

BUDGET NARRATIVE

Facilities Maintenance and Management

Purpose

This section provides information regarding the Department of Correction's resources and programs for managing and maintaining 15 prisons and related facilities across the state. The Department currently owns 279 buildings encompassing 5,211,288 square feet. General oversight for facility management and maintenance is the responsibility of the central Facility Services section of the General Services Division. Institution facility operations are administered by Physical Plant managers and their staff.

How Achieved

Facility operations and maintenance budgets are approved biennially by the Legislature. Typically these budgets are adjusted for standard inflation and infrequent enhancements for demonstrated increases in utility costs. Physical Plant budgets for new construction are generally limited to operational costs and minimal funding for routine maintenance. The maintenance budgets for the facilities are generally insufficient to address the deterioration associated with 24-hour, 7-day per week facilities, aging physical plants, and the various types of construction materials and systems used in older facilities. The Oregon State Penitentiary was constructed in 1866 and has for some time shown signs of significant wear and tear. Even the more recently-constructed (1995) Snake River Correctional Institution in Ontario has experienced significant physical plant and equipment replacement issues. Lack of adequate funding in the Base Budget had produced a sizeable list of deferred maintenance needs.

Recognizing the long-standing funding issue around deferred maintenance, the Department retained a professional consulting firm in 1996 to evaluate the condition of all correctional facilities in operation at the time. The resulting document, referred to as the "PACK Study", provided the Department with a listing of the existing deferred maintenance deficiencies. At that time, the list contained approximately \$58 million in known maintenance needs. Since then, the Department has continued to address those projects that could be financed within the existing budgets and periodically brings the unfunded list of deferred maintenance to the attention of the legislature through the budget process. This list is updated as projects are completed and new issues are identified. The projects are periodically prioritized by the central Facility Services and institutions Physical Plant managers. Currently, the list of known deferred maintenance needs is approximately \$35.9 million, including \$2.25 million for a comprehensive seismic engineering evaluation that is expected to identify additional needs related to earthquake upgrades for several older facilities that could reach as high as an additional \$8 million.

During the 2007 Session, the Legislature approved funding for almost \$23 million to address Priority 1 issues identified by the Department. These projects were funded by sales of Certificates of Participation. In addition, the Legislature restored \$1.4 million General Fund for Capital Improvement projects identified on a list developed by legislators. This was approximately the same amount by which the Legislature reduced the Capital Improvement budget for 2005-07.

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While this one-time infusion of financing for these projects and activities is welcomed, the fact remains that the Department does not have a systematic methodology to define appropriate funding levels for increasingly expensive maintenance for its aging facilities. Without that in place, the only recourse is the biennial budget request as Policy Packages. To address that deficiency, the Department is submitting a Policy Package within the Operations Division that requests the establishment of a funding formula based on a percentage of Building Replacement Value, which will ensure that funding levels keep pace with inflationary drivers. This proposal also introduces a concept that would convert the initial General Fund appropriation to Other Funds in a way that would allow unexpended funds to be accumulated for the purpose of financing larger, more complicated projects that cannot be funded from a single biennial appropriation. The accounting and budgetary mechanics are yet to be resolved, but will need input and expertise from several units within the Department of Administrative Services.

In addition to the funding to address deferred maintenance issues, the department received \$6.685 million in State Stimulus funds (Go Oregon) for ten security and energy conservation projects and a \$450,000 State Energy Program grant under the American Reinvestment and Recovery Act (ARRA) to construct a solar thermal system at our institution in Pendleton to further assist with energy conservation efforts.

Quantifying Results

The impact of this proposal will be measured by the number and value of projects able to be completed each biennium from the upgraded base funding that historically would have simply been additions to the current backlog on the deferred maintenance list. Frequency of recurring tasks and the severity of degradation avoided can also be quantified by Physical Plant staff. Cost savings resulting from the avoidance of needing to sell Certificates of Participation with their associated sale expenses and Debt Service can also be estimated.

FACILITIES MAINTENANCE SUMMARY REPORT

AGENCY: Department of Corrections

Agency #: 29100

Value of Buildings and Building Improvements			Facilities Operations and Maintenance (O&M) Budget			
Cost of Buildings <small>(as reported to Risk Management)</small>	6/30/10 Replacement Value <small>(Risk Management/Building Inventory)</small>		Personal Services	Services & Supplies	Total	
\$680,139,768	\$1,426,653,594		\$39,038,274	\$52,666,179	\$91,704,453	
Total Sq. Ft. of Bldgs: <u>5,211,288</u>			2011-13 Maint. Budget <u>\$10,324,449</u>		Utilities Budget: <u>\$42,341,730</u>	
			÷ Square Feet of building: \$1.98 sq. ft.			
Total Outstanding Deferred Maintenance			Deferred Maintenance Budget 2011-13			
As of 6/30/10	Categories 1-2	Categories 3-5	Total	Personal Services	Services & Supplies	Capital Outlay
Projected 6/30/11	<u>\$16,360,921</u>	<u>\$19,512,420</u>	<u>\$1,476,989</u>	<u>\$1,329,449</u>	<u>\$147,540</u>	<u>\$0</u>

Briefly describe the software (or manual process) used to identify routine (including preventative) facility maintenance needs. **The department uses a Computerized Maintenance Management System (CMMS) to schedule and track preventative maintenance issues. Access to the CMMS is limited to Operations and Maintenance personnel. O&M staff receive Service/Work Orders generated by facility staff identifying basic corrective maintenance needs.**

What data elements do you track with software (or manual process) described above? **The CMMS is capable of prompting preventative maintenance actions and supports recording of all completed maintenance (preventative, and repair).**

Briefly describe how the facilities maintenance budget is developed (note whether software (or manual process) described above is used in budget development). **Existing facilities maintenance budgets are primarily based on CSL for the previous biennium plus inflation, the department endeavors to develop maintenance budgets for new facilities based on system types and quantities of equipment. Institutions provide maintenance needs input to central office staff for budget development.**

Briefly describe the system or process used to identify Deferred Maintenance (*e.g.; staff makes an annual estimate based on periodic assessments; evaluation of facilities using contract structural engineering firm, etc.*) **The identification of maintenance needs is accomplished by the institution trade staff and trade supervisors. Project management personnel assist the institution in developing cost estimates for having the work performed and utilize engineering firms, contractors, and specialty vendors when required to insure scope of work and cost estimates are valid.**

Briefly describe the process to provide funding for facilities maintenance. (*e.g.; biennial appropriation; assessment to applicable programs to sustain a Capital Maintenance/Improvement Fund authorized under ORS 276.285(2); etc.*) **Facilities maintenance funding is provided through biennial appropriation. The agency determines which of the maintenance needs included in the CFPC report to include in the ARB.**

Statutory references: ORS 276.229(2), ORS 276.227(5)

FACILITIES OPERATIONS AND MAINTENANCE REPORT

(Excluding facilities improvements and deferred maintenance)

AGENCY Name: Department of Corrections

Agency #: 29100

	2007-09 Actuals		Leg Approved 2009-11		2009-11 Estimates		2011-13 Budget	
		FTE		FTE		FTE		FTE
General Fund								
Personal Serv - Utilities & Janitorial	\$3,231,315	21.00	\$2,970,130	21.00	\$3,402,094	21.00	\$3,450,250	21.00
Personal Services - Maintenance	\$30,280,219	200.54	\$30,732,592	194.58	\$31,336,941	194.00	\$35,588,024	196.00
S&S - Utilities & Janitorial	\$33,536,339	0.00	\$39,223,425	0.00	\$36,053,395	0.00	\$42,341,730	0.00
S&S - Maintenance	\$9,101,689	0.00	\$10,096,804	0.00	\$8,507,171	0.00	\$10,324,449	0.00
GF Subtotal	<u>\$76,149,562</u>	221.54	<u>\$83,022,950</u>	215.58	<u>\$79,299,601</u>	215.00	<u>\$91,704,453</u>	217.00
Lottery Funds								
Personal Serv - Utilities & Janitorial	\$0		\$0		\$0		\$0	
Personal Services - Maintenance	\$0		\$0		\$0		\$0	
S&S - Utilities & Janitorial	\$0		\$0		\$0		\$0	
S&S - Maintenance	\$0		\$0		\$0		\$0	
LF Subtotal	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>		<u>\$0</u>	
Other Funds								
Personal Serv - Utilities & Janitorial	\$0		\$0		\$0		\$0	
Personal Services - Maintenance	\$0		\$0		\$0		\$0	
S&S - Utilities & Janitorial	\$0		\$0		\$0		\$0	
S&S - Maintenance	\$0		\$0		\$0		\$0	
OF Subtotal	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>		<u>\$0</u>	
Federal Funds								
Personal Serv - Utilities & Janitorial	\$0		\$0		\$0		\$0	
Personal Services - Maintenance	\$0		\$0		\$0		\$0	
S&S - Utilities & Janitorial	\$0		\$0		\$0		\$0	
S&S - Maintenance	\$0		\$0		\$0		\$0	
FF Subtotal	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>		<u>\$0</u>	
Total All Funds	<u>\$76,149,562</u>	221.54	<u>\$83,022,950</u>	215.58	<u>\$79,299,601</u>	215	<u>\$91,704,453</u>	217

The Facilities Operations and Maintenance budget includes costs to operate and maintain facilities and keep them in repair including utilities, janitorial, and maintenance costs. Maintenance costs are categorized as external building (roof, siding, windows, etc.), interior systems (electrical, mechanical, interior walls, doors, etc.), roads and ground (groundskeeper, parking lots, sidewalks, etc.), and centrally operated systems (electrical, mechanical, etc.). Agencies with significant facilities may include support staff if directly associated with facilities maintenance activities. Do not include other overhead costs such as accounting, central government charges, etc.

FACILITIES DEFERRED MAINTENANCE DETAIL REPORT

AGENCY: Department of Corrections
 Agency #: 29100

Building Name or Identifier	2011-13 Deferred Replacement Value (as of 6/30/10)	Maintenance Budget for this Facility	Total O/S Deferred Maint. (projected) (as of 6/30/11)	Outstanding Deferred Maintenance (projected) by Category	
				1 - 2	3 - 5
Facilities > \$1 million (attach additional sheets if necessary)					
Columbia River Correctional Institution	\$17,314,683	\$80,000	\$243,424	\$92,183	\$151,241
Central Distribution Center	\$10,548,266	\$481,176	\$4,714,354	\$245,330	\$4,469,024
Eastern Oregon Correctional Institution	\$405,433,854	\$1,714,817	\$3,591,067	\$1,660,785	\$1,930,282
Mill Creek Correctional Facility	\$17,493,436	\$1,198,919	\$1,343,314	\$1,256,914	\$86,400
Two Rivers Correctional Institution	\$174,734,297	\$400,000	\$289,000	\$289,000	\$0
Oregon State Penitentiary Minimum	\$5,736,552	\$0	\$1,077,250	\$877,250	\$200,000
Shutter Creek Correctional Institution	\$6,005,683	\$0	\$33,438	\$26,317	\$7,121
Santiam Correctional Institution	\$15,176,959	\$2,370,000	\$3,977,486	\$361,425	\$3,616,061
Powder River Correctional Facility	\$9,605,278	\$80,000	\$134,299	\$47,961	\$86,338
Snake River Correctional Institution	\$305,213,253	\$0	\$5,938,130	\$5,938,130	\$0
Oregon State Penitentiary	\$113,939,405	\$10,302,650	\$5,950,575	\$960,244	\$4,990,331
Oregon State Correctional Institution	\$65,659,058	\$1,718,181	\$5,017,326	\$1,800,000	\$3,217,326
From attached Sheets					
From page <u> 2 </u>	\$204,757,904	\$80,000	\$2,250,000	\$2,250,000	\$0
From page _____	\$	\$	\$	\$	\$
Total Facilities > \$1 million (total from detail above)	\$1,351,618,628	\$18,425,743	\$34,559,663	\$15,805,539	\$18,754,124
Facilities < \$1 million (total for all facilities < \$1 million)	\$75,034,966	\$1,863,324	\$1,313,678	\$555,382	\$758,296
Total all Facilities	<u>\$1,426,653,594</u>	<u>\$20,289,067</u>	<u>\$35,873,341</u>	<u>\$16,360,921</u>	<u>\$19,512,420</u>

FACILITIES DEFERRED MAINTENANCE DETAIL REPORT

AGENCY: Department of Corrections
 Agency #: 29100

Building Name or Identifier	2011-13 Deferred Replacement Value (as of 6/30/10)	Maintenance Budget for this Facility	Total O/S Deferred Maint. (projected) (as of 6/30/11)	Outstanding Deferred Maintenance (projected) by Category	
				1 - 2	3 - 5
Facilities > \$1 million (attach additional sheets if necessary)					
Coffee Creek Correctional Facility	\$106,075,820	\$80,000	\$0	\$0	\$0
Deer Ridge Correctional Institution	\$98,682,084	\$0	\$0	\$0	\$0
Agency Wide Detailed Seismic Survey	\$N/A	\$0	\$2,250,000	\$2,250,000	\$0
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$
From attached Sheets					
From page _____	\$	\$	\$	\$	\$
From page _____	\$	\$	\$	\$	\$
Total Facilities > \$1 million (total from detail above)	\$204,757,904	\$80,000	\$2,250,000	\$2,250,000	\$0
Facilities < \$1 million (total for all facilities < \$1 million)	\$	\$	\$	\$	\$
Total all Facilities	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____