Budget Brief – DAS Facilities Management (ISF)

NUMBER CFGO-08-19

SUMMARY

The internal service fund (ISF) within the Division of Facilities, Construction, and Management (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, utility payments, and so on, to resolve each building's specific maintenance concerns in a timely and cost effective manner. The ISF also coordinates small building construction projects that may be required by various agencies on a cost-reimbursement basis.

Services of the DFCM ISF are optional. Currently DFCM contracts with agencies to provide services in about 150 owned and leased facilities throughout the state. By Building Board policy, however, if an agency not using DFCM fails to meet maintenance standards, DFCM must take whatever action is necessary to rectify the situation.

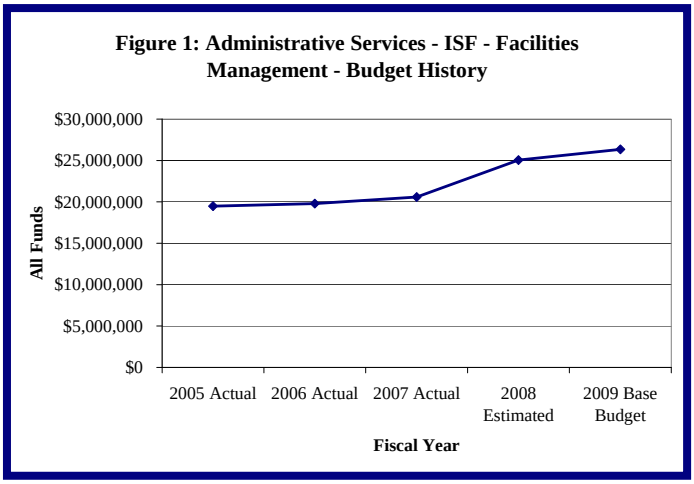


Figure 1: Administrative Services - ISF - Facilities Management - Budget History

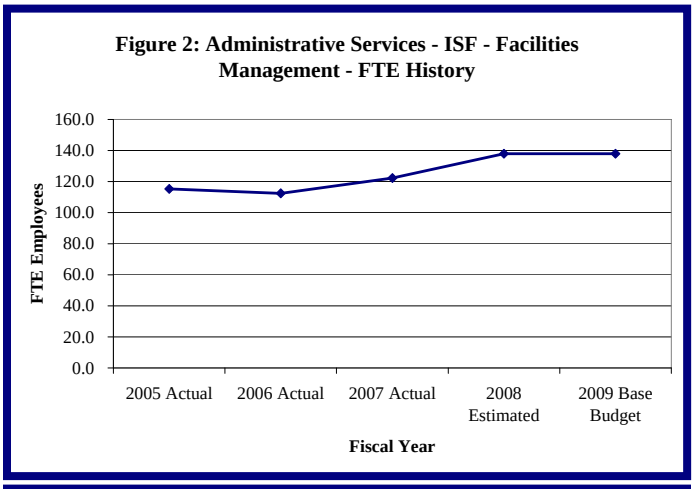


Figure 2: Administrative Services - ISF - Facilities Management - FTE History

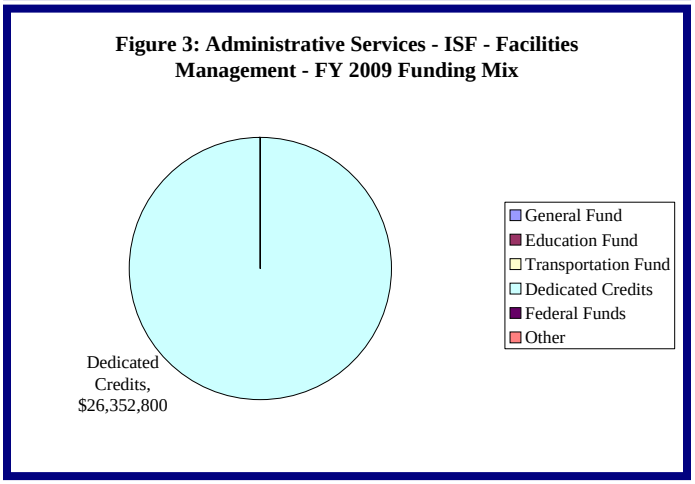


Figure 3: Administrative Services - ISF - Facilities Management - FY 2009 Funding Mix

ISSUES AND RECOMMENDATIONS

Rate Increases/Decreases

DFCM charges agencies rates that are calculated based on the projected expenses associated with each building program for the coming year. If DFCM collects more revenue than is necessary to pay the operating expenses for the building maintenance, then the excess amount stays in the account as retained earnings which are then used in the next year to reduce the rate. For FY 2009, DFCM will need to increase the rate for nine buildings in order to cover labor and utility increases and decrease the rate for three programs to reduce excess retained earnings. The Analyst recommends the Legislature authorize the rate increases/decreases as displayed in Issue Brief CFGO-08-05.

Rate adjustments

In addition to the rate increases/decreases mentioned above, four new buildings are being brought online in FY 2009 that will necessitate a rate adjustment: the St. George Tax Commission, St. George Courts, South Salt Lake Driver License/DMV, and the Unified Health Lab. The analyst recommends approval of three additional FTE and three additional vehicles ($232,200 included in the rate adjustments) for the DFCM ISF. In addition, eight programs require an adjustment for FY 2008 due to scope changes or new locations recently brought into the ISF program. The Analyst recommends the Legislature authorize the rate adjustments as displayed in Issue Brief CFGO-08-05.

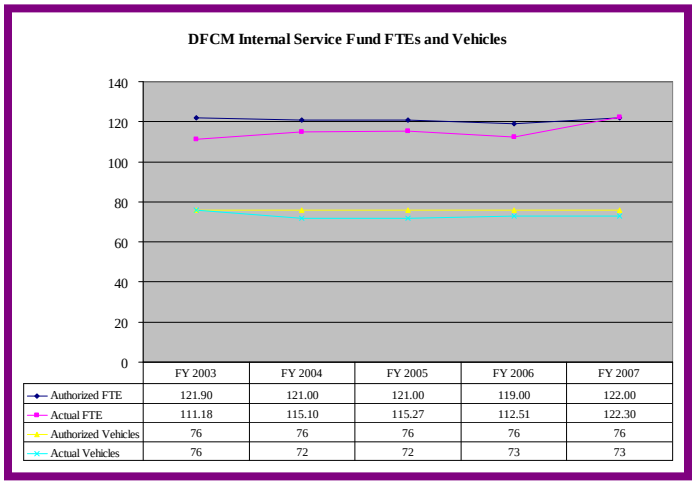
CEU – Price Rate Adjustment

In FY 2008 the College of Eastern Utah in Price contracted with DFCM to maintain and manage its facilities for a rate of $2,064,162. This is the first higher education contract for DFCM. The fact that an institution would rather contract with DFCM as an outside provider than manage the facilities in-house demonstrates the effectiveness of this program.

Intent Language Result

Since FY 1999 the Legislature has approved intent language allowing DFCM to add up to three FTE and/or up to two vehicles if new buildings or service level agreements come on line during the Interim, 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 stipulation that DFCM notify the CFAS co-chairs before adding any vehicles or FTEs above the authorized level.

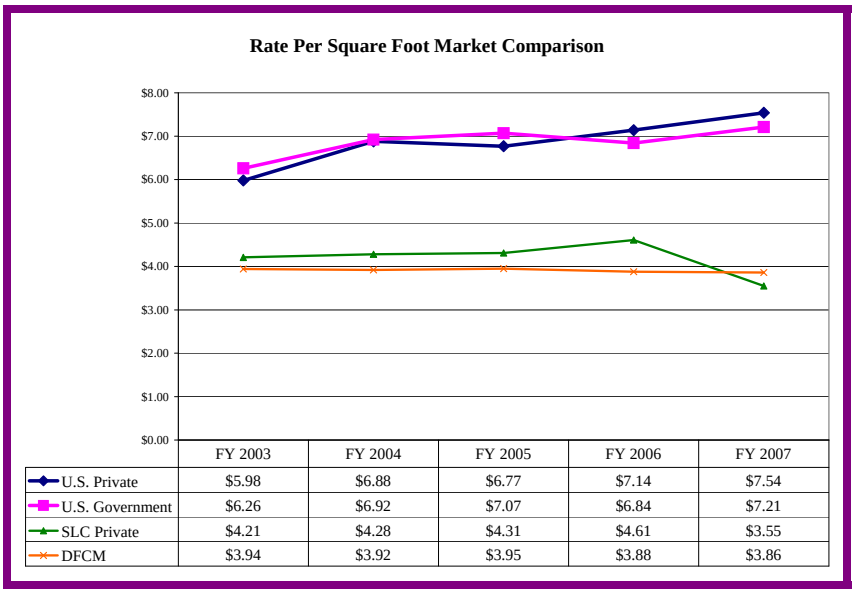


	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Authorized FTE	121.90	121.00	121.00	119.00	122.00
Actual FTE	111.18	115.10	115.27	112.51	122.30
Authorized Vehicles	76	76	76	76	76
Actual Vehicles	76	72	72	73	73

ACCOUNTABILITY DETAIL

Per Square Foot Costs

At an average of $3.86 per square foot in FY 2007, DFCM maintenance rates were about 56 percent of the rates paid by federal agencies and are lower than national private and local private rates.

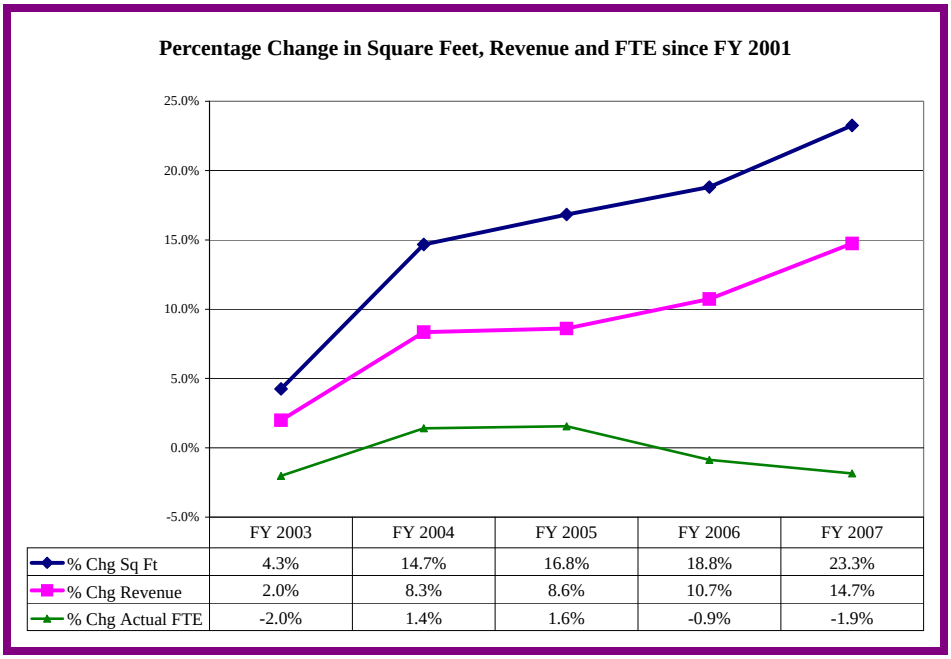


	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
U.S. Private	$5.98	$6.88	$6.77	$7.14	$7.54
U.S. Government	$6.26	$6.92	$7.07	$6.84	$7.21
SLC Private	$4.21	$4.28	$4.31	$4.61	$3.55
DFCM	$3.94	$3.92	$3.95	$3.88	$3.86

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. 2005 is the last year for which BOMA data are available.

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.



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
% Chg Sq Ft	4.3%	14.7%	16.8%	18.8%	23.3%
% Chg Revenue	2.0%	8.3%	8.6%	10.7%	14.7%
% Chg Actual FTE	-2.0%	1.4%	1.6%	-0.9%	-1.9%

This program's actual FTE count is based on non-overtime hours worked by full-time personnel. During the summer months DFCM adds temporary employees for grounds maintenance. The Legislature has not been counting these temporary positions against the authorized FTE level. DFCM transferred seven Capital Improvement-funded FTE from its ISF budget to its appropriated budget in FY 2003 through FY 2006.

Customer Satisfaction

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

FY 2003	83%
FY 2004	82%
FY 2005	85%
FY 2006	84%
FY 2007	85%

BUDGET DETAIL

This ISF's retained earnings are projected to grow to approximately $1.5 million in FY 2009 from a low of $166,539 in FY 2007. DFCM was allowed up to $3,611,286 in retained earnings in FY 2007 by federal regulations.

Intent Language

The Analyst recommends the Legislature continue using the following intent language with the stipulation that DFCM notify the CFGO co-chairs before adding any vehicles or FTEs above the authorized level.

> *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

The Analyst recommends the Legislature consider adopting:

1. Estimated revenues of $26,352,800 for the DFCM ISF
2. Rates as presented separately in Issue Brief CFGO-08-05
3. Base authorized FTE level of 138.0
4. Three additional authorized FTE and three additional vehicles for new buildings
5. Authorized Capital Outlay of $56,200 to be used if needed for maintenance equipment
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

Administrative Services - ISF - Facilities Management

Sources of Finance	FY 2007 Actual	FY 2008 Appropriated	Changes	FY 2008 Revised	Changes	FY 2009* Base Budget
Interest Income	400	0	0	0	0	0
Dedicated Credits - Intragvt Rev	20,585,900	22,706,000	2,344,400	25,050,400	1,302,400	26,352,800
Total	$20,586,300	$22,706,000	$2,344,400	$25,050,400	$1,302,400	$26,352,800
Programs						
ISF - Facilities Management	20,586,300	22,706,000	2,344,400	25,050,400	1,302,400	26,352,800
Total	$20,586,300	$22,706,000	$2,344,400	$25,050,400	$1,302,400	$26,352,800
Categories of Expenditure						
Personal Services	6,260,300	6,853,500	869,100	7,722,600	63,700	7,786,300
In-State Travel	17,800	12,400	9,100	21,500	0	21,500
Out of State Travel	4,400	20,300	(3,700)	16,600	200	16,800
Current Expense	14,241,500	14,750,300	1,223,900	15,974,200	988,200	16,962,400
DP Current Expense	412,100	366,500	57,400	423,900	21,200	445,100
Other Charges/Pass Thru	309,700	208,100	(600)	207,500	5,700	213,200
Depreciation	38,600	43,500	(800)	42,700	5,700	48,400
Total	$21,284,400	$22,254,600	$2,154,400	$24,409,000	$1,084,700	$25,493,700
Other Data						
Budgeted FTE	122.0	123.0	15	138.0	0	138.0
Actual FTE	122.3	0.0	0	0.0	0	0.0
Authorized Capital Outlay	49,800	86,600	0	86,600	(30,400)	56,200
Retained Earnings	166,500	218,600	588,000	806,600	684,600	1,491,200
Vehicles	73	76	0	76	0	76

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