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**STATE OF OKLAHOMA  
OFFICE OF STATE FINANCE  
DEPARTMENT OF CENTRAL SERVICES**

**M E M O R A N D U M**

Date: August 1, 2012

To: All State Agencies, Boards, Commissions, Offices, State System of Higher Education and Technology Center School Districts

From: John Morrison

RE: Request for Information and Program Update  
2012 Legislation on State Facility Energy Savings, Capital Planning and Real Property Assets

Several related pieces of legislation passed by the 2012 Oklahoma Legislature and signed by Governor Fallin will require changes in the way we plan, operate and manage the state's real property assets. As these initiatives have the potential to impact operations at your agency, we are providing this notification to ensure effective, two-way communications going forward. Briefly, the new legislative requirements are:

- **SB1096 – Oklahoma State Facilities Energy Conservation Program.** Sets a 20% target for energy savings by the year 2020. Each state agency that owns or operates facilities is required to participate in the program. The program also applies to Technology Center School Districts.
- **SB1052 – Public Buildings, Capital Planning and Asset Management.** Requires long range and short term master planning for state agency facilities and submission of an Annual Capital Plan for appropriation requests. Requires a report by the end of the year identifying further opportunities for efficiencies and cost savings relative to the state construction program.
- **HB2392 – Long Range Capital Planning Commission.** Transfers program support from the State Bond Advisor's Office to the Office of State Finance. It is envisioned that capital needs identified pursuant to SB1052 will become the capital project list for consideration by the Long Range Capital Planning Commission.
- **HB2262 – State Government Asset Reduction and Cost Savings Program.** Requires the inclusion of finding regarding underutilized properties in the Long Range Capital Planning Commission's annual report and establishes a revolving fund for proceeds from liquidated properties, to be used exclusively for maintenance and repair of state-owned property. Construction and Properties is well underway with the data collection and reporting requirements of this act as set forth in last year's HB1438.

Attached is additional information along with a short survey questionnaire to assist with planning efforts on these important initiatives. If you have not already, you will also be receiving a separate survey request to provide detailed information required for HB1438. With your participation, I am confident that these important initiatives will result in positive improvements for the State of Oklahoma.

*"SERVICE, QUALITY, INTEGRITY"*

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### Applicability

The legislation applies to all State agencies, defined as any office, officer, bureau, board, commission, counsel, unit, division, body, authority or institution of the executive branch of state government, whether elected or appointed, including institutions within The Oklahoma State System of Higher Education and technology center school districts.

“Facilities” means buildings or assets owned or operated by a state agency that have a heating, ventilation, or air conditioning system or have utility services. “Operated” is interpreted to mean a leased or non-owned building under the State agency’s direct control where the agency pays utility bills directly to the service provider.

### Summary of Major Program Requirements and Objectives

All state facilities are subject to the provision of the act. The Office of State Finance (soon to become OMES – Office of Management and Enterprise Services) will oversee program development, implementation and selection of a vendor or vendors using a Request for Proposal (RFP) to contract for the required services. Consideration will be made for any program under contract with a state agency prior to the effective date of the act to determine if the contract complies with program requirements, which generally include:

- Centralize data collection and reporting on energy usage, energy cost savings and program costs
- Implement a formalized organizational behavior-based energy conservation program
- Benchmark state facilities energy usage prior to implementation and measure savings achieved
- Target a cumulative energy savings of not less than 20% by 2020 in comparison to 2012
- Provide an annual reconciliation of the costs vs. the savings resulting from the Program
- Fully fund the Program within existing state agency budgets through energy savings generated by reducing energy expenditures
- Provide for a fee-free period of one year in order to capture cost savings and pay the vendor

### Initial Progress

DCAM and the Central Purchasing Division of OMES have preliminarily identified structural requirements, the potential scope of vendor services and approaches to contracting for vendor services. The program team is working closely with the Governor’s office and the Office of the Secretary of Energy. Central Purchasing will issue the RFP and conduct the vendor selection process.

### Next Steps

OMES is exploring both state level and agency level budgeting and funding mechanisms that may be available to capture program savings in order to pay the vendor. Planning and RFP development is ongoing. In the mean time, all agencies subject to the Program are requested to:

- **Complete the brief online survey (copy and instructions attached).** The requested information is necessary to complete the RFP and vital to ensure effective communications with state agency stakeholders.
- Program agencies should locate and set aside FY2012 utility bills, including electric, gas water and metered steam/chilled water or other usage. These will be necessary once the Program is underway.
- Appoint an agency Energy Champion that would be appropriate as your program point of contact.

### Applicability

The legislation is applicable to any state agency subject to the Public Building Construction and Planning Act (61 O.S. §201 et.seq.) and amends the duties of Construction and Properties (CAP).

### Requirements

- Specific requirements for CAP to maintain a comprehensive agency facility Master Plan, including:
  - Agency reporting on facility needs to support their mission
  - Facility condition and performance benchmarking
  - Analyses of facilities, properties and leaseholds
  - Determination of long range needs
  - Prioritization of short term improvement needs
  - Development of Strategic Facility Plans
- An aggregate Annual Capital Plan submitted for line-item appropriation by the Legislature
- Report outlining recommendations for streamlining, integration and consolidation of state construction, maintenance and real property management processes
- Identification of planning processes required for transition to a centralized annual capital plan appropriation process no later than January 1, 2014
- Appropriated and non-appropriated funds designated for a capital plan to be deposited in the State Construction Revolving Fund and used to pay contract expenses

### Program Objectives

- Identify the actual required cost of owning, operating and maintaining real property
- Maximize facility and property use for lowest cost, highest use and maximum return
- Identify facility condition and true liability of deferred maintenance
- Minimize the impact poor facility condition on the State's Risk Management Program
- Gain efficiencies and maximize the aggregate annual construction spend

### Benefits

- Shifts basic facility infrastructure requirements to a status of "Core State Cost of Doing Business"
- Applies the highest possible level of facility management expertise to all state facilities
- Achieves uniform operation and management of facility inventory in a data-driven environment
- Sound business models to manage and leverage state owned real property assets
- Leverages the aggregate operations and maintenance budget for cost savings, strategic contract deployment and beneficial statewide programs

### Next Steps

Construction and Properties is currently recruiting a planning director and assigning staff responsibilities to develop concepts, process models and systems with the input and participation of state agency stakeholders.

- **Complete the brief online survey (copy and instructions attached).** The requested information is vital for ongoing communication with program stakeholders, organizational meetings and final development of the report recommendations.
- Appoint an agency contact to serve as a liaison in the planning and development effort.
- Consider participation in a pilot Master Planning exercise at no cost to your agency. See the Survey Form for more information.

Overview

The legislation streamlines the duties of the Commission and provides for:

- Reducing Commission membership from 12 to 9 appointees and eliminating the Policy Advisory Committee
- Transfers staffing and support for the Commission to the Office of State Finance (soon to become OMES – Office of Management and Enterprise Services)
- Retains the advice and assistance of the Oklahoma State Bond Advisor
- Narrows the focus to State capital facility needs
- Supplements and integrates other existing State planning mechanisms (ie. SB1052 Capital Planning)

Program Objectives (Existing Law)

- Annually, update and submit a Five-Year State Capital Plan outlining capital facility needs to the Governor, Speaker of the House and President Pro Tempore of the Senate
- Identify trends likely to influence capital needs
- A detailed lists of capital projects recommended for the next two fiscal years, and means of funding
- Forecast of capital project required for the subsequent next three years
- A schedule of capital projects for the next fiscal year for consideration by the Governor in the preparation a capital budget, inclusive of operating and maintenance costs for state facilities

**HB2262 – State Government Asset Reduction and Cost Savings Program**

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Overview

- Directs the Long Range Capital Planning Commission to integrate the findings of the State Government Asset Reduction and Cost Savings Program (HB1438, 2011) and index the most necessary capital improvements to the funds available from the sale of underutilized properties
- Creates a Revolving fund for the deposit of proceeds from the sale of underutilized state property, to be used exclusively for maintaining and repairing state owned properties and buildings

**Combined Program Opportunities**

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By centralizing information and standardizing operating and planning models, the State of Oklahoma has an unprecedented opportunity to articulate the true value of its facility inventory, along with the true cost of ownership – operations, maintenance, repairs and insurance - resulting from a data-driven program.

Instructions

Please complete the survey no later than Monday, August 27, 2012. Do not return a copy of this form. Responses must be provided using the online version as instructed below. Please review all questions and collect the requested information in advance of accessing the online questionnaire. Please forward any questions you may have to [CAP@osf.ok.gov](mailto:CAP@osf.ok.gov), or call (405) 521-2112.

[Access the online survey](#)General Information

## 1. Agency Information

Agency Number if applicable

Agency Name

Address

City

State

Zip

Contact Person completing the survey:

Name

Title

Email

Phone

## 2. Does your agency own or occupy real property? Check all that apply.

Own Land

Own Buildings/Facilities

Lease/Occupy Space owned by Private Entity

Lease/Occupy Space owned by another Public Entity

Lease/Use Storage Space owned by Private Entity

Lease/Use Storage Space owned by another Public Entity

Lease/Use Land owned by Private Entity

Lease/Use Land owned by Public Entity

If you checked any of the above, please continue with all sections of the survey.

Oklahoma State Facilities Energy Conservation Program (SB1096)

See the Program Information Update sent with the original survey request for information that will assist with determining your answers. Click here to access a copy.

## 3. Does your agency own or operate buildings/facilities subject to the Program?

Yes

No

## 4. Point of Contact for Program Implementation:

Name

Title

Email  
Phone

Alternate Contact

Name  
Title  
Email  
Phone

5. Does your agency intend to request a consideration of a compliant program contract initiated prior to the effective date of SB1096?

Yes  
No  
N/A

6. Approximately how many total building sites do you own/operate? (If none, enter "0")

(number value)

7. Approximately how many total buildings or facilities subject to the program do you own/operate? (If none, enter "0")

(number value)

8. Approximately how many total utility meters (electric, gas, water, steam, chilled water) serve your facility inventory and correlate to your utility bills? (If none, enter "0")

(number value)

Public Buildings, Capital Planning and Asset Management (SB1052)

See the Program Information Update sent with the original survey request or [click here](#) to access a copy.

9. Point of Contact for Program Coordination:

Name  
Title  
Email  
Phone

Alternate Contact

Name  
Title  
Email  
Phone

10. What is the source of your agency's funding? Check all that apply.

Appropriated  
Non-appropriated  
Federal  
Other (please describe) \_\_\_\_\_

11. Does your agency currently maintain a formal Facility Master Plan or Strategic Facilities Plan?

X Yes

X No

X Partial

12. Approximately how many square feet of space does your agency use or occupy?

Owned Buildings/Facilities \_\_\_\_\_ square feet

Leased Buildings/Facilities \_\_\_\_\_ square feet

13. What is your agency's approximate annual budget for occupancy, operations and maintenance of real property and facilities? Include utilities, maintenance, repairs, lease payments, debt service.

Owned Buildings/Facilities \$ \_\_\_\_\_ annual

Leased Buildings/Facilities \$ \_\_\_\_\_ annual

14. Would you like to participate in a pilot Model Facility Master Planning effort? Construction and Properties will identify representative candidates and provide Master Planning services at no cost. The scope of work will include agency needs assessment, facility condition assessments and prioritization of short and long term capital projects. The pilot project will be used to identify and develop standard methodologies that respond to the needs and concerns of agency stakeholders.

X Yes

X No

X Maybe, please call to discuss