

Office of the
Legislative Fiscal Analyst

FY 2004 Budget Recommendations

Joint Appropriations Subcommittee for
Capital Facilities and Administrative Services

Utah Department of Administrative Services
Internal Service Funds
DFCM Facility Management

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1.0 Summary: Division of Facilities Construction and Management - Facilities Management

The Internal Service Fund program within DFCM is responsible for the operation and maintenance of four million square feet of state owned space. DFCM will provide maintenance, janitorial and security services for any agency occupying state owned space. In order to keep prices as low as possible, DFCM must compete with private sector vendors in getting maintenance contracts.

	Analyst FY 2004 Base	Analyst FY 2004 Changes	Analyst FY 2004 Total
Financing by Source			
Dedicated Credits - Intragvt Rev	18,815,200		18,815,200
Total	<u>\$18,815,200</u>	<u>\$0</u>	<u>\$18,815,200</u>
Expenditures by Program			
ISF - Facilities Management	18,599,900		18,599,900
Total	<u>\$18,599,900</u>	<u>\$0</u>	<u>\$18,599,900</u>
Profit/Loss	<u>\$215,300</u>	<u>\$0</u>	<u>\$215,300</u>
FTE/Other			
Total FTE	121		121
Authorized Capital Outlay	11,500		11,500
Retained Earnings	1,141,500		1,141,500

2.0 Issues:

2.1 Rate Adjustments for Fiscal Year 2003

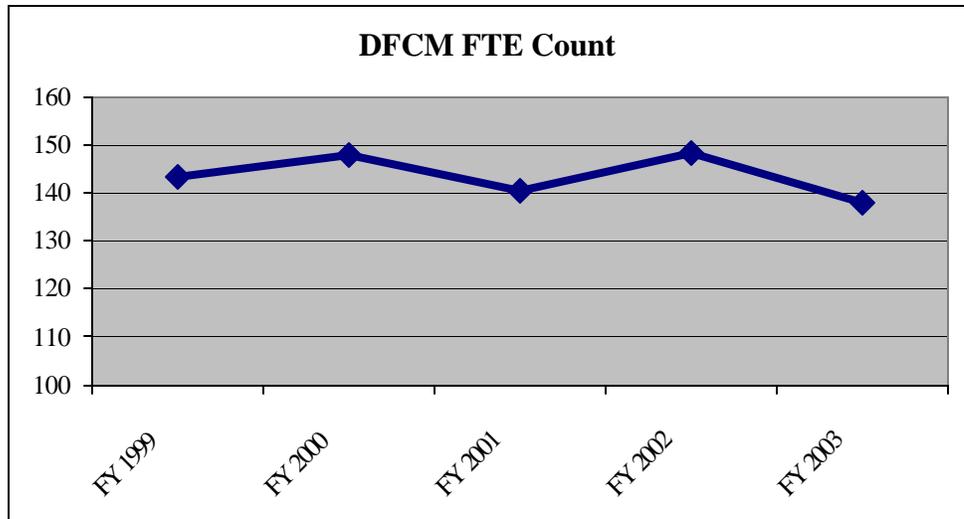
The table below identifies those facilities for which DFCM is requesting a rate change in Fiscal Year 2004. Rates change to match costs for salaries, service level, and new square footage.

DFCM Rate Changes - FY 2004 Proposal			
	<i>FY 04 Change</i>	<i>Explanation</i>	<i>% Change</i>
ABC Cedar City Store #18 (1808)	3,000	New location preliminary budget too low	20%
ABC Magna 3500 S. 7200 W.	12,562	Agency Occupied New Location FY 03 - full funding for FY 04	100%
ABC Murray #9	(6,000)	New location with projected budget too high	-34%
ABC Ogden Store #21	5,000	New location preliminary budget too low	32%
ABC Park City Store #34 (1388)	(10,000)	New location with projected budget too high	-44%
ABC Provo Freedom #5	5,000	New location preliminary budget too low	29%
ABC Sandy Store #15	(7,000)	New location with projected budget too high	-37%
ABC Sandy Store #16 (1605)	(12,000)	New location with projected budget too high	-49%
ABC SLC 205 W #1	(7,000)	New location with projected budget too high	-35%
ABC SLC Foothill #4	(5,000)	New location with projected budget too high	-54%
ABC West Valley City Store #3 (1636)	(2,500)	New location with projected budget too high	-16%
Calvin Rampton Complex	(25,000)	Utilities less than projected - New Chiller	-2%
Capitol Hill Complex	(123,400)	Budget Reduction	-5%
DAS Surplus Property	(10,000)	New location with projected budget too high	-20%
Devereaux House	(71,008)	Agency Vacated Building FY 02	-100%
Farmington 2nd District Courts	(30,000)	New location with projected budget too high	-11%
Heber M. Wells	(30,000)	Adjust Revenues to Expenses & decrease R/E balance	-4%
Logan 1st District Court	(37,500)	Agency Vacated Building FY 02	-100%
Logan 1st District Court	326,870	Agency Occupied New Location FY 03 - full funding for FY 04	100%
Ogden Medical Center	(10,000)	New location with projected budget too high	-22%
Ogden Public Safety	(20,000)	Deficit Liquidated & Vacant Space	-43%
Orem Driver License	5,000	R/E surplus liquated Revenues vs. Expenses	16%
Orem Region Three UDOT	(48,200)	Agency Vacated Building FY 02	-100%
Orem Region Three UDOT	79,000	Agency Occupied New Location FY 02	100%
Provo Regional Center	18,816	Cell Phone Antenna Lease FY 02	4%
Public Safety Depot Ogden	17,108	Agency Occupied New Location FY 02	100%
Richfield Court	7,000	R/E surplus liquated Revenues vs. Expenses	15%
Salt Lake Court	(110,000)	New location with projected budget too high	-7%
St. George Courts	20,000	R/E surplus liquated Revenues vs. Expenses & Additional sq. ft.	20%
State Library - Library	(100,000)	New location with projected budget too high	-96%
State Library - Visually Impaired	(35,000)	New location with projected budget too high	-45%
Taylorville Center for the Deaf	8,100	Increased Sq. Ft. FY 02	35%
Taylorville Office Building	13,500	Liquidate deficit R/E & expense increase	10%
Utah Arts Collection	(26,000)	New location with projected budget too high	-83%
West Valley 3rd District Court	10,000	New location preliminary budget too low - Janitorial increase	22%
WFS Services - 1385 South State	(10,000)	Adjust Revenues to Expenses	-4%
WFS Services Midvale	11,000	Liquidate deficit R/E & expense increase	7%
WFS South County Emp. Ctr.	41,500	R/E surplus liquated Revenue vs. Exp. & Increased Security FY 02	20%
WFS Vernal	8,000	Increases in Janitorial, Personnel, & Utilities	21%
Workforce Services Clearfield/Davis County	15,000	New location preliminary budget too low	14%
Total	(129,152)		-1%

Rate adjustments do not automatically drive increased appropriation. Analysts for affected agencies consider budget needs and available revenue in recommending further increases. If an agency does not receive additional appropriations, they must fund increases from existing budgets.

2.2 FTE Counts within DFCM

The Division of Finance defines an FTE as 2,080 hours worked. If two people work 1,040 hours each, they are considered to be one FTE. DFCM's authorized FTE count is based on Legislative approval of full-time, permanent employees. During the summer months DFCM adds temporary employees for grounds maintenance at the Capitol and other large state facilities. Since 1999 FTE counts as calculated by hours remained constant. The current calculated FTE count of 138 is the result of only two months of summer in the current fiscal year and a reduction in grounds crew to alleviate budget pressures.



The Analyst believes that DFCM is using temporary employees wisely and recommends that the approved FTE count as required by statute be focused on permanent employees. DFCM continues to provide a monthly FTE count to the Analyst. To date no new permanent employees have been transferred into the program as allowed by intent language (see section 3.1 below).

2.3 Annual Report

The DFCM ISF Annual Report to the Legislature may be found behind the 4.0 section of this report.

3.0 Programs – Division of Facilities Construction and Management

3.1 Facility Management

	2002	2003	2004	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Dedicated Credits - Intragvt Rev	18,573,900	18,581,700	18,815,200	233,500
Trust and Agency Funds	200			
Transfers	(11,800)			
Total	\$18,562,300	\$18,581,700	\$18,815,200	\$233,500
Expenditures				
Personal Services	5,683,300	5,535,800	5,578,000	42,200
In-State Travel	12,300	12,300	12,300	
Out of State Travel	7,000	28,200	17,700	(10,500)
Current Expense	12,424,400	12,208,100	12,366,300	158,200
DP Current Expense	244,900	225,900	225,900	
DP Capital Outlay	(40,000)			
Other Charges/Pass Thru	229,300	323,200	323,200	
Depreciation	107,600	86,800	76,500	(10,300)
Total	\$18,668,800	\$18,420,300	\$18,599,900	\$179,600
Profit/Loss	(\$106,500)	\$161,400	\$215,300	\$53,900
FTE/Other				
Total FTE	122	122	121	(1)
Authorized Capital Outlay	80,000		11,500	11,500
Retained Earnings	764,800	926,200	1,141,500	215,300

*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency

Capital Outlay

With the opening of a new Court facility in Logan DFCM needs equipment for parking lot snow removal, maintenance and cleaning. The Capital Outlay request of \$11,500 provides for an all-terrain vehicle with a plow and a large sweeper.

FTE Counts

Until 1999, DFCM had been able to add FTE to its payroll only if there were an equivalent staff reduction in another agency. Agencies often request new or expanded services from DFCM during the course of the year. Without flexibility to add employees DFCM's customer service and competitive abilities suffered. To alleviate this problem, the Legislature approved the following intent language:

It is the intent of the Legislature that DFCM's internal service fund may add FTEs beyond the authorized level if new facilities come on line or maintenance agreements are requested. Any added FTEs will be reviewed and approved by the Legislature in the next Legislative Session.

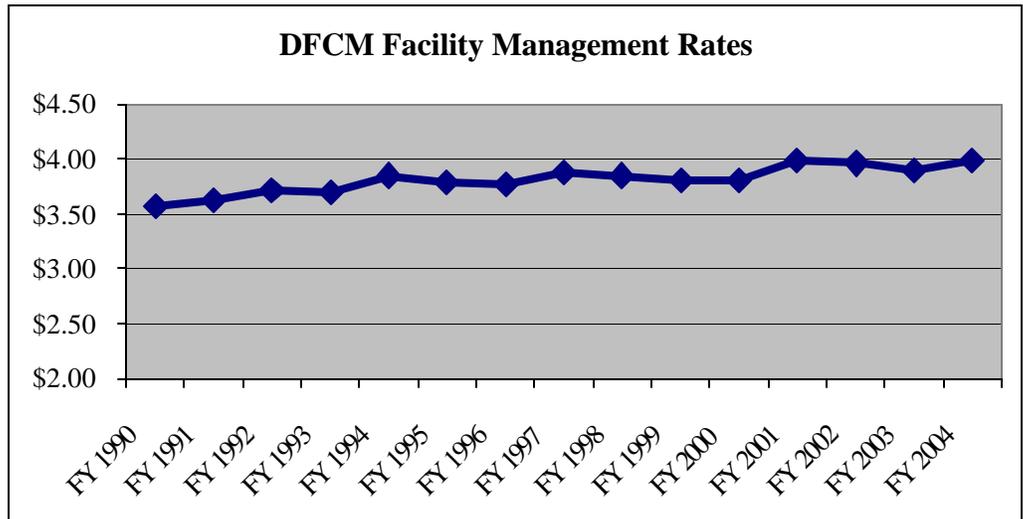
During the course of the year, DFCM FTE counts remained below their authorized level. The Analyst believes that the intent language is sound and should be approved for FY 2003.

3.2 Roofing, Paving and Hazardous Materials

In the past the Legislature considered the Roofing, Paving and Hazardous Material program as part of this budget. Recent organizational changes combined with historical funding from the Capital Improvement program indicate that this program is more suited for the DFCM Appropriated budget behind Tab 9. Beginning with FY 2004 the Analyst will report this program as part of the appropriated budget at DFCM.

3.3 Management Costs

Since 1990 DFCM management rates increased by approximately 11.5 percent but are still less than \$3.90 per square foot.



Source: Division of Facilities and Construction Management ISF Annual Report, page 9.

New Janitorial Program Promises Savings

DFCM is testing a new program piloted by New Mexico facility managers. The program provides janitorial services during the day rather than the evening, eliminating daytime “porter staff” that many large agencies maintain. Daytime cleaning also allows agencies to save fuel and power costs by closing buildings completely overnight. DFCM implemented the program in December of 2002 so no data is yet available. As more new programs come on line, the Analyst will report to the Capital Facilities Committee on its success.

DFCM contracts with private providers for janitorial services and some maintenance needs. With 122 employees statewide operating costs for state facilities remain thirty-seven percent lower than private sector facilities and forty-one percent lower than Federal facilities.

	DFCM Cost Comparison: Five year History						
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	% Change	Dollar Change
Private Sector	\$5.28	\$5.50	\$5.43	\$5.98	\$6.34	20.08%	\$1.06
US Government	\$6.05	\$4.90	\$4.94	\$6.26	\$6.70	10.74%	\$0.65
SLC Private	\$4.47	\$4.56	\$4.40	\$4.21	\$4.93	10.29%	\$0.46
DFCM	\$3.80	\$3.98	\$3.96	\$3.89	\$3.98	4.74%	\$0.18

Data compiled by Legislative Fiscal Analyst from: DFCM Annual Reports (1999 through 2003).

4.0 Division of Facilities Construction and Management - Facilities Management

	2000	2001	2002	2003	2004
Financing by Source	Actual	Actual	Actual	Estimated	Analyst
Dedicated Credits - Intragvt Rev	15,086,000	18,080,900	18,573,900	18,581,700	18,815,200
Restricted Revenue	2,502,900	279,100			
Trust and Agency Funds	300	300	200		
Transfers			(11,800)		
Total	\$17,589,200	\$18,360,300	\$18,562,300	\$18,581,700	\$18,815,200
Financing by Program					
ISF - Facilities Management	17,589,200	18,360,300	18,562,300	18,581,700	18,815,200
Total	\$17,589,200	\$18,360,300	\$18,562,300	\$18,581,700	\$18,815,200
Expenditures					
Personal Services	5,819,700	5,535,500	5,683,300	5,535,800	5,578,000
In-State Travel	24,900	11,600	12,300	12,300	12,300
Out of State Travel	15,900	5,000	7,000	28,200	17,700
Current Expense	11,717,300	12,146,900	12,424,400	12,208,100	12,366,300
DP Current Expense	129,900	102,700	244,900	225,900	225,900
DP Capital Outlay	74,100		(40,000)		
Other Charges/Pass Thru	119,300	187,200	229,300	323,200	323,200
Depreciation		66,600	107,600	86,800	76,500
Trust & Agency Disbursements		50,000			
Total	\$17,901,100	\$18,105,500	\$18,668,800	\$18,420,300	\$18,599,900
Profit/Loss	(\$311,900)	\$254,800	(\$106,500)	\$161,400	\$215,300
FTE/Other					
Total FTE	129	129	122	122	121
Authorized Capital Outlay	172,680	12,500	80,000		11,500
Retained Earnings	371,700	721,400	764,800	926,200	1,141,500

*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency.