

**MINUTES OF THE
INFRASTRUCTURE AND GENERAL GOVERNMENT
APPROPRIATIONS SUBCOMMITTEE MEETING**

Room 445, State Capitol

February 10, 2012

Members Present: Sen. Stuart Adams, Co-Chair
 Rep. Gage Froerer, Co-Chair
 Rep. Derek Brown, House Vice-Chair
 Sen. Lyle W. Hillyard
 Sen. David Hinkins
 Sen. Mark B. Madsen
 Sen. Karen Mayne
 Sen. Kevin T. Van Tassell
 Rep. Johnny Anderson
 Rep. David Butterfield
 Rep. Fred C. Cox
 Rep. Janice M. Fisher
 Rep. Craig Frank
 Rep. Wayne A. Harper
 Rep. Lynn N. Hemingway
 Rep. Neal B. Hendrickson
 Rep. Patrick L. Painter

Members Excused: Rep. Brad L. Dee

Members Absent: Sen. Aaron Osmond

Staff Present: Mark Bleazard, Legislative Fiscal Analyst
 Gary Ricks, Legislative Fiscal Analyst
 Richard Amon, Legislative Fiscal Analyst
 Cami Deavila, Secretary

A list of visitors and a copy of handouts are filed with the Subcommittee minutes.

Co-Chair Adams called the meeting to order at 8:06 A.M.

Co-Chair Adams relinquished the chair to Co-Chair Froerer.

1. Minutes

There were no minutes approved.

2. Department of Technology Services

Analyst Gary Ricks stated that the department manages information technology (IT) programs and resources statewide. They work with all state agencies for efficiency. The Chief Information Officer (CIO) line item houses the CIO and includes the Optimization Coordinator, and the Inter Operability Executive Committee Coordinator, which deals with public safety communication issues. The Integrated Technology line item houses the Omni Link Program and the Automated Geographic Reference Center (AGRC) which provides mapping for the state, Natural Resources, Transportation, Redistricting and Safety.

The Omni Link Program is hardware and software that connects public dispatch centers. The CIO base budget is recommended at \$644,100 and Integrated Technology (IT) at \$4,100,700. The Internal Service Fund has 700 Full Time Equivalent (FTE) that keep IT running. They serve 22 executive branch agencies and collect revenue through the rate process. The items that need action are 847 FTE, capital outlay of \$9,415,000, and annual revenue of \$120,730,400.

Mr. Ricks presented the Department of Technology Services rates. The Department of Technology Services (DTS) works hard to reduce rates and to return the reductions to the agencies. Intent language included is for non-lapsing funds for the CIO, AGRC and the Omni link program. The review of federal funds is \$750,000 for FY2012 and \$950,000 for FY2013. The budgetary item for the AGRC supplemental budget adjustment is where \$300,000 annually was received from the general fund restricted account. By statute, they are to receive equal to the amount of one cent per month of the eight cents total per month levied on telecommunications service. The funds are used to enhance digital mapping standards. It currently funds four FTE and \$10,000-\$15,000 for travel expenses. They work with local jurisdictions for updating addresses.

The Enhanced 911 Program within the Department of Public Safety (DPS) receives an appropriation from the account also. The Restricted Account has experienced diminishing revenues. The DPS program has accumulated a non-lapsing balance of \$1.2 million. It is recommended that \$104,900 of that balance be transferred to AGRC for FY12.

Rep. Cox stated that the intent language allows AGRC to keep half a million dollars of non-lapsing funds, which is more than other agencies can keep and he would like an explanation. Mr. Ricks replied that it is a decision this subcommittee is to make. He has always found that agencies have handled funds responsibly and there is an incentive to utilize the budget and not spend it because there is a deadline.

Chief Information Officer, Steve Fletcher turned the time over to the Director of AGRC, Spencer Jenkins for an explanation of the non-lapsing funds. The funds are primarily local or federal dollars related to projects of imagery or programming that benefit the local agencies. Mr. Fletcher stated that this department is the gold standard for the rest of the country. They work to have cost-reduction, improve customer service and align business through technology. Strategic planning is in place that works with all agencies to help improve business operations. They have defined requirements and sourcing to find the best way to accomplish the needs. Fifty percent of

their IT spending is done in the private sector. The CIO must approve all IT purchases. They gather resources to leverage and get the best pricing. By consolidating all the data centers and servers they saved \$4 million in IT costs. They have saved agencies \$13 million in desktop purchases and that money goes directly back to the agencies. They streamline all IT operations to eliminate redundancy. There has been a cumulative cost savings since FY2007 of \$73 million. Some of the savings went back to the agencies and most went to the general fund to pay for cost of living increases. There is accountability for all IT services with transparency in costs, service levels, and how they relate to the market. Levels of service are tracked in every agency with rate comparison and customer surveys. Customer satisfaction remained at 4.6 on a scale of 1-5.

Co-chair Adams asked if the surveys are anonymous for non-biased responses. Mr. Fletcher stated that every service ticket gets a survey rating and some are anonymous. They sit down with all executive directors every year.

Sen. Mayne asked if it is open bidding with vendors, or are vendors that they are familiar with used. Mr. Fletcher responded that it is an open bidding process, they are always looking for the best value for the state.

Mr. Fletcher continued that the department makes sure that all rates are above value. They have over a million attacks a day against state data stores in the Wasatch Front. Security is layered so that if one layer is breached there is another security layer that kicks in. Another goal is to optimize the enterprise by using technology to help business become more efficient. With paperless technology there has been a savings of about \$2.5 million and that is increasing. Half of motor vehicles were registered online, 100 percent of hunting and fishing licenses are done online and 90 percent of professional services are done online. The state website this year has won 16 awards and houses over 1000 state online services. It receives 1.3 million visitors a month, which is the highest in the country, at 48 percent of citizens visiting the website.

Rep. Frank stated that it sounds like the department is running like a private business and should privatization be considered. Mr. Fletcher stated that they still need central oversight of the CIO to say what the requirements are and how to source it. They could out source much of it, but would still need oversight. Fifty percent is already done by the private sector.

3. Jail Reimbursement

Weber County Deputy County Attorney, Reed Richards stated jail reimbursement is to pay the county jail for people who have been convicted of a felony and the judge has sentenced them to state prison, but then has decided to put them on probation and have them do time in a county jail instead. That population has grown because it allows the judge to maintain control. Also, if they go to prison it is for about 6 months if they place them in jail it can be for one year. They can also stay closer to family. It also helps with prison overcrowding. There are about 1,100 inmates in county jails instead of state prison. Five years ago there was a compromise to split the cost between counties and the state of \$80 per day. There has never been enough appropriated. Funding has fluctuated between a high of \$12 million and a low of \$6 million. Last year it was

at \$11 million, which is about \$27 a day. They are asking to continue with the funding at \$11 million, even though the number of prisoners went up about five percent last year. They would like \$3 million ongoing in addition to the \$8 million in the base budget. The funding is divided between counties by the number of inmates each county has.

Utah County Sheriff, Jim Tracy stated that the concern is the cost for that inmate and the numbers. Utah County had an annual amount of 44,000 inmate days. In one year it increased to 51,000. The cost per inmate is \$72 per day but they are reimbursed at \$27 per day, which doesn't cover even half. Because of the fluctuating reimbursement it is hard to plan a budget. Salt Lake County Council, Michael Jensen, said they had a cut of three percent in their budgets and so the funding is important. Weber County Commissioner, Kerry Gibson stated that there are large capital expenditures taken on by counties and in most cases require bonding. The 50/50 rate is a good deal but the funding source needs to be stabilized. Utah County Commissioner, Larry Ellertson stated that the \$11 million is still \$4 million short of the state's share.

5. Wasatch Front Regional Council

Wasatch Front Regional Council (WFRC) Commissioner, Craig Dearden stated that there are only two metro planning organizations along the Wasatch Front and cover about 75 percent of the population. They are made up of elected officials, Utah Transit Authority (UTA) and Utah Department Of Transportation (UDOT) representatives. They make long range and short range plans for transportation and transit needs every four years. The department is asking for \$140,000 to plan transit projects, with each organization getting \$70,000. Executive Director of Mountainland Metropolitan Planning Organization, Andrew Jackson stated that when they use the funds it requires a mayor's request. The money is 8/10 of a percent of their budget, but is an important part of the budget. WFRC Executive Director, Andrew Gruber withheld any comment because of shortage of time. Mr. Dearden added that the \$140,000 is critical to get matching federal funds.

6. Department of Administrative Services

a. Overview

The Department of Administrative Services (DAS), Executive Director, Kim hood stated that they continue to streamline the department, be smaller and work smarter. They have continued to consolidate budget and accounting, coordinate travel, align internal programs, accelerate the fee-based programs and have implemented a risk management enterprise program. An information technology council has been created and a Human Resource council is upcoming. DAS Chief Financial Officer, John Reidhead stated that the Consolidated Budget and Accounting group is standardizing process and reducing the number of people processing transactions. A dedicated transaction group has been created to offer accounting as a service for smaller agencies.

b. Executive Director's Office

Analyst Rich Amon reviewed the budget. The trend for this department shows a jump in 2012 because this department gets what everyone else doesn't want. The Executive Director's Office has four Full Time Equivalent, and under \$1 million for the budget. The two items that need action are the base budget, which has been approved but needs to be ratified, and the intent language for non-lapsing authority.

c. Administrative Rules

Administrative Rules oversees all rule making processes for all agencies in the state that have rules. The numbers of rules have grown by 15 percent over five years. It is a direct reflection on the workload for four FTE and \$450,000 budget. Action is needed on a reallocation of part of a \$300,000 reduction in the general fund from Purchasing to Rules for \$12,000 for eRules maintenance.

d. Facilities Construction and Management

Facilities Construction and Management contains the state building energy program and the main building construction program in the state. The analyst recommended updating the Space standards that have been outdated for about 17 years. It can be done for \$65,000 taken from the contingency fund and appropriated to DFCM. Action is needed on non-lapsing authority for the Governor's Mansion and the Energy Program. The Energy Program has zero General Fund dollars; they get funding from energy saving projects. There is an initial amount of \$425,000 and an additional vehicle for the maintenance auditor is needed. There is an item that is not included in the base budget, it is \$2,185,500 and is operation and maintenance (O&M) for all buildings. It is recommended to remove that money and transfer it to the appropriate programs. Action is also needed on intent language and the \$65,000 space study funded by the contingency reserve fund.

e. State Archives

Archives is moving to a new facility but have been delayed because of more asbestos. They need additional \$100,000 one-time money for the lease payment.

Co-chair Adams stated that the federal government gave the Freeport Center, that has been remodeled, to State Archives.

Rep. Fisher asked what was the address of the State Archives Warehouse. The Director of Archives, Patricia Smith-Mansfield replied that it is Freeport West, Clearfield, UT, #C6.

Mr. Amon continued that the budget history shows there have been a lot of reductions. They are requesting intent language for non-lapsing funds. There are two federal funds for ratification that equal \$100,000. They are continuing programs to preserve historical documents. One is for \$41,500 and the other for \$58,500. Action is needed to ratify the base budget and approve intent language, and approve federal grants. The Analyst recommends reallocating \$38,000 to archives for the public notices website. It has been funded in part, but not fully funded, and to prioritize

\$100,000 to stay in their lease.

f. Division of Finance

Action is needed on intent language for non-lapsing authority of \$1,750,000 and the base budget of \$9 million. There is an additional request to reallocate \$185,000 for an internal control program and \$65,000 for the transparency website.

g. Finance Mandated

Finance includes several different programs, including jail reimbursement and post employment benefits for legislature, which may move to a trust fund. There are two major programs needing action. The Land Exchange Distribution account comes from mineral lease money that gets collected and distributed to counties. The formula has changed last year and the amount needs to change to \$14,707,100. Another change is to remove a million dollar transfer. The amount needs to be reduced to \$551,500 and be appropriated directly to the Permanent Community Impact Fund. The Economic Incentive Restricted Account was a partial rebate fund to encourage companies to come to the state. It has been changed to a tax credit and the program will be phased out. The amounts need to be changed from \$7,230,000 to \$5,994,800 in FY 2012 and in FY2013 from \$7,230,000 to \$5,817,300. The request from the counties of \$3,000,000 for Jail Reimbursement needs to be decided if it is one-time or on-going funding. The governor recommended it as one time.

h. Division of Purchasing

Action needed is to reduce the budget by \$300,000. Instead of receiving state money, there are multiple contracts with local government, school districts and state agencies. There be a nominal fee on the contracts.

Rep. Frank asked about the shift of two Purchasing FTEs to another department. Mr. Amon replied that instead of being in the appropriated side with the state, most employees would be shifted to the internal service fund for more of a business model instead of an appropriation. Rep. Frank asked how many FTEs there are in Purchasing. Mr. Amon replied 20 budgeted and they are moving 14 over to the Internal Service Fund and two will be reallocated to Finance. Ms. Hood stated that they were dependent on the general fund but the legislature changed it so they could fund employees in different ways. Mr. Reidhead added that the funding moved because, it will be replaced with fees on contracts. The employees won't be moved out of purchasing, just the funding moved.

Co-Chair Froerer relinquished the chair to Co-Chair Adams for committee business.

Co-chair Adams stated that they have the option for an additional meeting scheduled for Thursday, February 16 from 5-7 p.m. If they can get all action completed on the Tuesday,

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February 14 meeting they won't need the additional meeting. Rep. Cox commented that he has prior commitment and 4-6 would be better. Co-chair Adams added that they have prioritization sheets and they need to be back by Monday.

MOTION: Rep. Painter moved to adjourn. The motion passed unanimously with Sen. Madsen absent for the vote.

Co-Chair Adams adjourned the meeting at 9:50 A.M.

Minutes were reported by Cami Deavila, Senate Secretary

Sen. Stuart Adams, Co-Chair

Rep. Gage Froerer, Co-Chair