

Budget Brief – DAS DFCM Administration

NUMBER CFGO-08-07

SUMMARY

The Division of Facilities Construction and Management (DFCM) is the building manager for all state owned facilities. The division is responsible for all aspects of construction and maintenance of state buildings and assists the Building Board in developing its recommendations for capital development projects and allocating capital improvement funds. The division also oversees all non-higher education, non-judicial branch leases and controls the allocation of state-owned space.

ISSUES AND RECOMMENDATIONS

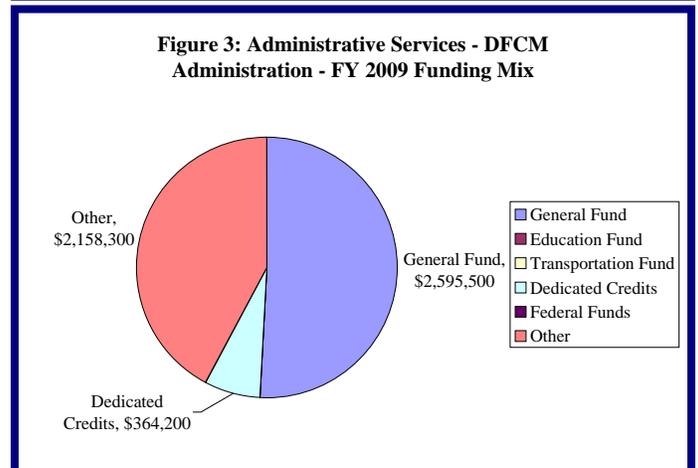
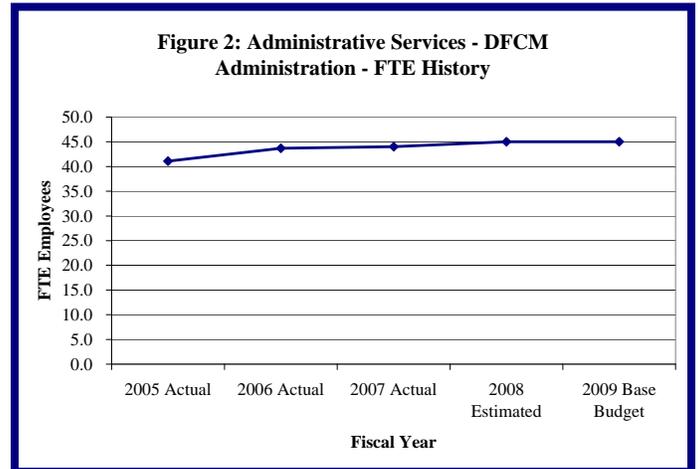
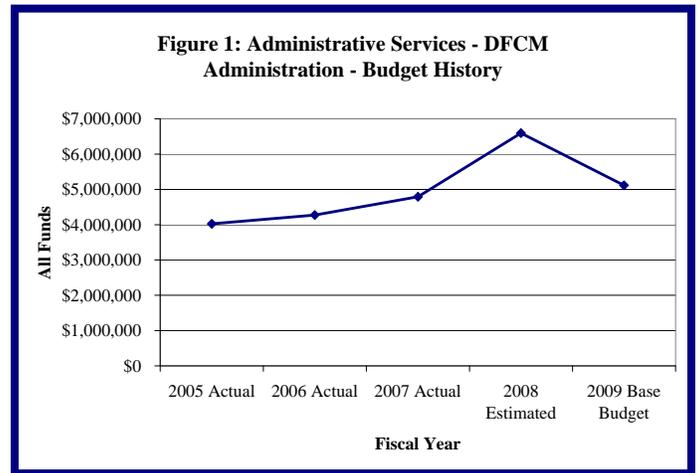
State Buildings Energy Efficiency Program

The 2006 Legislature passed H.B. 80, which directs DFCM to administer the State Buildings Energy Efficiency Program. Funding for this program comes from dedicated credits from the state’s petroleum violation escrow (PVE) which is a collection of fines paid by oil companies that violated federal oil prices. The Governor’s Office currently administers these funds which are to be used for energy related projects. In order to maximize the value of these funds, the Analyst recommends that they be directly appropriated to the DFCM State Building Energy Efficiency Program to fund \$1.5 million of building energy-related projects for FY 2009. In addition the Analyst recommends, if funding becomes available, \$270,000 General Fund for FY 2009 to fund two FTE that manage energy projects.

The program’s primary goal is to increase energy efficiency by 20 percent by year 2015. While energy efficiency projects are eligible for Capital Improvement funds, those dollars are focused on deferred maintenance issues. The 2007 Legislature appropriated \$1.5 million for FY 2008 as a pilot program to see how successful the projects are. As of the end of December 2007, the program has completed 23 projects, is working on 15 projects, and anticipates completing an additional 15 projects by the end of the fiscal year. See Issue Brief CFGO-08-12 for more information on this program.

General Funds Restored

Due to revenue shortfalls, the 2002 Legislature shifted \$2.7 million in this line item from the General Fund to project reserve funds. This was meant to be a temporary solution. In the 2005 General Session the Legislature restored \$1.1 million, and then another \$1.1 million in the 2006 General Session. The balance of DFCM’s funding comes from Capital Improvement funds and reserve funds.

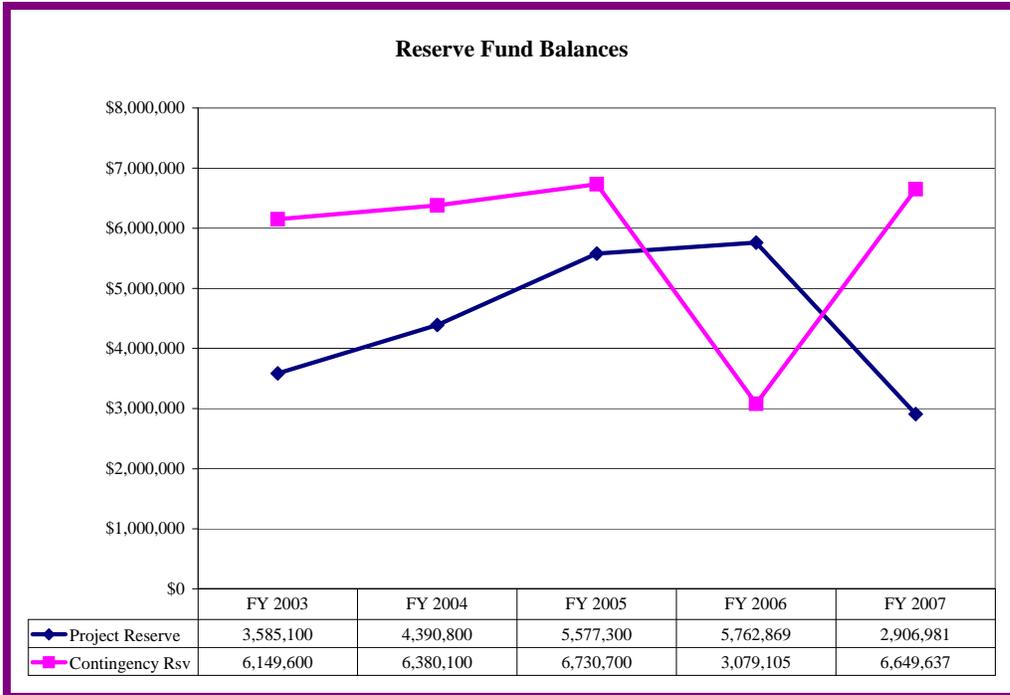


Workload Growth

The division has seen an increasing workload as capital projects have increased every year for the last several years without any increase in FTE. In FY 2005 the division managed 289 projects. The number of projects has grown 29 percent to 372 projects in FY 2008. The majority of these projects are capital improvement projects that continue to grow as the State’s buildings age and new buildings are created which need to be maintained (see Budget Brief CFGO-08-29 for more information). In order to deliver projects on time and within budget the division has requested an additional FTE and vehicle.

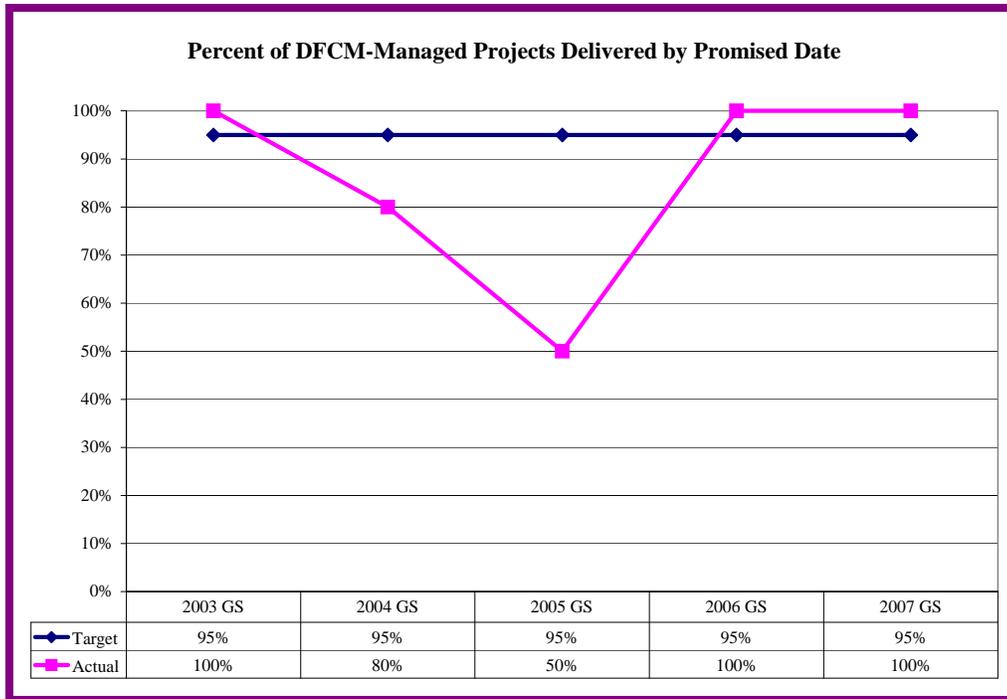
ACCOUNTABILITY DETAIL

Reserve Fund Balances



The Project Reserve Fund balance reflects a transfer of \$2.25 million to the DSC Health Sciences Building that occurred in early FY 2007 and a FY 2006 transfer of \$2.5 million to the SLCC Health Sciences Building. In FY 2007 the Legislature transferred \$1.5 million from the Contingency Reserve Fund to the Project Reserve Fund and in FY 2008 the Legislature appropriated \$2.0 million out of the Contingency Reserve Fund to purchase land for the Southwest Applied Technology College. Balances accrue in these funds only when projects come in under budget or when bids are lower than expected.

Percent of State-Funded Projects Delivered by Promised Date



There is typically a two to three year lag time between when a project is funded and when it is substantially complete. Almost all projects in FY 2003 and 2004 have been closed out. Projects in FY 2005 thru 2007, however, are still being constructed and the percentages in the chart above only reflect a small number of the total projects.

BUDGET DETAIL

Intent Language

The Analyst recommends the Legislature adopt the following supplemental intent language for Fiscal Year 2008:

Under terms of UCA 63-38-8.1(3), the Legislature intends not to lapse up to \$500,000 provided by Item 35, Chapter 371, Laws of Utah 2007. Expenditure of these funds is limited to state building energy efficiency projects.

LEGISLATIVE ACTION

The Analyst recommends the Legislature consider adopting:

1. A total FY 2009 base appropriation of \$5,118,000 for the DFCM Administration line item.
2. Intent language making the FY 2008 appropriation nonlapsing but limited to uses specified in the language.
3. An additional \$1,500,000 one-time appropriation from the Stripper Well Restricted Fund (PVE funds) for energy efficiency projects.
4. A prioritization list of items for additional funding that could include an additional \$270,000 ongoing appropriation from the General Fund for two FTE to maintain the State Building Energy Efficiency Program.

BUDGET DETAIL TABLE

Administrative Services - DFCM Administration						
Sources of Finance	FY 2007 Actual	FY 2008 Appropriated	Changes	FY 2008 Revised	Changes	FY 2009* Base Budget
General Fund	2,424,400	2,595,500	0	2,595,500	0	2,595,500
General Fund, One-time	32,200	1,500,000	0	1,500,000	(1,500,000)	0
Dedicated Credits Revenue	257,000	338,900	0	338,900	25,300	364,200
Capital Project Fund	1,801,800	1,876,000	0	1,876,000	0	1,876,000
Project Reserve Fund	200,000	200,000	0	200,000	0	200,000
Contingency Reserve Fund	82,300	82,300	0	82,300	0	82,300
Lapsing Balance	(5,100)	0	0	0	0	0
Total	\$4,792,600	\$6,592,700	\$0	\$6,592,700	(\$1,474,700)	\$5,118,000
Programs						
DFCM Administration	4,434,300	4,652,500	0	4,652,500	0	4,652,500
Governor's Residence	101,300	101,300	0	101,300	0	101,300
Energy Program	257,000	1,838,900	0	1,838,900	(1,474,700)	364,200
Total	\$4,792,600	\$6,592,700	\$0	\$6,592,700	(\$1,474,700)	\$5,118,000
Categories of Expenditure						
Personal Services	3,835,100	4,112,900	34,000	4,146,900	30,000	4,176,900
In-State Travel	127,000	111,200	17,600	128,800	0	128,800
Out of State Travel	9,700	14,600	(2,900)	11,700	0	11,700
Current Expense	373,800	458,000	(81,700)	376,300	0	376,300
DP Current Expense	438,800	389,000	40,000	429,000	(4,700)	424,300
DP Capital Outlay	8,200	7,000	(7,000)	0	0	0
Capital Outlay	0	1,500,000	(1,500,000)	0	0	0
Other Charges/ Pass Thru	0	0	1,500,000	1,500,000	(1,500,000)	0
Total	\$4,792,600	\$6,592,700	\$0	\$6,592,700	(\$1,474,700)	\$5,118,000
Other Data						
Budgeted FTE	46.0	45.0	0.0	45.0	0.0	45.0
Actual FTE	44.0	0.0	0.0	0.0	0.0	0.0
Vehicles	8.0	9.0	0.0	9.0	0.0	9.0

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