

State Facilities Quarterly

Summer 2005

The National Association of State Facilities Administrators

*An organization of planning, development,
operations, and maintenance officials*

Newsletter News

By Laurel LaFramboise, Vermont
Communications Committee Co-Chair

By the time this newsletter reaches you, summer will almost be over but the summer's events are still fresh in our minds.

Katrina relief efforts are on everyone's mind and will be for some time. I'm sure her victims are in everyone's prayers and that we are all doing whatever we can to help. One way is to respond to LA's Bill Morrison's list-serve questions on how he can best respond to such a disaster.

This issue was put together before Katrina and focuses on the NASFA/NASCA joint conference in Phoenix, AZ. One of the things I did at the conference was provide a brief description of the upcoming changes to NASFA's website. On the back page you can see a picture of the new main screen for a glimpse of how we've updated the "look" of the website. Hopefully by the time you receive this issue the changes will be online and you will be able to experience some of the new features.

Message from the President

Hats off to Faye Myles and the state of Arizona for hosting a top notch annual conference. I hope those of you who attended the conference came away with new ideas and contacts to help you deal with the day to day issues facing facilities managers in today's fast paced market.



*Bob Bippert, Washington
NASFA President*

I also want to thank the National Association of State Chief Administrators (NASCA) for partnering with us on this combined annual conference. NASCA's participation broadened the scope and depth of the information we were able to present to the conference attendees. It also presented new opportunities to network with the administrators that make up our customer base.

Let's channel the enthusiasm that was generated at the conference into our work and upcoming NASFA activities. For many of us the heart of NASFA is our Regional meetings. The Great Plains Regional Meeting was September 12th and 13th in Topeka, Kansas and the Western Regional Conference is September 27th through 30th in Anchorage, Alaska. The Southeast Regional Meeting is set for November 13 through 15 in Norfolk, Virginia. We are NASFA, and in order for NASFA to be successful, we all need to participate. Becoming involved at the regional level can be really rewarding.

Another great opportunity to support NASFA is by participating on a NASFA committee. We have a wide variety of committees that present opportunities to use your special skills. Which committee appeals to you--Education, Communications, Industry Liaison, Membership, Recognition, Special Projects, or Site Selection? Get more information about the regional meetings and the NASFA committees by visiting our web site or by giving me or Marcia Stone a call.

I am looking forward to the new year and the challenges we will face. Together we have an opportunity to solve these challenges and discover the great things we can accomplish. It is a pleasure to lead such a forward thinking organization. Remember, I am only a phone call away at (360) 902-7395. I would enjoy hearing what's going on in your sector of the country and what issues currently have your interest.

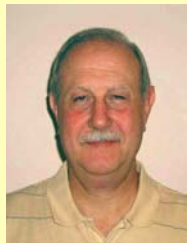
Regional



East Region
Gordon Nelson
Maine



Great Plains Region
Barbara Schilling
Kansas



Southeast Region
Danny Elijah
Georgia



West Region
Manuel Sanchez
New Mexico

NASCA & NASFA Joint Conference Summary

NASCA & NASFA certainly did *Rise Above the Rest* at their first joint National Conference and Resource Expo in Phoenix, Arizona on June 25-29.

Conference attendees participated in excellent presentations while enjoying the luxurious accommodations at The Ritz Carlton Hotel. Host state representative Faye Myles welcomed attendees to her beautiful state, which was warm in both temperature and hospitality.

The National Association of State Chief Administrators (NASCA) President Tom Torti from Vermont and NASFA President Bob Bipert from Washington provided opening remarks, which were followed by a keynote address entitled *Grading the States, 2005* by Susan Tompkins, Director of the Government Performance Project (GPP) and Michael Pagan, Professor of Public Administration & Director of the Graduate Program in Public Administration at the University of Illinois at Chicago.

Our traditional *Parade of Exhibits and Sponsors* followed the keynote address. A highlight of this year's conference was the *Parade of States*, which gave every representative from each state the opportunity to provide an overview of their state's current and future projects. All of the parades were fast paced, informational, not to mention entertaining.

Art Hamilton, Former Representative of the Arizona House of Representatives provided a keynote address on Monday, which was very entertaining and well received. To quote a few of the attendees' comments and reactions to his presentation, "Mr. Hamilton reminded me of the importance of providing excellent service to the public", and "his message presented a balanced approach to the issues of government"

A special thank you to our generous sponsors: CPS, George Butler Associates, Inc., Holder Construction, ISES Corporation, Johnson Controls, MAXIMUS, Inc., Office Depot, Opus West and The Staubach Company for their contributions to this year's conference. Conference sponsors enable NASCA & NASFA to provide the quality programming

on facilities management and administrative management issues that both the public and private sector need, as well as the events that bring them together as colleagues.

This year's Resource Expo was a tremendous success for everyone involved and as one attendee expressed, "the majority of the private sector attendees conducted themselves like members of the same family, which enhanced the friendliness of the conference." NASCA & NASFA would like to thank its exhibitors: 3D/I, Adams Consulting Group, Ameresco, ARCHIBUS, Inc./Applied Data Systems, Inc., Carter Goble Lee Companies, Centennial Contractors Enterprises, Chlorine Free Products Association, Dome Corporation, Einhorn Yaffee Prescott Architecture & Engineering, P.C., Equis Corporation, George Bulter Associates, Inc., Grainger, Hasler, Inc., ISES Corporation, Johnson Controls, MAXIMUS, Inc., Neogard, Skire, Inc., TAC (Tour Andover Controls), The Gordian Group, The Staubach Company, and VFA, Inc.

"...private sector attendees conducted themselves like members of the same family..."

According to the attendee reviews, the dedicated roundtable sessions were extremely useful because of the interaction with others dealing with similar issues in their own states. All of the topics discussed were very

relevant to the facilities and administrative professional; as a result many attendees found it difficult to choose just one of the four concurrent sessions to attend. For more information, including conference presentations and attendance lists, visit the NASCA or NASFA Web site.

Mark your calendar for the 2006 NASCA & NASFA Joint National Conference & Resource Expo at the Fairmont Hotel in New Orleans, Louisiana on June 24 - 28, 2006. This conference promises to be another exciting and informative event as each association continues to learn from the other. Be sure to visit the NASCA or the NASFA Web site throughout the year for more information about the meeting, including "call for presentations", preliminary agenda, sponsorship and exhibitor opportunities, plus much more.

The 2005 NASFA Innovations Award Finalists and the NASCA Outstanding Award Program were formally recognized during the awards banquet at the Joint National Conference and Resource Expo in Phoenix, Arizona.

NASFA appreciates VFA, Inc.'s continued contribution and support, which makes this program possible. NASFA's three finalists were Maryland's Internet-based "Reverse Energy Auction"; Massachusetts' Accelerate the Disposition of Surplus State Property; and Virginia's Construction Recycling.

Maryland's Internet-based "Reverse Energy Auction" program pooled State agency buying power of a projected \$65 to \$70 million annually for electricity, then the Department of General Services conducted a unique "reverse" energy auction, seeking electricity suppliers for State accounts located in the service territories of Baltimore Gas and Electric and Potomac Electric Power Company, the two largest utilities serving Maryland. In a "reverse" auction, multiple sellers of products, in this case, a pure commodity -energy, are vying for the business of a single buyer; therefore, the price is driven down. Bidding continues until a pre-established bidding period ends or until no seller is willing to bid any lower, whichever comes first. The "reverse" auction will allow the State to cost avoid \$5 million per year in electricity costs.

Massachusetts Accelerate the Disposition of Surplus State Property program utilizes the absolute auction method in the sale of state property. Because of the certainty of the outcome and the speed of closing (generally 60 days from auction), the auction has attracted many more qualified bidders than the traditional RFP method of disposition. In addition, the prices generated have nearly always exceeded expectations, and, in two cases, exceeded the prices bid through an RFP process (we had withdrawn the RFPs because the bids were well below the appraised value). This program has made a substantial contribution to the economic health of the Commonwealth of Massachusetts. Where buildings had sat empty for decades, housing will soon be constructed. Where land had sat idle, housing, jobs and tax revenues for local communities will be generated. Finally, proceeds above \$25 million (a threshold that we've reached) will be applied to the Smart Growth Housing Trust, to assist with one of our state's most pressing public policy concerns – the lack of affordable housing for our citizens.

Virginia's Construction Recycling - Faced with crowded landfills, high construction costs, and environmental concerns the Virginia Department of General Services (DGS) is leading the Commonwealth of Virginia's efforts in demolition, recycling and construction by utilizing Green Building practices. Green Building practices incorporate environmental sensitivities in the design and construction of new structures by reusing materials and making new structures energy efficient. The DGS is incorporating those practices in the building of a new parking structure.

The overall NASFA Innovations Award Winner was Maryland's Internet-based "Reverse Energy Auction". To view all of the submissions, visit our Web site at www.nasfa.net.

The National Association of State Chief Administrators (NASCA) announced Maryland and New Mexico as winners of the 2005 Outstanding Award Program. Maryland's Internet-based "Reverse Energy Auction" was again recognized for its hugely successful program. New Mexico's Save Smart New Mexico finds innovative ways to meet challenges facing every state government: In addition to reducing taxpayer dollars spent on the purchase of goods and services, Smart Support increases the state's share of business with local vendors, and assists small, local businesses with state procurement processes. Launched and managed by General Services Department (GSD), Smart Support expanded to include the active involvement of the Economic Development Department, State Purchasing Division's Procurement Assistance Program, and the New Mexico Small Business Development Center. Smart Support's main objective was to create a level playing field for small, resident businesses by ensuring that these vendors received every opportunity to participate in the State's procurement processes.

Innovations Award Winners (Below, L to R): Boyd Rutherford (MD), David Raffin (VFA), Hope Davis (MA), Mike Frey (ND) Recognition Cmte Co-Chair, Chinh Vu (VA)



Incentive Award Winners (Left, L to R): Mike Kenig, Holder Construction Co. and John Lynch (WA)



2005-06 Executive Cmte (Right, (L to R): Harold Munson (OK), Manuel Sanchez (NM), Bob Bippert (WA), Bill Morrison (LA), Gordon Nelson (MD), Hope Davis (MA), Bruce Whittington (UT), Selby Lucero (NM). Not pictured: Danny Elijah (GA) and Barbara Schilling (KS)

Maryland's "Reverse Energy Auction"

Maryland's innovative "Reverse Energy Auction" – which has allowed the State to save more than \$5 million a year in energy price increases – has won awards presented by the National Association of State Facilities Administrators (NASFA) and the National Association of State Chief Administrators (NASCA). The Internet-based "Reverse Energy Auction" allowed the State to lock-in the lowest possible electricity costs before price caps expired in summer 2004.

When he took office in 2003, Maryland Governor Robert L. Ehrlich, Jr. mandated innovative approaches to running government. Governor Ehrlich especially sought significant energy savings.

"We are delighted by this national recognition and the two awards," said Governor Ehrlich. "This innovative approach demonstrates the benefits of good government at work. In tight budget times, the impact of this program is huge."

NASFA presented Maryland its 2005 Innovation Award, while NASCA honored the State with its 2005 Outstanding Program Award.

"Maryland's innovative energy program is a creative solution to helping contain ever-higher state facility costs," said NASFA President Bob Bippert. "Each of our state members can use the Maryland model to help cost-avoid future electricity increases. This procurement approach allows states to pool their buying muscle to get better prices." Maryland competed with finalists Massachusetts and Virginia for the national honor.

Maryland's energy procurement was also honored by NASCA for leadership and innovation.

"This innovative procurement approach, which can be replicated by other states, is a creative solution to providing lower-priced electricity for various Maryland agencies," said Tom Torti, NASCA President and Vermont's Agency of Natural Resources Secretary. "This award not only reflects positively on the Maryland Department of General Services and its innovative staff, but also on state leadership that encourages and recognizes performance."

As Maryland shifted to a deregulated electric power market that would initially bring higher and fluctuating market-based rates, the Department of General Services (DGS) undertook a unique procurement process to leverage the State's buying muscle – a "reverse" energy auction. With accountability to taxpayers as the top priority, DGS moved optimistically forward with this sophisticated

approach to avoid the unpredictable and costly rate increases and to ensure that Maryland taxpayers are paying the lowest possible rates for their State government's energy. Industry analysts reported on average, newly deregulated energy costs rise about 33 percent. Over the eight months prior to the DGS "reverse" auction, regulated energy costs were up about 10 percent.

With a pooled State agency buying power of a projected \$65 to \$70 million annually for electricity, DGS conducted the unique "reverse" energy auction, seeking electricity suppliers for State accounts located in the service territories of Baltimore Gas and Electric and Potomac Electric Power Company, the two largest utilities serving Maryland.

In a first for Maryland State government, the "reverse" auction was conducted on the Internet. The "reverse" auction is the opposite of a traditional auction in which a seller offers an item for sale while potential buyers compete with each other for the purchase. During the process, the price is driven steadily up until no buyer is willing to go any higher. In a "reverse" auction, multiple sellers of products, in this case, a pure commodity – energy, are vying for the business of a single buyer; therefore, the price is driven down. Bidding continues until a pre-established bidding period ends or until no seller is willing to bid any lower, whichever comes first.

The winning bidder(s) would provide electricity to nine State agencies and departments. Additionally, the Maryland Stadium Authority, which runs Major League Baseball's Oriole Park at Camden Yards and M&T Bank Stadium, home of the NFL Ravens, and six regional State universities participated in the auction.

The Internet auction was divided into 30 separate, 15-minute auctions, each of which included 2,400 State accounts. Prices bid by six suppliers ranged from 0.054/ kWh to 0.0630/ kWh. Approximately 13 percent of the electricity supplied to State executive departments and agencies will be environmentally-friendly "green power," which consists of electricity produced with renewable resources. By using the unique "reverse" energy auction, DGS was able to purchase the "green power" at no additional cost.

Four utility bidders won an estimated \$53 million in state business – more than half of what Maryland spent on electricity the previous year. Those winning energy providers are now supplying power to State office buildings, universities, prisons and the two major sports stadiums in Baltimore.

"In a time when energy prices are going up, Governor Ehrlich sought significant energy savings," said DGS Secretary Boyd K. Rutherford. "The reverse auction has helped reduce the rate of increase for facility operations."

"This innovative approach demonstrates the benefits of good government at work."



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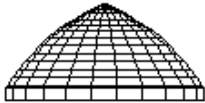
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NEWSLETTER NEWS Continued

Another aspect of the conference highlighted in this issue is NASFA's innovation award winner, Maryland's reverse energy auction. Learn how to cut energy costs at a time of skyrocketing price increases.

As has been our habit in the last few years, focus topics for the upcoming newsletters will be drawn from the survey taken at the National Conference. Please respond to the questions we ask you about the focus topics when we send them out, so that we can print them and have a newsletter for the members, of the members, by the members.



The new website will have several functions which will improve communication for NASFA, here are a few:

- ▶ The ability for members to update their own contact information.
- ▶ The ability for members to register themselves for conferences.
- ▶ A calendar that shows all upcoming committee conference calls and the dial in information.

NASFA's mission is to provide leadership in the development and implementation of state facility administration practices.

Formed in 1987, NASFA brings together state officials involved in the planning, development, operations and maintenance of state facilities. Any state and our international neighboring states/provinces are eligible for membership. A prominent benefit of NASFA membership is that the membership is vested in the state, rather than an individual, and therefore all personnel involved in facilities administration and management may participate in the association. The membership dues can be split among several agencies, which lower the expense for each agency. NASFA also welcomes corporate, municipal, and other governmental unit memberships from organizations who work regularly with state administrators. Together, members share their knowledge and expertise to improve practices in governmental facilities administration.



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