

**MINUTES OF THE JOINT CAPITAL FACILITIES AND ADMINISTRATIVE
SERVICES APPROPRIATIONS SUBCOMMITTEE**

Wednesday, January 24, 2001, 3:00 p.m.

Room 131, State Capitol Building

CORRECTED MINUTES

Members Present: Rep. Gerry Adair
Sen. Beverly Evans
Sen. Mike Dmitrich
Rep. Jeff Alexander
Rep. Roger Barrus
Rep. DeMar "Bud" Bowman
Rep. David Clark
Rep. Greg Curtis
Rep. Kevin Garn
Rep. Brent Goodfellow
Rep. Ty McCartney
Rep. Loraine Pace

Members Absent: Sen. John Valentine
Rep. Ralph Becker

Staff Present: Kevin Walthers, Fiscal Analyst
Jonathon Ball, Fiscal Analyst
Sharon Johnson, Secretary

The meeting was called to order at 2:01 p.m. by Rep. Adair

1. Motor Pool Video

Fleet operations presented a video summarizing the use of 4 x 4 vehicles by the state motor pool. The video listed use by agency and the criteria used to determine need of a 4 x 4.

MOTION: Rep. Clark moved to approve the minutes of Jan 19, 2001. The motion passed unanimously with Rep. McCartney and Sen. Dmitrich absent at time of voting.

Mr. Walthers addressed Mr. Saltzgeber, DAS Fleet Operations, about placement of 4 wheel drive vehicles. Fleet operations is dependent upon agencies for information about appropriate use of vehicles. There are always more requests for 4 x 4 vehicles than are available. Rep. Pace asked about the proportion of 4 wheel drive vehicles used by Natural Resources as compared to their duties and needs. The committee felt that the agency could use fewer 4 x 4's and put the savings into programs. Rep. Goodfellow mentioned the additional costs required to purchase a 4 wheel drive and asked if that cost is recouped when the vehicle is sold. The Fiscal Analyst's office recommends that fewer 4 wheel drive vehicles be part of the state fleet. Sen. Evans and Rep. Adair both commented on wise use of 4 wheel drive vehicles.

2. Fleet Operations (Tab 16)

Mr. Walthers reminded the committee of the items not covered in Monday's meeting that need to be reviewed. Mr. Saltzgeber presented information that had been requested on Jan. 22 regarding prep time for vehicles in state service. Preparation time is determined by comparing the delivery date and the service date. Mr. Saltzgeber said that prep time is approximately 18 days after delivery. It takes less time for sedans and more time for police vehicles or UDOT equipment. During this preparation time two vehicles are being depreciated by the state instead of one and these costs could be decreased by a quicker turnover time. When specialized equipment is purchased in advance then the preparation time can be reduced. If agencies are slow in responding to pick up of the new vehicle then the agency has to pay the extra costs. He also addressed the fleet utilization rate and the adjustment that agencies have made to be more cost effective in fully maximizing the use of vehicles.

The Analyst recommendations for fleet operations are on Page 11, Tab 16. The first recommendation includes intent language to eliminate the AFV fee. Ms. Ireland addressed this language and clarified that the state rate committee, not fleet services, is responsible for this. The intent language was prompted by Executive Appropriations. If Alternative Fuel Vehicles are operated at no additional cost then the fee should be eliminated. Mr. Saltzgeber brought up the issue of Natural Gas rate hikes and that in the future ethanol may be more efficient.

MOTION: Rep. McCartney moved to adopt the Analyst recommendation for Fleet Capitalization for \$4,000,000 for the General Fund and \$4,000,000 in Other Charges/Pass Thru. The motion passed unanimously with Rep. Alexander absent at time of voting.

MOTION: Rep. Goodfellow moved to accept Analyst recommendation for Fleet Operations Budget, Tab 16, page 13, for \$37,110,500. The motion passed unanimously with Rep. Alexander absent at time of voting.

3. DAS Appropriated (Tab 1)

This is an informational Tab that gives overview of department.

4. DAS Executive Director (Tab 2)

Mr. Walthers presented information about improved security at the State Office Building. The security system was only partially in place through last year and the funds set aside for building security seemed to be wasted. A solution has been developed which would establish the first floor entrance as the public entrance and would improve the security situation. Using existing funds in the budget to improve the first floor entrance would also help take care of deliveries and

preclude further construction costs. If these steps are taken then proposed budget cuts would not be enacted.

Mr. Ireland told the committee about steps taken to improve security last year and how the departments in the building funded the increased security. By using a key card system on the second floor then only one security guard will be required on the first floor rather than one on each floor.

Mr. Walthers told the committee about *Capitol Connections*, the state newsletter, which is being sent through E-mail. It has been a successful transition from print to electronic communication.

MOTION: Rep. Bowman moved to accept the Analyst recommendation for the Executive Director's office for \$917,800, Tab 2, Page 8. The motion passed unanimously with Sen. Evans and Rep. Curtis absent at time of voting.

5. Administrative Rules

The Division of Administrative Rules publishes the Utah State Bulletin and Utah Administrative Code. There are hard copies sent out as well as electronic access to these publications. There has been a concern with agencies writing rules without fiscal oversight. Now copies of the digest are sent to the Analyst to ensure the proposed rules are accurate with their projected fiscal impact. Higher electronic access to these publications is leading to decreased publication and is an effective use of the internet. Rule filings are leveling off and there are not a lot of brand new rules coming in.

Ms Ireland, introduced Mr. Hansen, Director Admin. Rules, and his background to the committee. Sen. Dmitrich commented on the importance of Administrative rules and the connection it created between the legislature and the agencies.

Rep. Barrus inquired about the increase of rules in effect beginning in 1994. Mr. Walthers responded that 1994 signaled a change in the policy process which led to increased rule-making affecting Human Services and Child welfare among others. Mr Hansen agreed that this is part of the public information process. Rep. Pace commented on rule-making in departments and how it relates to fiscal notes. Administrative Rules was worried that new rules with fiscal impact need to be monitored so now a fiscal analyst checks to see if the rule is in line with legislation, if changes need to be made then a bill would be passed addressing the cost. Rep. Pace asked if there is a limit on the number of rules made. Sometimes simple legislation spawns a large number of subsequent rules. Mr. Hansen responded that agencies must review rules on a regular basis. This has helped the number of rules stabilize. There is not a limit on the number of rules, agencies try to have an adequate number of rules to fulfill their mandate through an established process, hopefully this prevents unnecessary rules. The Analyst clarified the role of

Admin. Rules and the legislative committees in establishing rules. He also stated that the federal government drives a large number of the rules that are in place. Rep. Goodfellow suggested passing fewer laws so there would be fewer rules.

MOTION: Sen. Dmitrich moved to accept the Analyst's recommendation for Administrative Rules on Page 9, Tab 3 for \$266,100. The motion passed unanimously with Sen. Evans and Rep. Curtis absent at time of voting.

6. Purchasing (Tabs 5 and 15)

Purchasing and General Services:

Mr. Walthers presented the analyst's report. While agencies are encouraged to be specific in purchasing requests sometimes they request brand specific items which increases the price and limits option for bids because there are only one or two providers. The Analyst has been working with the Purchasing Division to establish a fair process. They are also working on a solution when it is necessary to use a "sole" source. The Division needs to alert the fiscal office so that information can be sent to the appropriate committee.

Raylene Ireland introduced Doug Richins, Dir. Of Purchasing. He commented on specification oversight and that Purchasing takes this issue seriously. There is a need to establish a standard and yet be flexible. All bids are open for public inspection and other businesses will notify the office if standards are too specific. Mr. Walthers mentioned that the purchasing process is fair and done well. His recommendation is for a level budget.

MOTION: Rep. Barrus moved to accept the Analyst's recommendation for Purchasing on Tab 5, Page 9, for \$1,343,000. The motion passed unanimously with Sen. Evans and Rep. Curtis absent at time of voting.

Internal Service Fund - General Services (Tab 15)

Mr. Walthers presented the analyst's concerns for general services. The first concern is that personnel costs are still high but anticipates rate reductions as changes in the mailing process take place. The second concern is with high-volume copiers. The data suggests that the state is getting fewer copies per month per machine than the vendor promises. One machine was returned to the vendor and centralization is also an issue. There are machines spread around Salt Lake and one in the Ogden Regional Center. This is convenient but an inefficient use of resources. Consolidating work will require a change in employee habits and intent language on page 9 addresses this. It is broad language but allows the division to have a better use of resources. Although production levels are an issue the price for copies is still a bargain for the state.

There are recommendations for 2 FTE's in Central Stores and Electronic Purchasing, but there may be a need for three. Electronic Purchasing has been developing a program that is working very well and lead to a good discount for the state and prompt service. Doug explained this program authorized 5 FTE's last year but only used two of them. The last couple of years there haven't been requests for additional money for electronic purchasing. Currently the web site interfaces with suppliers and bids that are put out. Contracts are done online and there is no warehouse per say. The contracts in place have suppliers deliver on a just in time basis. This services is used by state agencies, school districts, cities and towns, and Higher Ed. Purchasing is using privatized warehousing and delivery with intent to use electronic procurement. It brings volume together and leverages costs. Electronic procurement is a self-funded program which has user fees to run the program. As the program is implemented and contracts awarded one obligation is to coordinate with suppliers and agencies to train on this system. There is a need for employees as this system takes off. These employees will not require an additional appropriation since it is an ISF. Rep. Garn asked about the level of utilization by outside agencies of this program. The response was that there is a large utilization of this program by school districts, universities, special service districts, etc.

Rep. Pace asked about the Division's response to the intent language regarding high volume copiers. The director responded that it is in harmony with the direction the program is going. They are working with other entities to have the proper use of machines and volume. Rep. Clark asked about RFP's and specifications that go out and if the Division assists agencies in making requests. The response was that they do assist agencies and although the staff is limited consulting help is provided in making reasonable requests. Rep. Goodfellow asked about gas purchasing at wellhead and usage of natural gas.

MOTION: Rep Clark moved to approve the intent language on Page 9, Tab 15,

"It is the intent of the Legislature that the Division of Purchasing and General Services consolidate Publishing operations to maximize efficiency and enhance savings opportunities with high volume copier services."

The motion passed unanimously with Sen. Evans and Rep. Curtis absent at time of voting.

MOTION: Rep. Goodfellow moved to adopt Analyst's recommendation for General Services, Tab 15, page 11, for \$13,418,700 amending the number of FTE's from 60 to 63 to account for employees in the e-purchasing program. The motion passed unanimously with Sen. Evans and Rep. Curtis absent at time of voting.

7. Finance Administration (Tab 6)

Mr. Walthers addressed the mileage reimbursement issue which had some changes last year. It is important to encourage people to use fleet vehicles and not personal vehicles. Some employees have received over \$1000 in mileage reimbursement before rule was implemented which

discourages use of personal vehicles. There has been a 45% decrease in reimbursement and increased utilization in fleet in the last three years. He recommend that the rule requiring a lower rate for use of personal vehicles be continued. Rep Goodfellow mentioned that last year gas prices were low and asked how fluctuating prices affect savings. The response was that Utah has flexibility because the rate is tied to the cost of operating a state vehicle. As gas prices increase then reimbursement rates rise.

Mr. Walthers discussed e-commerce and non-lapsing funds used by the Division of Finance. Technology programs have been instituted that have increased efficiency by doing things online. The committee discussed payroll, performance measures and decreased paper handling in the future. The Analyst presented information on Payables/Disbursing, Finder program which improves collection of Funds owed and ORS payments which are being made. He also mentioned Technical Services and Financial Reporting. The finance system for the state is FINET, it handles information and reports. The Travel Office had complaints last year for customer service but these proved to be minor. They do a good job and the costs to the state are half of the average business traveler.

Ms. Ireland introduced Kim Thorne, Director of Finance. It was reported that Finance is a stable division and uses innovative methods to accomplish its required duties. Ms. Thorne presented the state's comprehensive annual financial report. New methods for reporting are underway and this report will be different in the future. A bill will be forthcoming dealing with these changes. She mentioned there are bids out for new time reporting system and using a grant from IT innovation fund and money from forthcoming intent language that new system should be funded.

Rep. Barrus asked about increase in growth of paychecks and what is driving the growth in government. Mr. Walthers and and Rep. Adair commented on staff that has been added to Dept of Health and that the state is growing as well. It was also stated that many paychecks are issued to part-time help and FTE's are not growing as rapidly as some may think Ms. Thorne stated that some federal positions, such as Workforce Services, have been transferred to the state as well.

Mr. Walthers presented information on Finance Mandated - Indigent Defense Fund. The state covers costs for inmates on death row who use state for appeals. To avoid conflict with the Attorney General's office this program is run through Finance. This budget item includes information on the transfer of funds to Courts for the imaging equipment purchase referred to on Monday, Jan. 22. The Capital Defense fund is a separate fund that should manage within its current budget. The Post conviction defense fund was discussed. Ms. Thorne requested that this be a separate line item in order to control costs.

MOTION: Rep. McCartney moved to accept the intent language Tab 6, page 5,

"It is the intent of the Legislature that funds for the Division of Finance not lapse. It is the intent of the Legislature that funds for the Division of Finance which do not lapse are

to be used for maintenance, operation, and development of statewide accounting systems."

The motion passed unanimously with Reps. Garn, Curtis and Sen. Dmitrich absent

MOTION: Rep. Alexander moved to accept intent language for mileage reimbursement on Page 11, Tab 6,

"It is the intent of the Legislature that the Department of Administrative Services develop and implement a mileage reimbursement program that requires agencies to reimburse employees for personal vehicle use at a rate equal or less than the per mile cost of a mid-size sedan operated by the Division of Fleet Operations. The rule may make exception for instances where State fleet vehicle is not available to the employee and for mileage reimbursements for Legislators and members of Boards and Commissions."

The motion passed unanimously with Rep. Garn, Curtis and Sen. Dmitrich absent

MOTION: Sen. Evans moved to accept the Finance budget on page 12, Tab 6, for \$9,826,900. The motion passed unanimously with Reps. Garn, Curtis and Sen. Dmitrich absent at time of voting.

MOTION: Rep. Alexander moved to adopt the Analyst recommendation for Finance Mandated Budget, Page 16, Tab 7, for \$2,947,500. The motion passed unanimously with Reps. Garn, Curtis and Sen. Dmitrich absent at time of voting.

The Analyst commented that some programs listed in this budget did not have an appropriation yet, such as 800 Mhz appropriation and the Information Technology Fund. He also stated that the Indigent fund can be established as a line item through this committee without a vote.

8. Judicial Conduct Commission

Mr. Walters presented the intent language on page 5 to continue non-lapsing funds for JCC.. The annual report is available for committee members to review. Steve Stewart, Executive Director, JCC, expressed appreciation for the office of Finance and support for JCC. JCC is an internal affairs agency for judges. The commission has operated on a small staff in past but the case load fluctuates and they have contract investigators to help when a bulge in cases occurs. In order to encourage prevention of judicial conduct problems the commission has published a handbook with rules and information for judges.

MOTION: Rep. Pace moved to accept the intent language on Page 5, Tab 8,

"It is the intent of the Legislature that funds for the Judicial Conduct Commission not lapse."

The motion passed unanimously with Reps. Garn, Curtis and Sen. Dmitrich absent at time of voting.

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MOTION: Rep. Alexander moved to accept the Analyst's budget on Page 6, Tab 8, for \$230,400. The motion passed unanimously with Reps. Garn, Curtis and Sen. Dmitrich absent at time of voting.

Rep. Adair reviewed agenda items for the 29th, the Friday meeting on the 26th will be canceled.

MOTION: Rep. Bowman moved to adjourn . The motion passed unanimously.

Meeting adjourned at 4:35

Minutes reported by Sharon Johnson

Sen. Beverly Evans
Committee Co-Chair

Rep. Gerry Adair
Committee Co-Chair