FY 95 | FY 96 | FY 97 | FY 98 | FY 99 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | . | . | . | . | . | . |
| TRAVEL | . | . | . | . | . | . |
| CONTRACTUAL | . | . | . | . | . | . |
| SUPPLIES | . | . | . | . | . | . |
| EQUIPMENT | . | . | . | . | . | . |
| LAND & STRUCTURES | . | . | . | . | . | . |
| GRANTS, CLAIMS | . | . | . | . | . | . |
| MISCELLANEOUS | . | . | . | . | . | . |
| TOTAL OPERATING | . | . | . | . | . | . |

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| CAPITAL | . | . | . | . | . | . |
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| REVENUE | . | . | . | . | . | . |
| FUND SOURCE: | . | . | . | . | . | . |

| FUNDING | FY 94 | FY 95 | FY 96 | FY 97 | FY 98 | FY 99 |
|--------------------------|-------|-------|-------|-------|-------|-------|
| 1000 Federal Receipts | . | . | . | . | . | . |
| 1003 GF Match | . | . | . | . | . | . |
| 1004 GF | . | . | . | . | . | . |
| 1005 GF Program Receipts | . | . | . | . | . | . |
| 1008 GF MHTA | . | . | . | . | . | . |
| OTHER | . | . | . | . | . | . |
| TOTAL | . | . | . | . | . | . |

| POSITIONS | FY 94 | FY 95 | FY 96 | FY 97 | FY 98 | FY 99 |
|-----------|-------|-------|-------|-------|-------|-------|
| FULL-TIME | . | . | . | . | . | . |
| PART-TIME | . | . | . | . | . | . |
| TEMPORARY | . | . | . | . | . | . |

Estimate of current year (FY93) impact: \$ 0

ANALYSIS (Attach a separate page if necessary) The reorganization of leasing, procurement and maintenance functions for State facilities will consolidate existing State responsibilities within the Department of Transportation and Public Facilities. The fiscal adjustments needed to implement this Executive Order will be reflected in budget amendments for the Department of Administration and the Department of Transportation and Public Facilities. Detailed information reflecting all changes is being prepared by the departments. Approximately \$250 0 in associated personnel costs will transfer from the Division of General Services to the Department of Transportation and Public Facilities

Prepared by Ducan Petty Director
Division General Services

Phone: 465-2250
Date: 1/7/93

Approved by Commissioner Nancy Bear Usher
Agency: Administration

Date: 1/2/93

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STATE OF ALASKA
1993 LEGISLATIVE SESSION

No. 3
Bill Version: EO 87
(S) Publish Date: 1-11-93

Revision Date: _____
Title: Executive Order: Consolidation of State leasing, procurement and maintenance activities for State buildings.
Sponsor: Governor
Requestor: Governor

Department Affected: Administration
BRU: Leasing and Facilities
Component: Leases

COMPONENT SERIAL NO. 81

Expenditures/Revenues:

| OPERATING | FY 94 | FY 95 | FY 96 | FY 97 | FY 98 | FY 99 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | . | . | . | . | . | . |
| TRAVEL | . | . | . | . | . | . |
| CONTRACTUAL | . | . | . | . | . | . |
| SUPPLIES | . | . | . | . | . | . |
| EQUIPMENT | . | . | . | . | . | . |
| LAND & STRUCTURES | . | . | . | . | . | . |
| GRANTS, CLAIMS | . | . | . | . | . | . |
| MISCELLANEOUS | . | . | . | . | . | . |
| TOTAL OPERATING | . | . | . | . | . | . |

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| CAPITAL | . | . | . | . | . | . |
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|----------------------|---|---|---|---|---|---|
| REVENUE FUND SOURCE: | . | . | . | . | . | . |
|----------------------|---|---|---|---|---|---|

FUNDING:

| | | | | | | |
|--------------------------|---|---|---|---|---|---|
| 1002 Federal Receipts | . | . | . | . | . | . |
| 1003 GF Match | . | . | . | . | . | . |
| 1004 GF | . | . | . | . | . | . |
| 1005 GF/Program Receipts | . | . | . | . | . | . |
| 1006 GF/MHTIA | . | . | . | . | . | . |
| OTHER 1007 I/A Rec | . | . | . | . | . | . |
| TOTAL | . | . | . | . | . | . |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | . | . | . | . | . | . |
| PART-TIME | . | . | . | . | . | . |
| TEMPORARY | . | . | . | . | . | . |

Estimate of current year (FY93) impact: \$ 0

ANALYSIS: (Attach a separate page if necessary.) The reorganization of leasing, procurement and maintenance functions for State facilities will consolidate existing State responsibilities within the Department of Transportation and Public Facilities. The fiscal adjustments needed to implement this Executive Order will be reflected in budget amendments for the Department of Administration and the Department of Transportation and Public Facilities. Approximately \$31.2 million will be transferred from the requested FY 94 Leases Component to the Department of Transportation and Public Facilities. Detailed information reflecting all changes is being prepared by the departments.

Prepared by: Duqan Petty, Director
Division: General Services

Phone: 465-2250
Date: 1/7/93

Approved by Commissioner: Nancy Bear Usery
Agency: Administration

Date: 1/7/93

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