

Budget Brief – DAS Facilities Management (ISF)

NUMBER CFGO-07-19

SUMMARY

The internal service fund (ISF) within 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 145 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.

ISSUES AND RECOMMENDATIONS

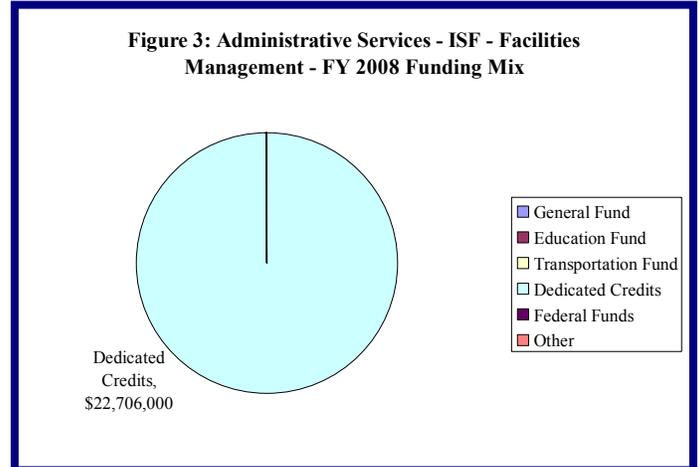
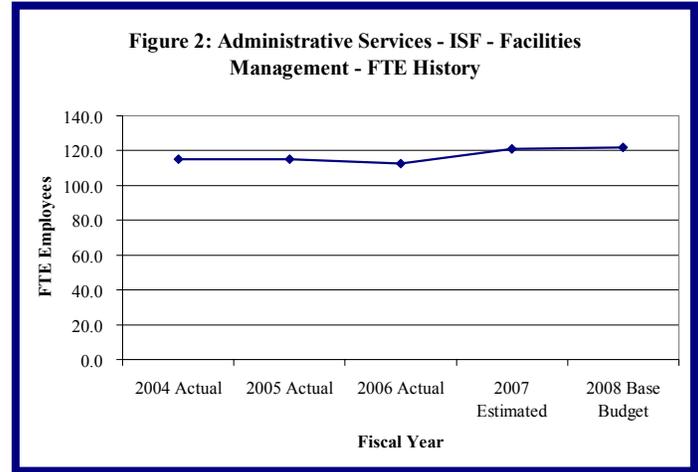
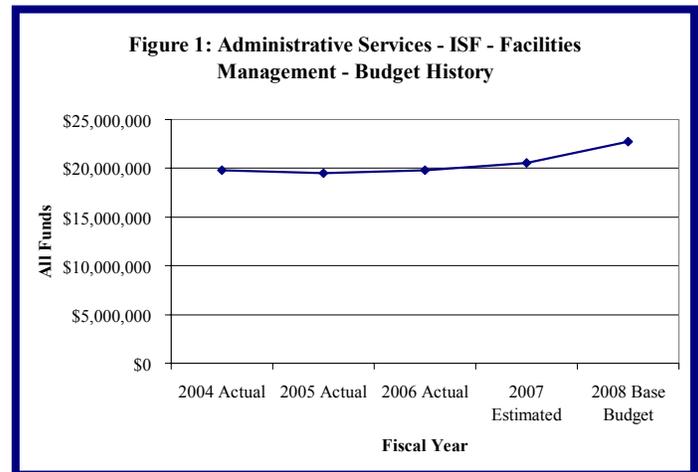
Rate and FTE for Capitol Hill

The Capitol Building will come back on line four months into FY 2008. The DFCM ISF will operate and maintain the building under contract with the Capitol Preservation Board. Annual O&M costs are difficult to estimate, but based on costs prior to construction, plus utility and personnel increases, the annual cost is expected to be \$1,151,400. Please see Issue Brief CFGO-07-01 for more detail. This rate includes \$61,500 for a Janitorial Supervisor to be hired by DFCM. The position will be responsible for supervising custodial operations for all eight buildings located on the campus. This position will also coordinate all event setup and cleanup requirements. The Analyst recommends approval of one additional FTE position for the DFCM ISF.

Rate adjustments for utility increases

This ISF experienced unbudgeted electrical rate increases in FY 2006 of six percent as well as rate increases in natural gas of 32-50 percent. In FY 2007, Rocky Mountain Power is expected to raise rates another twelve percent. Questar is expected to request a seven percent rate reduction, which leaves a projected increase for natural gas of at least 25 percent. Total state agency impact of these utility increases is \$817,500. The Analyst recommends the Legislature authorize rate adjustments as displayed in Issue Brief CFGO-07-06.

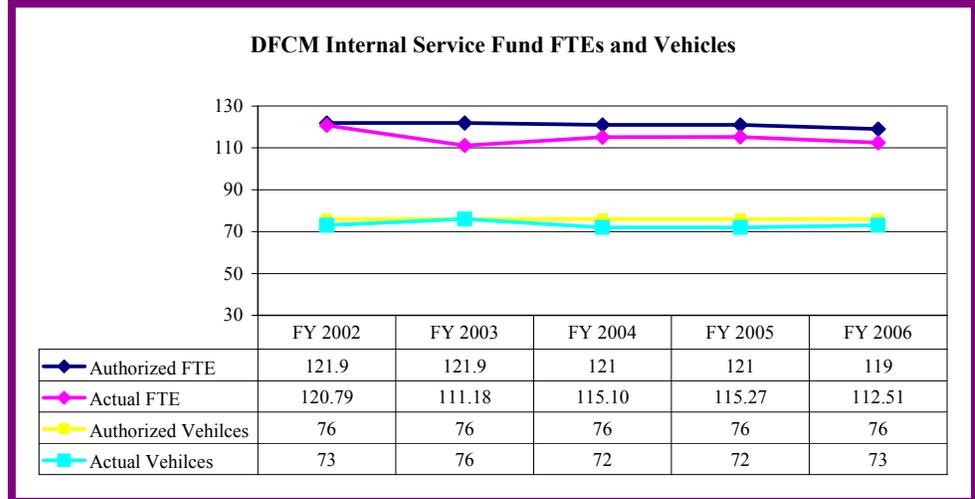
The Department of Alcoholic Beverage Control will have a separate rate impact of \$141,000, not due to rate increases but due to new locations and increased space.



ACCOUNTABILITY DETAIL

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.

Per Square Foot Costs

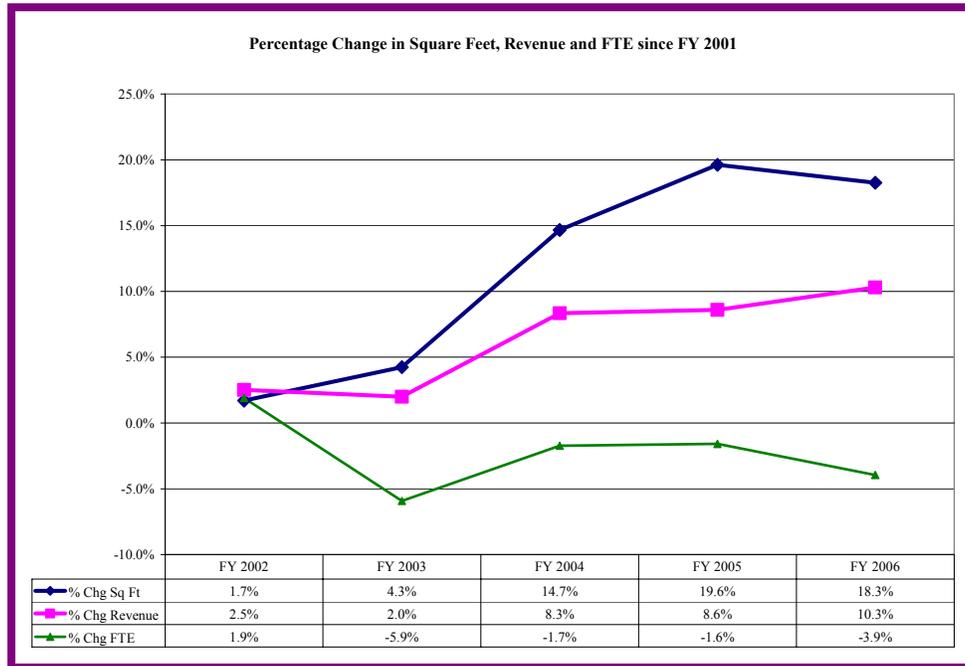
At an average of \$3.98 per square foot in FY 2006, DFCM maintenance rates were about 58 percent of the rates paid by federal agencies in 2004 and are lower than national private and local private rates.



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. 2004 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.



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, but the Legislature has not been counting these temporary positions against the authorized FTE level. Actual FTE peaked in FY 2002, declined substantially in FY 2003, and has remained fairly constant since. 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 2002	79%
FY 2003	83%
FY 2004	82%
FY 2005	85%
FY 2006	84%

BUDGET DETAIL

This ISF’s retained earnings are projected to decline into negative territory in FY 2007, after several years at an average of \$1.1 million.

Budget Recommendation for FY 2008:

- Estimated revenues of \$22,706,000
- Rates as presented separately
- Base authorized FTE level of 122
- One additional authorized FTE for a janitorial supervisor on Capitol Hill
- Authorized Capital Outlay of \$86,600. Funds will be used, if needed, to replace mowers, quad runners with plows, cameras, and other equipment that may unexpectedly break down.

Intent Language

The Analyst recommends the Legislature continue using the following intent language which was approved in Senate Bill 4, 2006 General Session, with the stipulation that DFCM notify the CFAS 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

This section is a summary of what actions might be taken if the Legislature wishes to adopt the recommendations of this brief. The Analyst recommends the Legislature consider adopting:

1. Estimated revenues of \$22,706,000 for the DFCM ISF
2. Rates as presented separately
3. Base authorized FTE level of 122
4. One additional authorized FTE for a janitorial supervisor on Capitol Hill
5. Authorized Capital Outlay of \$86,600
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 2006 Actual	FY 2007 Appropriated	Changes	FY 2007 Revised	Changes	FY 2008* Base Budget
Interest Income	300	0	0	0	0	0
Dedicated Credits - Intragvt Rev	19,791,400	20,511,600	80,700	20,592,300	2,113,700	22,706,000
Total	\$19,791,700	\$20,511,600	\$80,700	\$20,592,300	\$2,113,700	\$22,706,000
Programs						
ISF - Facilities Management	19,791,700	20,511,600	80,700	20,592,300	2,113,700	22,706,000
Total	\$19,791,700	\$20,511,600	\$80,700	\$20,592,300	\$2,113,700	\$22,706,000
Categories of Expenditure						
Personal Services	5,980,300	6,246,400	483,900	6,730,300	123,200	6,853,500
In-State Travel	12,400	12,600	(200)	12,400	0	12,400
Out of State Travel	8,400	25,000	(300)	24,700	(4,400)	20,300
Current Expense	13,684,800	13,778,500	561,000	14,339,500	410,800	14,750,300
DP Current Expense	362,700	264,000	102,500	366,500	0	366,500
Other Charges/Pass Thru	157,600	175,300	(1,800)	173,500	34,600	208,100
Depreciation	36,100	41,700	1,100	42,800	700	43,500
Total	\$20,242,300	\$20,543,500	\$1,146,200	\$21,689,700	\$564,900	\$22,254,600
Other Data						
Budgeted FTE	119.0	122.0	(1.0)	121.0	1.0	122.0
Actual FTE	112.5	0.0	0.0	0.0	0.0	0.0
Authorized Capital Outlay	52,300	51,500	0	51,500	35,100	86,600
Retained Earnings	864,600	1,034,000	(1,266,800)	(232,800)	451,400	218,600
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.