

LONG-RANGE CAPITAL PLANNING COMMISSION

Meeting Minutes

Sept. 17, 2015

Oklahoma State Capitol

Room 419C, 1:00 p.m.

Oklahoma City, Oklahoma

A meeting notice was filed with the secretary of state and agenda posted in accordance with the Open Meeting Act.

**MEMBERS PRESENT:** Cliff Branan, Branan Property Company  
Charles Ford, President, Charles Ford Company  
Jeff Stava, Chief Operating Officer, Tulsa Community Foundation  
Jerry Winchester, President/CEO, Seventy Seven Energy  
John Woods, President/CEO, Norman Chamber of Commerce

**MEMBERS ABSENT:** Jeffrey Davis, Partner, Acorn Growth Companies  
Kirkland Hall, CEO and Vice Chairman, Hall Capital

**GUESTS:** Ben Davis, OMES CAM, Director of Planning and Administrator of  
Capitol-Medical Zoning Commission  
Tim Tuck, OMES CAM, Legal Division  
Beverly Hicks, OMES CAM, Administration  
Mike Jones, OMES CAM, Director of Construction and Properties  
Cindy Melton, OMES CAM, Construction and Properties  
Travis Monroe, OMES CAM, OCIA Administrator  
Melissa Milburn, OMES CAM, Director of Real Estate and Leasing  
Carie Carman, OMES CAM, Deputy Director of Real Estate and  
Leasing  
Jennifer Ramsey, Real Estate and Leasing  
Jim Joseph, OK State Bond Advisor  
Jordan Perdue, OK State Bond Advisor's office  
Dedra Blackwell, OMES  
Rick Edwards, ODMHSAS  
Scott Crow, DOC  
Darrell Townsend, GRDA  
Shawn Ashley, eCapitol

**I. Call to order and confirmation of quorum. [John Woods]**

A meeting notice was filed with the secretary of state and agenda posted in accordance with the Open Meeting Act.

**II. Approval of Minutes from June 4, 2015, commission meetings. [John Woods]**

Mr. Winchester moved to approve. Mr. Ford seconded the motion, the motion passed, and the following votes were recorded:

Cliff Branan - aye; Charles Ford - aye; Jeff Stava - abstain; Jerry Winchester - aye; John Woods - aye.

**III. Election of new vice chairman for the Long-Range Capital Planning Commission. [John Woods]**

Mr. Winchester made a motion to approve Jeff Stava as vice chairman. Mr. Branan seconded the motion, the motion passed, and the following votes were recorded:

Cliff Branan - aye; Charles Ford - aye; Jeff Stava - abstain; Jerry Winchester - aye; John Woods - aye.

**IV. Consideration and possible action to change approved FY 16 capital improvement projects for the Department of Mental Health and Substance Abuse Services. [Ben Davis]**

Mr. Davis informed the commissioners that planning staff met with the Oklahoma Department of Mental Health and Substance Abuse Services (ODMHSAS) staff. He was informed their Jim Taliaferro Community Health Center in Lawton had a chiller that was down when they made one of their three project requests that were approved for FY 16. Over the summer, their last chiller deteriorated to where it needs full replacement.

During the summer the agency had to run a sprinkler over the HVAC to keep it cool enough to remain functional all season. The repair of this critical system is imperative to the continued use of the facility.

Of their three approved projects in FY 16, they request to eliminate projects 4520003 (Roof maintenance at CRC and replacement at the McLendon Building, \$40,625) and 4520004 (Generators and door upgrades at three facilities [Griffin, NCBH and Carl Albert, \$114,188]) and use the money awarded for those projects to add to the funds of project 4520002 (Eight HAVAC systems for four facilities [Griffin, Carl Albert, CRC, JTCMHC, \$144,628]). This change would provide \$299,441 for their critical HVAC project at the Jim Taliaferro Community Health Center in Lawton.

They request the commission's approval to combine the funding for all FY 16 approved projects to fully fund their critical priority need.

The ODMHSAS staff has resubmitted the updated request to address the other projects in the FY 17 Capital Improvements Plan.

Mr. Stava moved to allow for the transfer of funds to the maintenance of the chiller, and replace those items that were previously approved. Mr. Winchester seconded the motion, the motion passed and the following votes were recorded:

Cliff Branan - aye; Charles Ford - aye; Jeff Stava - aye; Jerry Winchester - aye; John Woods - aye.

**V. Consideration and possible action to approve the transfer of surplus real property and a presentation on properties sold to date. [Melissa Milburn]**

Ms. Milburn, Director of Real Estate and Leasing, requests on behalf of OMES Capital Assets Management (CAM) the commission's approval for the following transfers of real property:

- 1) Vacant land located near 28<sup>th</sup> Street and Creston Dr., Oklahoma City, Oklahoma County. The 14.9 acres is owned by the Office of Management and Enterprise Services (OMES) and owned by the state since 1909 and has never been developed. The property will be sold to the Oklahoma Housing Finance Authority through an interagency agreement, for fair market value, estimated at \$86,000, plus associated costs related to the transfer of the property. Proceeds from the sale will be deposited in the Maintenance of State Buildings Revolving Fund.
- 2) Southern Oklahoma Resource Center, Highway 77 and S. Chickasaw St., Pauls Valley, Garvin County. The 1,023 acres and 29 structures are vacant and owned by the Department of Human Services (DHS). Most of the structures are poor/fair condition and condemned. Approximately 433 acres are currently leased to the City of Pauls Valley for waste water, infrastructure and lagoons. The 433 acre site will be sold to the City of Pauls Valley at fair market value, estimated at \$1.2 million dollars, plus all costs associated with the sale. The remaining 590 acres with the estimated value of \$1.6 million dollars, including the structures, will be transferred through interlocal agreement or auctioned through a request for sealed bids. Ms. Milburn confirmed to the committee the transfer is surface interest only and none of the mineral rights.
- 3) Transfer of property between the Grand River Dam Authority (GRDA) and Mr. Jack Dalrymple (private citizen), as an equal valued property exchange in Ottawa County. The GRDA operates its Pensacola Direct Dam creating Grand Lake pursuant to a license issued by the Federal Energy Regulatory Commission (FERC). The license requires certain mitigation, consisting primarily of the purchase or creation of wetlands properties.

The GRDA would like to exchange 196 acres of property they own, containing pecan trees, for 196 acres of wetland property owned by Mr. Dalrymple. The transfer will not generate any proceeds.

Mr. Winchester moved to approve all transfers. Mr. Stava seconded the motion, the motion passed and the following votes were recorded:

Cliff Branan - aye; Charles Ford - aye; Jeff Stava - aye; Jerry Winchester - aye; John Woods - aye.

Ms. Milburn gave a presentation of the five properties sold to date, with the proceeds of \$1,202,559.21 going to the Maintenance of State Buildings Revolving Fund.

**VI. Presentation by the Oklahoma State Department of Health on their FY 17 capital outlay requests. [Julie Cox-Kain]**

Ms. Cox-Kain, Deputy Director of Health and Human Services and Senior Deputy Commissioner of the Oklahoma State Department of Health, gave a brief history on the State Department of Public Health laboratory (PHL). She addressed priority projects that have been a part of their capital improvements budget request for many years.

The current laboratory site is adjacent to their central office on 10<sup>th</sup> and Stonewall. It was built 40 years ago and hasn't had the maintenance it needs. It's very segmented in its space and filled with a lot of equipment that generates heat. Their building laboratory space, where temperature and humidity controls are maintained, is cooling this space most of the year, even in the winter.

Ms. Cox-Kain explained the issues needing attention:

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| ○ Failing infrastructure, e.g., replaced one air-handling system in 2014       | ○ Specimen receipt requires transit through main OSDH building |
| ○ Compartmentalized labs create inefficiency in workflow and space utilization | ○ No windows   |
| ○ Space limitations  | ○ Climate control  |
|  | ○ Prone to frequent and recurrent flooding                     |

They are an accredited facility by the College of American Pathologists, and if they lose their accreditation there will be an immediate shut down. This would force them to outsource to a public health laboratory in another state, costing the State of Oklahoma \$9 million a year. Shipping specimens to other states could mean delays in running tests, delays in notification of abnormal results and delayed assessments of critical treatment.

In 2012, the College of American Pathologists wrote in their summary report that the "facilities for this laboratory are antiquated and poorly designed. The facilities appear to be at the end of their time and require immediate plans for addressing."

She explained how their clinical laboratory tests for things with more specificity than a normal clinic. For example, they:

- Assess, diagnose and monitor communicable diseases and environmental exposures, such as:

Foodborne disease	Salmonella	Syphilis
West Nile Virus	HIV	
Influenza	Gonorrhea	
- Perform specialized diagnostic testing to identify certain pathogens, such as:
  - Malaria
  - Parasites
  - Bacteria and viruses such as Ebola
- Analyze and detect microbial and toxin threat agents in response to bioterrorism emergencies. They are Oklahoma's only Biological Safety Level 3 facility capable of testing threat agents such as soil, water, "white powder". They are the only lab to provide rabies testing.
- Screen 55,000 newborn babies for 53 disorders each year.
- Process over 159,000 specimens and perform about 646,000 tests annually.

The 2016 projected cost of the 3-story building, located south of the current PHL, to house PHL and Pharmacy is \$49 million.

She encourages tours of their laboratory.

No action taken.

**VII. Presentation by the Oklahoma Department of Corrections on their FY 17 capital outlay requests. [Scott Crow]**

Mr. Crow, Administrator of Field Operations, gave an overview of the list below:

- Vendor Maintenance System - A software program that is utilized to monitor vendor's sentences, health care and management as it relates to problematic and disciplinary needs. The current system was implemented in 1999, and is very dated and obsolete. It only operates on Windows XP and will not print beyond that system. The department has benchmarked with several states the past couple of years to try and identify a system that would best fit the needs of the department but, due to budgetary constraints, they have not been able to pursue one. Being able to make sure mandates of the court are followed and carrying out sentences are critical to their overall operation and a core part of their department.

- Stun fences - An electrified fence that surrounds the perimeter of a building and is connected to a very sophisticated monitoring system. It's a progressive system, meaning if someone tries to compromise the fence, they receive a jolt, and if they touch it again within close proximity to the first contact, they receive a more intense jolt. These fences are not lethal. The Dick Connors Correctional Facility in Hominy, OK, has a stun fence that has been in place for five years. The department is currently contracting and in the process of installing a second stun fence at the Oklahoma State Penitentiary in McAlester, OK. These fences help to insulate the security of the facility, and allow the facilities to reassign existing manpower to different areas as a result of the efficiency of the stun fence and how it operates.
- Locks, doors and frame replacements - Four facilities have been identified in the Capital Improvements Plan (CIP) that need immediate attention for the requested replacements. The doors and locks are heavy, and over time the wear and tear on the doors causes dilapidation which compromises the locks and security of the employees and offenders. Mr. Crow reiterated his and the departments' appreciation to the commissioners for granting requests in previous years and what has been accomplished so far.
- Restrictive housing - A place to manage offenders, evaluate their situation and identify what security level is determined. Currently, there are nine facilities that are far short of what they need to be to accommodate the current population, which puts the offenders' safety at risk. Restrictive housing is a management tool that can be utilized to meet the mission of keeping everyone safe.
- Parking areas around the administration building in Oklahoma City – The department was able to replace the parking areas on the south end of the building in FY 14. The critical areas are on the east and north ends of the building, where dilapidation is occurring. Buses and administrative traffic flow have caused many potholes. Because of budget constraints, the department has just been filling the potholes. Most of their budget goes to maintaining the building itself.

No action taken.

#### **VIII. Overview of FY 17-FY 24 capital outlay request. [Ben Davis and Justin Henry]**

Mr. Davis updated on the new budget system software called Hyperion or Project Encore. The staff conducted training workshops to teach agencies how to submit capital outlay requests through the new budget system software created by the OMES budget division.

The revised criteria that was approved by the commission last year was implemented by staff in the first cycle.

In order for the commissioners to have better understanding and knowledge of agencies' needs, Mr. Davis suggested inviting a couple of requesting agencies to each meeting for a short

presentation before the commission so their perspectives can be heard and questions can be answered.

Initial prioritized recommendations for this year have been followed by the same guidelines as in the past. Projects from agencies reporting to the Regents for Higher Education have been included in the plan, but are not recommended for funding through the Maintenance of State Buildings Revolving Fund.

Project requests are prioritized by addressing issues of health and safety first, followed by issues of critical maintenance needs.

This year, staff put together a list of projects that, because of their size or scope, would be appropriate for bond issue funding. Due to budget constraints that the state is experiencing, the following criteria were developed for inclusion in the recommended bond package:

- Projects where current conditions pose a danger to the lives and safety of Oklahomans;
- Projects that have reached a point where imminent failure is probable, if not likely; and
- Projects where failure of the current property would result in difficult economic hardship for the state.

There were seven recommended projects that meet all three of the above criteria:

1. Public Health Lab.
2. Mental Health Headquarters.
3. Juvenile Affairs – COJC residence replacement and maximum security expansion.
4. Juvenile Affairs – SWOJC residence replacement and crisis management.
5. Corrections – Offender management system.
6. Corrections – Locks and fences.
7. CLEET – Driver training track repair and erosion control.

Mr. Henry explained, given that the legislature prefers a pay-as-you-go approach to addressing capital needs, this year's capital outlay recommendations include two options. The first option addresses all the needs without the bond package. The second option addresses the remaining needs if the above-discussed bond package were to be approved.

Mr. Davis stated that the totals given to the commissioners do not include debt service on any bond issues. The staff would start working with the bond advisor's office to put together some numbers on what debt service would look like for each of those projects.

Mr. Davis gave a current overview of the policy recommendations similar to last year, which establish the Capital Improvements Plan (CIP) as the sole process for capital funding, establish statewide performance measures for facilities, operation and maintenance, and establish a consistent adequate appropriation for recapitalization of state facilities. Over the next month the staff will be working with the policy subcommittee for review. The staff will also send the capital projects to the CIP subcommittee for review and feedback.

The staff requested guidance from the commission on all the above for preparation of the final draft of the FY 2017-FY 2024 Capital Improvements Plan.

No action taken.

**IX. Update on the progress of FY 2015 and FY 2016 capital project implementation. [Ben Davis]**

Mr. Davis informed that 100 projects were approved in FY 2015. Sixty-six of those projects are still in process, 21 are projects that funding was moved around and approved in the past year by the commission; nine are still in the consulting phase at the agency level and four are fully completed and closed out.

New deadlines were established for FY 2016. The first deadline for design services has already passed. The next deadline for agencies to submit their paperwork to construction and properties is Oct. 31. Agencies that don't meet the deadline are at risk of funds going back into the revolving fund to utilize in other areas. On FY 2016 projects, seven are in progress, all in the design phase. Those are mainly Office of Management and Enterprise Services, Veterans Affairs, Agriculture and Mental Health.

No action taken.

**X. Updates and discussion. (discussion limited to agenda items and five minutes in duration) [John Woods]**

The commissioners were in favor of the November meeting being held at a requesting agency location, where they're able to tour the site after the meeting.

No action taken.

**XI. Adjournment. [John Woods]**

There being no further business, Mr. Stava made a motion to adjourn. Mr. Winchester seconded the motion. Motion carried. The meeting adjourned at 2:01 p.m.