

Budget Brief – DAS Facilities Management (ISF)

NUMBER CFAS-06-20

SUMMARY

The internal service fund (ISF) within DFCM provides building maintenance, management and preventive services to its state agency subscribers. The ISF performs maintenance and services such as janitorial, security, grounds maintenance, heating/air conditioning repair, and so on, to ensure each building’s specific maintenance concerns are resolved in a timely and cost effective manner. In order to keep prices as low as possible, DFCM must compete with private sector vendors for maintenance contracts.

ISSUES AND RECOMMENDATIONS

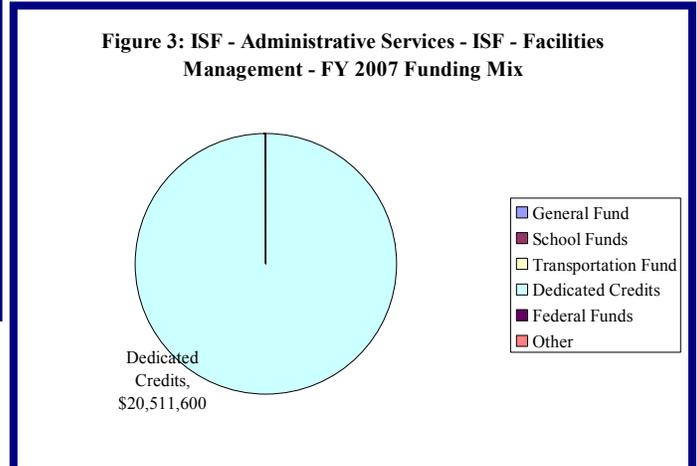
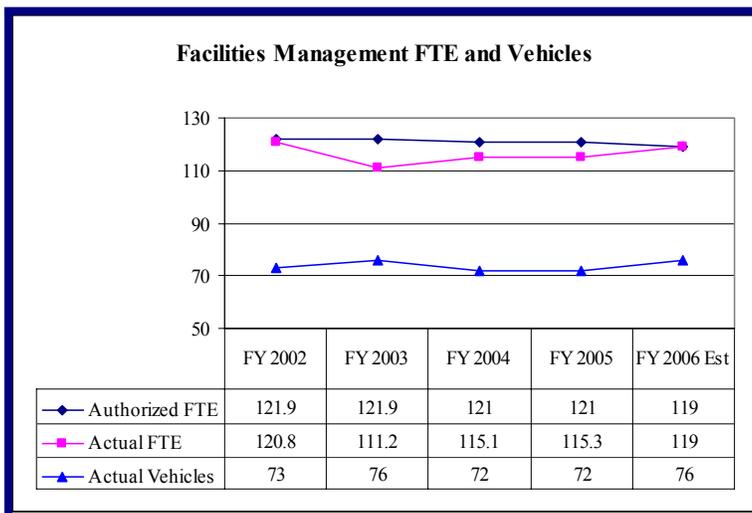
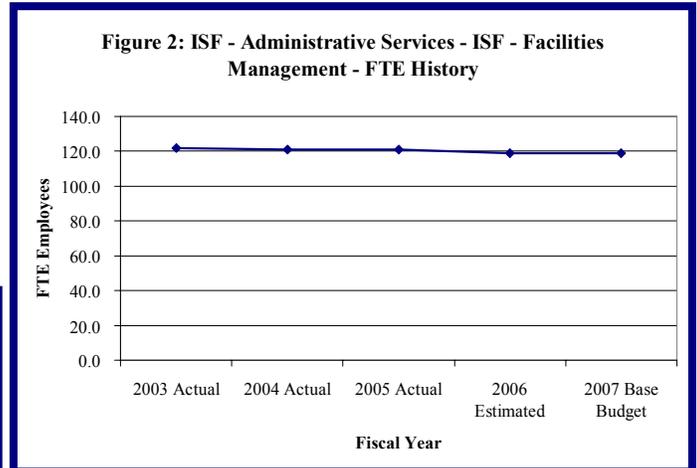
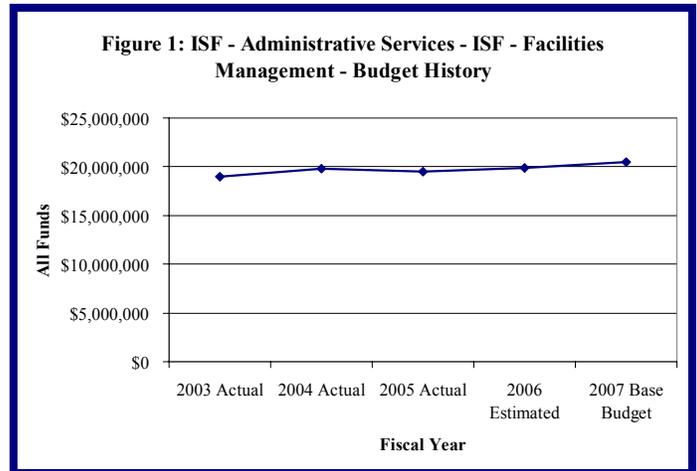
Three FTE and Two Vehicles Addition

New buildings will come on line in FY 2007 (Tooele Courts and Ogden Regional Center #2) that will require DFCM to hire up to three FTE and acquire two additional vehicles. The Analyst recommends the Legislature approve the increases. Costs will be recovered through the rates.

Intent Language Result

Since FY 1999 the Legislature has approved intent language allowing DFCM to add FTE and/or vehicles if new buildings or service level agreements come on line during the Interim. During the 2005 General Session the Legislature tightened the language to restrict the possible number of new FTE to three, and new vehicles to two, subject to legislative approval in the next session.

The following chart shows that DFCM has not needed to use the provisions of the intent language.



The Analyst recommends the Legislature continue authorizing the intent language (see page 3) with the provision that DFCM notify the CFAS co-chairs before adding any vehicles or FTE.

ACCOUNTABILITY DETAIL

Per Square Foot Costs

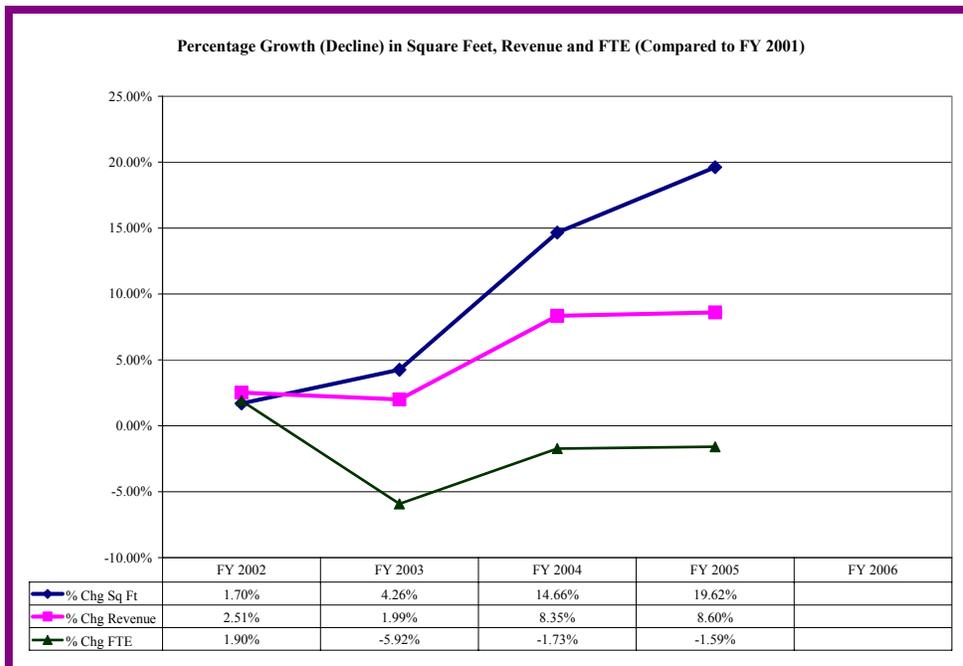
At an average of \$3.95 per square foot in FY 2005, DFCM maintenance rates were about 57 percent of the rates paid by federal agencies and are lower than the national private and local private rates.



Data for U.S. federal government, U.S. private, and local private rates come from the annual publication of BOMA (Building Owners and Managers Association) International.

Percentage Growth in Square Feet, Revenue, and FTE

DFCM's growth in FTE and revenue (compared to FY 2001) has been lower than its growth in square footage managed.



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 large state facilities. The Legislature has not been counting these temporary positions against the authorized FTE level. In FY 2006 two FTE will transfer from the ISF to the appropriated budget due to the transfer of the Computer Aided Design program authorized by the 2005 Legislature.

Customer Satisfaction

The division has a target of 90 percent customer satisfaction. Actual results are:

FY 2002	79%
FY 2003	83%
FY 2004	82%
FY 2005	84%

BUDGET DETAIL

This ISF's managers have achieved positive operating results for the past four years, which has resulted in slight growth in retained earnings.

DFCM is requesting rate changes for ten buildings in FY 2007. The primary reason for increases is utility rates and to reduce deficit retained earnings. One of the rate changes is a \$10,000 per year decrease. The total impact of the rate changes is \$187,000 per year. DFCM accounts for revenues, expenses and retained earnings on each building it maintains.

Budget Recommendation for FY 2007:

- Estimated revenues of \$20,511,600
- Rates as presented separately
- 119.0 FTE
- An additional three FTE and 2 vehicles to maintain new buildings in Tooele and Ogden
- Authorized Capital Outlay of \$51,500. Funds will be used, if needed, to replace mowers, mules, and other equipment that may unexpectedly break down.

Intent Language

The Analyst recommends the Legislature continue using the following intent language which was approved in House Bill 1, 2005 General Session:

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

LEGISLATIVE ACTION

This section is a summary of what actions might be taken if the Legislature wishes to adopt the recommendations of this brief. The Analyst recommends the Legislature consider adopting:

1. Estimated revenues of \$20,511,600 for the Division of Risk Management ISF
2. Rates as presented separately
3. 119.0 FTE
4. An additional three FTE and 2 vehicles to maintain new buildings in Tooele and Ogden
5. Authorized Capital Outlay of \$51,500.
6. Intent Language authorizing the division to add up to three FTE and two vehicles, subject to notification of the co-chairs and legislative approval in the next general session.

BUDGET DETAIL TABLE

ISF - Administrative Services - ISF - Facilities Management						
Sources of Finance	FY 2005 Actual	FY 2006 Appropriated	Changes	FY 2006 Revised	Changes	FY 2007* Base Budget
Interest Income	100	0	0	0	0	0
Dedicated Credits - Intragvt Rev	19,485,700	20,060,500	(191,400)	19,869,100	642,500	20,511,600
Total	\$19,485,800	\$20,060,500	(\$191,400)	\$19,869,100	\$642,500	\$20,511,600
Programs						
ISF - Facilities Management	19,485,800	20,060,500	(191,400)	19,869,100	642,500	20,511,600
Total	\$19,485,800	\$20,060,500	(\$191,400)	\$19,869,100	\$642,500	\$20,511,600
Categories of Expenditure						
Personal Services	5,935,600	5,878,100	279,800	6,157,900	88,500	6,246,400
In-State Travel	12,500	8,400	4,200	12,600	0	12,600
Out of State Travel	5,100	18,700	500	19,200	5,800	25,000
Current Expense	12,843,600	13,489,800	(25,000)	13,464,800	313,700	13,778,500
DP Current Expense	268,800	385,900	(123,600)	262,300	1,700	264,000
Other Charges/Pass Thru	166,300	157,600	0	157,600	17,700	175,300
Depreciation	37,400	41,800	2,200	44,000	(2,300)	41,700
Total	\$19,269,300	\$19,980,300	\$138,100	\$20,118,400	\$425,100	\$20,543,500
Other Data						
Budgeted FTE	121.0	119.0	0.0	119.0	0.0	119.0
Actual FTE	115	0	0	0	0	0
Authorized Capital Outlay	51,100.0	73,200.0	0.0	73,200.0	(21,700.0)	51,500.0
Retained Earnings	1,315,200.0	1,395,400.0	(329,500.0)	1,065,900.0	(31,900.0)	1,034,000.0
Vehicles	72	76	(4)	72	4	76

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.