**MINUTES OF THE JOINT CAPITAL FACILITIES & ADMINISTRATIVE SERVICES APPROPRIATIONS SUBCOMMITTEE**
**Monday, January 26, 1998 at 2:00 p.m.**
**ROOM 405, STATE CAPITOL BUILDING**

Members Present: Rep. Gerry A. Adair, Committee Co-Chair
Sen. Leonard Blackham
Sen. Mike Dmitrich
Rep. Ralph Becker
Rep. DeMar (Bud) Bowman
Rep. Brent H. Goodfellow
Rep. Joseph G. Murray
Rep. Loraine T. Pace
Rep. Richard L. Walsh

Members Absent: Sen. David L. Buhler
Rep. Raymond W. Short

Staff Present: John Massey, Fiscal Analyst
Susy Carter, Committee Secretary

List of others present is on file.

Co-Chairman Adair called the meeting to order at 2:04 p.m. in the absence of a quorum, noting that this committee will begin promptly.

Analyst John Massey presented the recommendations of the Legislative Fiscal Analyst for Internal Service Funds, Tab 20 in the Budget Analysis FY 1999. He explained the need for the members to review internal service funding and the concerns of the analyst and the treasurer with regard to borrowing from the General Fund for capitalization of the State Motor Pool. He noted that Internal Services Funds must be appropriated by the legislature. Mr. Massey explained that these services are projected to break even and his presentations will follow the order of revenues generated and expended, authorized FTEs, and authorized capital outlays. Raylene Ireland, Executive Director, Administrative Services, and Scott Mecham, Finance Director, Administrative Services, were present.

Purchasing and General Services, Tab 21, was reviewed with the new organizational chart reflecting the changes and the summary of the Legislative Fiscal Analyst. Intent language was explained and the analyst's funding recommendation is $260,000. He noted the analyst's special concern regarding the Central Stores which has changed to a stockless, vender direct operation and noted his recommendations. The analyst's recommendation for Central Mailing is revenues of $6,530,000, FTEs of 2.25, and capital outlay of $551,400. Douglas G. Richens, Director, Division of Purchasing and General Services, commented on these recommendations. Ms. Ireland commented favorably on these recommendations, and noted that they have proved to save money for the state in the long run. Copy and Publishing Services recommendations are for $5,017,700 in revenues, 19.75 FTEs, and capital outlay of $2,300,000, noting that the FTEs are transferred from Central Stores and will serve in the new court complex. Mr. Massey further explained that the losses sustained in Copy and Publishing Services in FY 1998 are expected to lower to $12,000, saying that the losses in FY 1996 and FY 1997 were accountable to higher paper costs and the new accounting changes in purchasing copiers over $5000. Higher rates for copies will compensate for the higher paper costs, and copiers are now purchased with maintenance contracts for the life of the product. Intent language was presented. Mr. Massey noted that the State Central Stores has significantly changed and its new organization is presented in the chart on page 21, which shows two vacant positions for Purchasing Agent 1 employees. His recommendations are revenues at $298,500, FTEs at 3, and capital outlay at $50,000. Central Stores is now a stockless, vender direct operation which accounts for the drop in FTEs, and their request for two more FTEs is considered in the intent language back on page 7, conditioned on the procurement card program and the computer store program that are being established. Douglas Richens explained their plans for instituting these programs. Mr. Massey noted that total estimated savings of $683,300 is expected, based on FY 1997 figures. Significant sales volumes ($1,002,300) that did not go through Central Stores as required by the current Utah code and the use of Central Stores by Higher Education, which volume increase would reduce costs to all users, were discussed by Mr. Massey and Mr. Richens.

Division of Fleet Operations, Tab 22, was explained by Mr. Massey, noting that recent reorganization and incorporation of the Motor Pool, state and federal Surplus Property and the statewide fuel network into the Division of Fleet Operations has dramatically expanded its budget. The recommendations of the legislative fiscal analyst is revenues of $22,297,200, 46 FTEs, and $47,430,700 in capital outlay. The major concern is addressed on page 33 on how to capitalize the Motor Pool, and intent language is recommended. The break out for capital outlay recommendation was discussed on page 36. The Fuel Network recommendations were presented by Mr. Massey, explaining the state is now using natural gas as alternative fuel under federal mandate. Steve Saltzgiver, Director, Division of Fleet Services, explained that Questar has joined the same fuel network as the state uses, making more sites available to all users and explained that he concurred with the analyst's report. Ms. Ireland commented that the division is awaiting direction from the legislature or the governor regarding borrowing from the General Fund. Members discussed the possibility of privatizing natural gas sites and the expense of natural gas to vendors and consumers. Shauna Hatfield, budget analyst from the Governor's Office of Planning and Budget, commented that the governor had not made any changes in recommendations for funding but it would be studied. Members discussed leasing vs. owned fleets. Surplus Property - Federal recommendations from the legislative fiscal analyst are the same as the agency request: $619,000 in revenues, 5.85 FTEs, and $0 in capital outlay. David Fletcher, Deputy, Department of Administrative Services, explained that donations are down because the location of the surplus property is being moved to because of UDOT construction. Asked about the types of federal surplus property handled, he gave examples for the members, noting that more of the federal surplus property received goes to local entities rather than to state. Mr. Massey directed the members to the annual Surplus Property report on page 47. Mr. Massey then explained the recommendations for Surplus Property - State, revenues of $550,000, 8.95 FTEs, and $121,300 in capital outlay, identical with the agency recommendation and he drew the members' attention to the state surplus computer donations to the school systems. Ms. Ireland commented on the advantageous new facility for Surplus Property.

Co-Chair Adair reprimanded the members for their tardiness and asked them firmly to be prompt for the scheduled meetings to keep them short for all members. He excused Sen. Buhler.

Analyst John Massey drew the members attention to the recommendations for the Division of Information Technology Services, Tab 23. He noted their revenues of $53,304,400, 237 FTEs, and capital outlay of $8,053,200 in six programs. He commented that the analyst had requested that costs be allocated among the different divisions, and that there was only a loss of $15,300 overall. There are still issues and concerns among agencies about the rates and the network charges, and the analyst explained that these concerns will be studied in detail. He suggested that the committee could recommend to the management committee that this item be funded to be studied. Microwave issues were mentioned, and it was noted that parallel systems will need to run for a couple of years until the 800 MgHZ is in place. Mr. Massey further noted that the largest user of ITS is the Department of Human Services in its ORSIS project. Ms. Ireland commented on the legislative audit on rate issues that resulted in the agency's assessment arrangement with a private firm to compare Utah's rates and rate structures with other states, and the report is ready to be presented to the management committee for review. The department has since acquired an internal auditor. Mr. Massey suggested that the division contact Richard Strong's office and be scheduled on the agenda for the management committee.

Risk Management, Tab 24, was discussed, and the recommendations of the analyst are revenues of $26,500,000, 23.50 FTEs, and capital outlay of $180,000, noting that the state is self insured. Mr. Massey presented the findings in the Auto Physical Damage Claims chart on page 68, commenting on the relatively flat number of claims but the rising amounts of the claims. Alan Edwards, Director, Division of Risk Management, explained the Five-Year Defensive Driver Program that has been instituted. Discussion by the members followed, including accidents incidental to the I-15 construction project followed, and windshields have accounted for most of the costs of that insurance. It was noted that Public Safety rates were higher than other state drivers. Mr. Massey and Mr. Edwards discussed the programs for Workers Compensation.

DFCM - Facility Maintenance, Tab 25, was presented, and the recommendations of the analyst are revenues of $15,578,800, 109.16 FTEs, and $71,300 in capital outlay, noting that the cost per square foot of maintaining state facilities at $3.87 is less than federal agency's costs per square foot. Discussion followed on the life cycle of about 50 years for state facilities. Two DFCM programs have been tracked independently, the roofing and paving program and the planning and design. The analyst recommends $430,400 in revenues and 6.37 FTEs for the roofing and paving program and $291,600 in revenues and 3.97 FTEs in planning and design. Jack Quintana, Division of Facilities Construction and Management, concurred with the recommendations.

Office of Debt Collection, Tab 26, was presented for the first time as part of an Internal Service Fund. The new pilot project of a private sector collector is in place and the revenues will be generated on state receivables. The analyst concurs with the agency request of $1,742,300 in revenues and 1 full FTE. Gwen Anderson, Director, State Office of Debt Collection, commented on the programs of central collection and traditional collection and the associated costs. Discussion and clarification followed among the members.

Mr. Massey directed the members again to Internal Service Funds, Tab 20, to review the General Fund borrowing issue which is expected to amount to $87,210,700 in FY 1999 and reminded them to review the State Treasurer's memo. Following the review of Internal Service Funds, Mr. Massey recommended that the members review the presentations for Wednesday.

Co-Chair Adair thanked the presenters and noted that voting on these recommendations will be done at the next meeting. The members were directed to review today's presentations for their votes on Wednesday.

Co-Chair Adair declared the meeting adjourned at 4:00 p.m.

The minutes were reported by Susy Carter.

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| Sen. David L. Buhler | Rep. Gerry A. Adair |
| Committee Co-Chair | Committee Co-Chair |