

Office of the  
Legislative Fiscal Analyst

## **FY 2005 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.

	<b>Analyst FY 2005 Base</b>	<b>Analyst FY 2005 Changes</b>	<b>Analyst FY 2005 Total</b>
<b>Financing by Revenue Source</b>			
Dedicated Credits - Intragvt Rev	\$19,811,700	\$0	\$19,811,700
<b>Total</b>	<u>\$19,811,700</u>	<u>\$0</u>	<u>\$19,811,700</u>
<b>Expenditures by Program</b>			
ISF - Facilities Management	\$19,258,800	\$0	\$19,258,800
<b>Total</b>	<u>\$19,258,800</u>	<u>\$0</u>	<u>\$19,258,800</u>
<b>Profit/(Loss)</b>	<u>\$552,900</u>	<u>\$0</u>	<u>\$552,900</u>
<b>FTE/Other</b>			
Total FTE	121		121
Authorized Capital Outlay	\$70,500	\$0	\$70,500
Retained Earnings	\$1,950,100	\$0	\$1,950,100

**2.0 Issues:**

**2.1 Rate Adjustments for Fiscal Year 2005**

The table below identifies those facilities for which DFCM is requesting a rate change in Fiscal Year 2005. Rates change to match costs for salaries, service level, and new square footage.

DFCM Rate Changes FY 2005			
	FY 05 Change	Explanation	% Change
Archive Building (New Location)	71,470	Provide a full 12 months O & M funding	83%
Utah State Tax Commission	65,000	Liquidate deficit R/E; adj revenues to expenses	8%
Vernal 8th District Court	34,500	Liquidate deficit R/E; adj revenues to expenses	19%
CAD Services	29,404	Projected increase capital improvement funding	20%
Murray Highway Patrol Training & Supply	10,000	Liquidate deficit R/E; adj revenues to expenses	28%
Vernal DSPD	6,500	Liquidate deficit R/E; adj revenues to expenses	38%
Human Services Vernal	6,000	Liquidate deficit R/E; adj revenues to expenses	13%
Glendinning Fine Arts Center	5,000	Liquidate deficit R/E; adj revenues to expenses	17%
Utah Arts Collection	(10,000)	Adjusted Revenues to Expenses	-47%
Statewide Facility Focus	(10,000)	Projected decrease in available funding (DC)	-23%
<b>Total</b>	<b>207,874</b>		

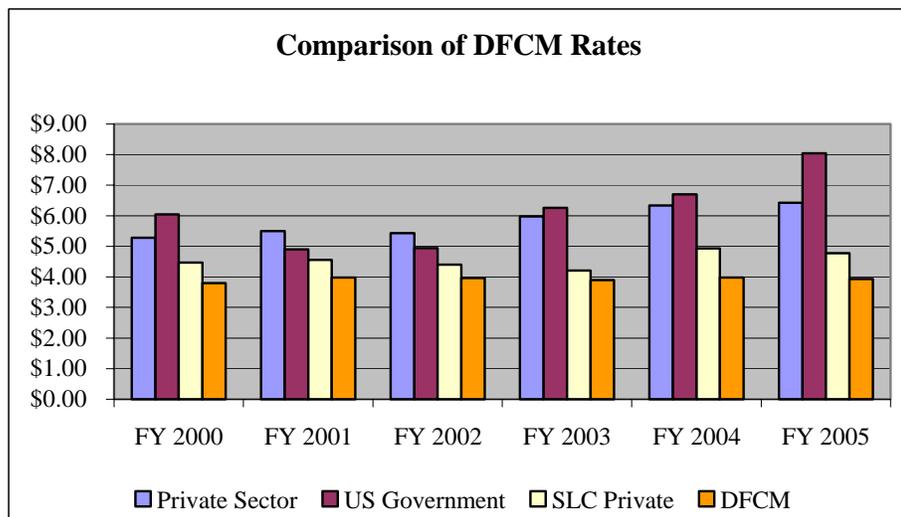
Rate adjustments do not automatically drive increased appropriation. Analysts for affected agencies consider budget needs and available revenue in recommending further increases. If an agency does not receive additional appropriations, they must fund increases from existing budgets.

**2.2 Annual Report**

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

**2.3 DFCM Rate Comparison**

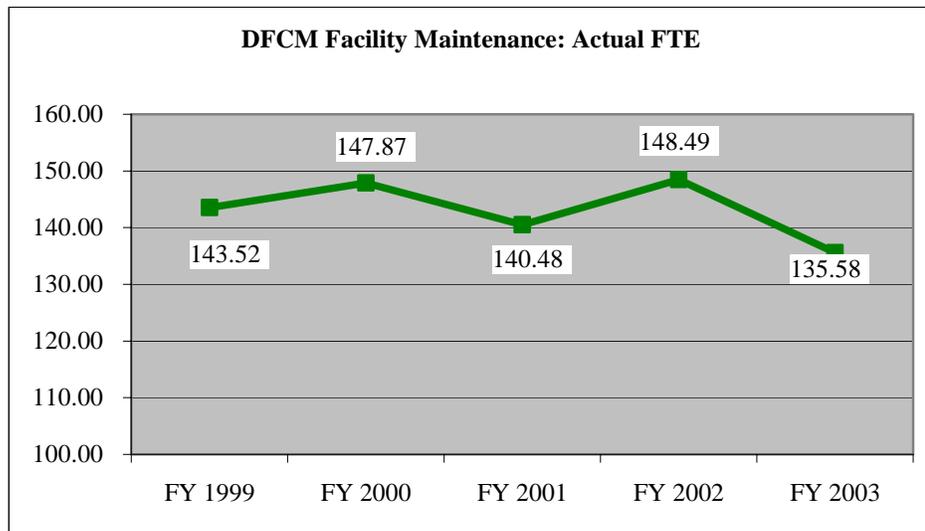
At \$3.93 per square foot, DFCM maintenance rates are less than half of that paid by the federal government and are lower than national private and local private rates.



Source: DFCM Annual Reports and OLFA

## 2.4 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. During the budget shortfalls of the past two years DFCM worked with agencies, including the Capitol Preservation Board, to reduce services and cut costs associated with temporary positions in landscaping.



Source: Utah Division of Finance Data Warehouse and OLFA

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

### 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 2005.

### 3.0 Programs – Division of Facilities Construction and Management

#### 3.1 Facility Management

	2003	2004	2005	Est/Analyst
<b>Financing</b>	<b>Actual</b>	<b>Estimated*</b>	<b>Analyst</b>	<b>Difference</b>
Dedicated Credits - Intragvt Rev	\$18,971,900	\$19,675,300	\$19,811,700	\$136,400
<b>Total</b>	<b>\$18,971,900</b>	<b>\$19,675,300</b>	<b>\$19,811,700</b>	<b>\$136,400</b>
<b>Expenditures</b>				
Personal Services	\$5,799,000	\$5,746,300	\$5,729,000	(\$17,300)
In-State Travel	17,800	7,700	7,700	
Out of State Travel	7,900	16,000	13,900	(2,100)
Current Expense	12,194,900	12,924,500	13,032,300	107,800
DP Current Expense	254,200	259,400	268,300	8,900
Other Charges/Pass Thru	325,000	323,200	165,500	(157,700)
Depreciation	58,700	65,900	42,100	(23,800)
<b>Total</b>	<b>\$18,657,500</b>	<b>\$19,343,000</b>	<b>\$19,258,800</b>	<b>(\$84,200)</b>
<b>Profit/(Loss)</b>	<b>\$314,400</b>	<b>\$332,300</b>	<b>\$552,900</b>	<b>\$220,600</b>
<b>FTE/Other</b>				
Total FTE	128	121	121	0
Authorized Capital Outlay	\$5,500	\$47,500	\$70,500	\$23,000
Retained Earnings	\$1,064,900	\$1,397,200	\$1,950,100	\$552,900
Vehicles	76	76	76	0

\*Non-state funds as estimated by agency

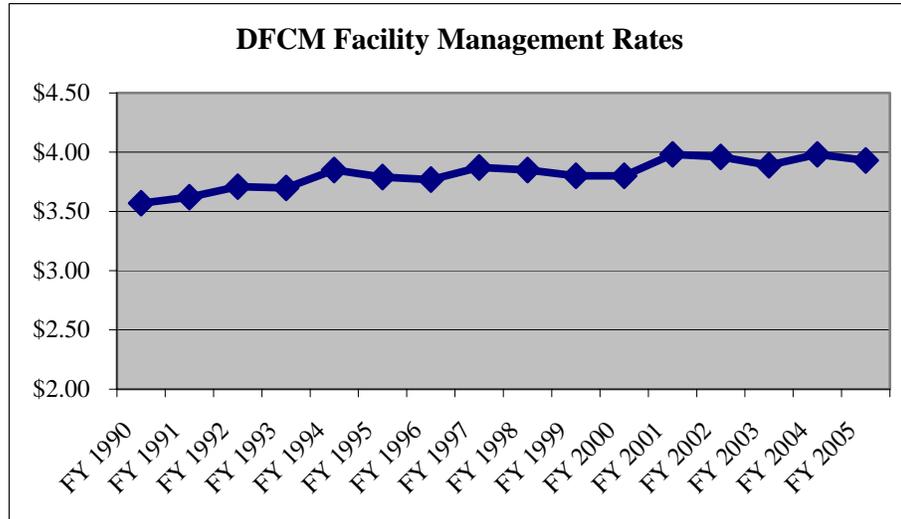
#### Capital Outlay

The Analyst supports DFCM’s request to purchase six replacement snow brushes and a replacement quad-runner. During the year DFCM may be asked to add new programs.

<b>DFCM Capital Outlay Authority</b>				
	<i>FY 2002</i>	<i>FY 2003</i>	<i>FY 2004</i>	<i>FY 2005</i>
	<i>Actual</i>	<i>Actual</i>	<i>Estimated</i>	<i>Recommended</i>
Mowers	\$16,823	\$5,465		
Mules/Quad Runners	43,381		6,000	6,500
Plotter	21,950			
Lift	11,500		15,000	
Sweeper/Snow Brush			5,500	39,000
ProjectWise Program			24,519	
Port. Generator Load Bank			8,000	
Prior Year Authority	116,380	114,084	66,565	25,000
<b>Total</b>	<b>\$210,034</b>	<b>\$119,549</b>	<b>\$125,584</b>	<b>\$70,500</b>

### 3.3 Management Costs

Since 1990 DFCM management rates increased by approximately 11.5 percent but are still less than \$4.00 per square foot.



Source: Division of Facilities and Construction Management ISF Annual Report 2004, page 9.

*DFCM Costs rising slower than private sector*

DFCM contracts with private providers for janitorial services and some maintenance needs. The five year trend for DFCM includes a rate of increase that is half of similar services offered in the private sector..

	<b>DFCM Cost Comparison: Five year History</b>							
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	% Chg	\$ Change
Private Sector	\$5.28	\$5.50	\$5.43	\$5.98	\$6.34	\$6.43	21.78%	\$1.15
US Government	\$6.05	\$4.90	\$4.94	\$6.26	\$6.70	\$8.04	32.89%	\$1.99
SLC Private	\$4.47	\$4.56	\$4.40	\$4.21	\$4.93	\$4.77	6.71%	\$0.30
DFCM	\$3.80	\$3.98	\$3.96	\$3.89	\$3.98	\$3.93	3.42%	\$0.13

Data compiled by Legislative Fiscal Analyst from: DFCM Annual Reports (1999 through 2004).

**4.0 Division of Facilities Construction and Management - Facilities Management**

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Financing by Revenue Source</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated*</b>	<b>Analyst</b>
Dedicated Credits - Intragvt Rev	\$18,080,900	\$18,573,900	\$18,971,900	\$19,675,300	\$19,811,700
Restricted Revenue	279,100				
Trust and Agency Funds	300	200			
Transfers		(11,800)			
<b>Total</b>	<b>\$18,360,300</b>	<b>\$18,562,300</b>	<b>\$18,971,900</b>	<b>\$19,675,300</b>	<b>\$19,811,700</b>
<b>Financing by Program</b>					
ISF - Facilities Management	\$18,360,300	\$18,562,300	\$18,971,900	\$19,675,300	\$19,811,700
<b>Total</b>	<b>\$18,360,300</b>	<b>\$18,562,300</b>	<b>\$18,971,900</b>	<b>\$19,675,300</b>	<b>\$19,811,700</b>
<b>Expenditures</b>					
Personal Services	\$5,535,500	\$5,683,300	\$5,799,000	\$5,746,300	\$5,729,000
In-State Travel	11,600	12,300	17,800	7,700	7,700
Out of State Travel	5,000	7,000	7,900	16,000	13,900
Current Expense	12,146,900	12,424,400	12,194,900	12,924,500	13,032,300
DP Current Expense	102,700	244,900	254,200	259,400	268,300
DP Capital Outlay		(40,000)			
Other Charges/Pass Thru	187,200	229,300	325,000	323,200	165,500
Depreciation	66,600	107,600	58,700	65,900	42,100
Trust & Agency Disbursements	50,000				
<b>Total</b>	<b>\$18,105,500</b>	<b>\$18,668,800</b>	<b>\$18,657,500</b>	<b>\$19,343,000</b>	<b>\$19,258,800</b>
<b>Profit/(Loss)</b>	<b>\$254,800</b>	<b>(\$106,500)</b>	<b>\$314,400</b>	<b>\$332,300</b>	<b>\$552,900</b>
<b>FTE/Other</b>					
Total FTE	129	122	128	121	121
Authorized Capital Outlay	\$12,500	\$80,000	\$5,500	\$47,500	\$70,500
Retained Earnings	\$721,400	\$764,800	\$1,064,900	\$1,397,200	\$1,950,100
Vehicles	68	73	76	76	76

\*Non-state funds as estimated by agency.