

LONG RANGE CAPITAL PLANNING COMMISSION
Meeting Minutes
May 1, 2014
Freddie's BBQ and Steakhouse, 1:00 p.m.
1425 New Sapulpa Rd.
Sapulpa, Oklahoma

A meeting notice was filed with the Secretary of State and Agenda posted in accordance with the Open Meeting Act.

MEMBERS PRESENT: Jeffrey Davis, Partner, Acorn Growth Companies
Ted Fisher, Economic Development Director, City of Sapulpa
Charles Ford, President, Charles Ford Company
Grant Humphreys, President/CEO, The Humphrey's Company
Tad Jones, Executive Director, Grand Lake Association
Jeff Stava, Chief Operating Officer, Tulsa Community Foundation

ABSENT: Kirkland Hall, CEO and Vice-Chairman, Hall Capital
Jerry Winchester, Senior Vice President, Oilfield Services and CEO
of Chesapeake Oilfield Services
John Woods, President/CEO, Norman Chamber of Commerce

GUESTS: Ben Davis, OMES/DCAM/Construction and Properties
Tim Tuck, OMES/DCAM/Legal Division
Beverly Hicks, OMES/DCAM/Administration
Jim Joseph, State Bond Advisor
COL Curtis Arnold, OK Military Department
LTC Cory Newcomb, OK Military Department
Scott Crow, Department of Corrections
Charles Brewer, Department of Corrections

I. Call to order and confirmation of quorum

Chairman Davis called the meeting to order at 1:00 p.m. The roll was taken and it was ascertained that a quorum was present. Chairman Davis was advised that notice of the meeting had been given, and an agenda posted in accordance with the Open Meeting Act.

II. Approval of Minutes from the February 6, 2014 and February 27, 2014 Commission meetings. [Jeff Davis]

Motion to approve February 6, 2014 minutes: Moved by Chairman Jeff Davis and seconded by Grant Humphreys.

Ayes: Jeff Davis, Ted Fisher, Charles Ford, Grant Humphreys, Tad Jones, and Jeff Stava.

Motion approved.

Motion to approve February 27, 2014 minutes: Moved by Charles Ford and seconded by Ted Fisher.

Ayes: Jeff Davis, Ted Fisher, Charles Ford, Grant Humphreys, and Tad Jones.

Abstention: Jeff Stava.

Motion carried.

III. Discussion and possible action to update the definition of “capital item”. [Ben Davis]

The current definition in the administrative rules does not provide adequate guidance to agencies on what types of projects are suitable for submitting as capital projects. The updated definition will provide a better description of what types of projects are appropriate.

Motion to approve updated definition: Moved by Ted Fisher and seconded by Jeff Stava.

Ayes: Jeff Davis, Ted Fisher, Charles Ford, Grant Humphreys, Tad Jones, and Jeff Stava.

Motion carried.

Mr. Ben Davis told the Commissioners that the staff is working on updating the administrative rules for the Commission and will bring them to the August meeting for their review and approval.

IV. Overview of 2014 legislation that could impact the work of the Commission. [Justin Henry]

Update to the Commissioners on bills that affect LRCPC

HB 3050 – This is an OMES request bill with some wording from the Governor’s office that specifies all sales of property from an agency trust or department has to go through the LRCPC. All sales or transfers between agencies would be subject to the Commission’s approval and any funds generated from it would have to be deposited in the Maintenance of State Buildings Revolving Fund that funds the Capital improvements.

Those exempted from this bill are Department of Transportation and Turnpike Authority.

The ninety percent rule (90%) that you can’t accept an auction bid of less than ninety percent of appraised value will now state, if you have two unsuccessful auctions, you can accept less than ninety percent.

SB 1254 – This is an OMES request bill that would allow OMES to issue Request for Proposals (RFP) on underutilized, historically significant buildings, in lieu of sales. It would require an LRCPC Commissioner to be on the RFP selection committee.

HJR 1033 “State Capitol Repairs” – This bill, by Speaker Hickman, proposed a One Hundred, Twenty Million dollars (\$120,000,000) bond issued to public vote. The Senate has since amended it back to the same bill they passed and sent to the House.

V. Update on progress of FY2015 Capital Budget implementation. [Ben Davis]

Notifications were sent to all departments that were approved for projects through this year’s capital improvements plan budget. All projects were discussed with all agencies except for three.

All projects will be managed by the Division of Capital Assets Management (DCAM), Construction and Properties (CAP) unit. None of the funding will go directly to the agencies. CAP is going to contain the funding within DCAM, manage the projects and work very closely with agencies to get the projects completed. July 1, 2014 is the official start date.

VI. **Discussion and possible action to approve changes to FY2015 capital projects. [Ben Davis]**

Two agencies have submitted requests for the commission to allow them to make changes to their approved FY2015 capital projects.

- i. The *Oklahoma Military Department* (OMD) has requested to replace their Poteau Readiness Center, Life Extension project with their Tulsa Readiness Center, Life Extension project.

The Tulsa Readiness Center has been instrumental in continued support for one of the two aviation facilities in our state. The aviation assets are some of the most critical assets to support the state during natural disasters.

They are ready to execute the project this fiscal year. Designs are ready and awaiting fire marshal approval to send out for bid.

At this time the project is estimated to be approximately Five Million dollars (\$5,000,000), which will extend the facility's life by 20-25 years. The project costs are split 50/50 by the federal government and the State. The Military Department has been allocated the federal share and plans to have One Million, Five Hundred Thousand dollars (\$1,500,000) in FY2015 State appropriated funds to spend on this project. Moving the One Million dollars (\$1,000,000), from the Poteau project to Tulsa project would allow for completion in one year and in one contract.

If funding is not approved for Tulsa, the project would be phased in multiple contracts, which would likely cost the State and taxpayers more money than if it were completed in one contract. The plan for the Poteau Readiness Center is not a long term investment for the National Guard. They have future plans to consolidate that facility with other facilities. Its location on the campus of Carl Albert State College does not provide the ability or space to expand the center to meet the Military Department's readiness requirements.

- ii. The *Oklahoma Department of Corrections* (DOC) request to reallocate funding for five of its approved FY2015 projects. To fund in its entirety, the lock replacement at the Lexington Assessment and Reception Center. They also request that Seventy-Six Thousand dollars (\$76,000) of the funding from the "Security Lights at Joseph Harp Correctional Center" project be reallocated to the "Perimeter/Road Parking Lot at Mack Alford Correction Center" project. These would allow DOC to fully fund their high priority projects.

Motion to approve changes to FY2015 capital projects for OMD and DOC: Moved by Ted Fisher and seconded by Grant Humphreys.

Ayes: Jeff Davis, Ted Fisher, Charles Ford, Grant Humphreys, and Tad Jones and Jeff Stava.

Motion carried.

VII. Update on conversion to new budget request system and FY2016 capital outlay submissions. [Ben Davis]

The Commissioners were informed the budget system currently in place is outdated. The budget division is developing the new budget system “Hyperion” that combines the operating and capital budgets. The new system incorporates the new rating criteria approved at February’s meeting and ties back into the strategic planning process.

The operating side is due to debut in fall of 2015 and will be complete in spring of 2016. It’s designed to help the Capital Planning department with operating impacts for project submissions as they come in, will make the Capital budget process more meaningful and will allow for more-informed decision-making by the commission.

VIII. Subcommittee reports:

- **Capital Improvements Plan Subcommittee [John Woods]**
- **Maintenance Standards and Facilities Strategy Subcommittee [Jerry Winchester]**
- **Policy and Funding Subcommittee [Grant Humphreys]**

No subcommittee reports.

IX. Updates and discussion [Jeff Davis]

Commissioner Humphreys told those present he reached out to a few of his contacts from other states who assist government agencies with taking inventory assessments, quantifying the condition of aging assets, identifying structural systematic issues within the way state government is managed between agencies, state, private and public roles as to how they formulate recommendations. He feels it should be mandatory that a consultant be brought in to bring assessment recommendations that emulate the Florida report and gives clear instruction based on best practices and precedents from other states.

Commissioner Stava expressed the need for a budget to hire a company to come do the assessment and have a presentation done for the legislature so they will have an actionable report.

Commissioner Davis would like to have the consultant firm that created the Florida report do a presentation for the Commission at a future meeting.

X. Adjournment

There being no further business, the meeting was adjourned at 2:00 p.m.