

Office of the  
Legislative Fiscal Analyst

## **FY 2001 Budget Recommendations**

Joint Appropriations Subcommittee for  
Capital Facilities and Administrative Services

Utah Department of Administrative Services  
**Division of Facilities Construction and Management  
Administration**

Contents:

- 1.0 Summary
- 2.0 Issues
- 3.0 Programs
- 4.0 Additional Information



**1.0 Summary: Division of Facilities Construction and Management - Administration**

The Division of Facilities Construction and Management (DFCM) is the building manager for all State owned facilities. The division is responsible for all aspects of building construction for new state buildings and assists the Building Board in identifying the most critical alteration, renovation, repair, and improvement projects on existing buildings.

As the State Building Manager, the Director of DFCM oversees the following activities:

- space utilization studies;
- establishment of statewide space standards;
- agency and institution master planning;
- staff support for the State Building Board;
- lease review and administration.

	<b>Analyst FY 2001 Base</b>	<b>Analyst FY 2001 Changes</b>	<b>Analyst FY 2001 Total</b>
<b>Financing</b>			
General Fund	\$2,802,900		\$2,802,900
Dedicated Credits Revenue	\$2,500		\$2,500
Transfers	\$200,000		\$200,000
<b>Total</b>	<b>\$3,005,400</b>	<b>\$0</b>	<b>\$3,005,400</b>
<b>Programs</b>			
DFCM Administration	\$3,005,400		\$3,005,400
<b>Total</b>	<b>\$3,005,400</b>	<b>\$0</b>	<b>\$3,005,400</b>
<b>FTE</b>	39.0		39.0

## **2.0 Issues:**

### **2.1 Response to 1999 Intent Language: Facility Management Software**

During the 1999 Session, the Legislature directed DFCM to use \$300,000 to purchase facility management software. Implementation of the new program is running behind schedule, but the Analyst remains confident that the system will be a vital asset to the state upon completion.

### **2.2 Response to 1999 Intent Language: Facility Needs Statement**

The Capital Facilities and Administrative Services Appropriation Subcommittee expressed concern that agency requests for new facilities lacked programmatic focus. At the committee's recommendation, the Legislature asked DFCM to develop guidelines for agencies to submit "project needs statements" along with new facility requests. The need statement was intended to show how a new facility best met the programmatic needs of an agency.

### **2.3 Response to 1999 Intent Language: Design Ownership**

When the State builds a new building, the building design remains the property of the architect that created the design. The Legislature asked DFCM to find a method to contract for services that would allow the state to own the design of new facilities.

### **2.4 Response to 1999 Intent Language: Division of Golf Course Management**

At the request of the Legislature, the Analyst prepared a report on the feasibility of creating a separate division to manage golf course properties. The report is included in the *Special Report* tab of the committee binder.

### **2.5 Proposed Building Management Concept: Facilities Pool**

On a recent trip to Florida, Legislators and the Analyst were exposed to a unique idea for the management of state owned office space. Florida manages some property in a *facility pool*, using lease rates to fund debt service, utilities and capital improvements.

**3.0 Programs: Division of Facilities Construction and Management -Administration**

**Recommendation**

The reduction shown in the Analyst's base recommendation is the result of a personnel savings and lower rate charges from internal service funds.

	<b>FY 1999 Actual</b>	<b>FY 2000 Estimated</b>	<b>FY 2001 Analyst</b>	<b>Est/Analyst Difference</b>
<b>Financing</b>				
General Fund	\$2,734,800	\$2,831,600	\$2,802,900	(\$28,700)
General Fund, One-time	79,000			
Dedicated Credits Revenue		2,500	2,500	
Transfers	200,000	200,000	200,000	
Beginning Nonlapsing	42,600	3,400		(3,400)
Closing Nonlapsing	(3,400)			
<b>Total</b>	<b>\$3,053,000</b>	<b>\$3,037,500</b>	<b>\$3,005,400</b>	<b>(\$32,100)</b>
<b>Expenditures</b>				
Personal Services	\$2,585,000	\$2,648,100	\$2,620,900	(\$27,200)
In-State Travel	29,600	33,200	33,200	
Out of State Travel	13,200	11,000	11,000	
Current Expense	265,800	192,700	191,200	(1,500)
DP Current Expense	128,600	152,500	149,100	(3,400)
DP Capital Outlay	30,800			
<b>Total</b>	<b>\$3,053,000</b>	<b>\$3,037,500</b>	<b>\$3,005,400</b>	<b>(\$32,100)</b>
<b>FTE</b>	39.0	39.0	39.0	

**3.1 Response to 1999 Intent Language: Facility Management Software**

During the 1999 Session, the Legislature passed the following language, directing DFCM to use \$300,000 to purchase facility management software.

*It is the intent of the Legislature that the Division of Facilities Construction and Management be allowed to use up to \$300,000 from the Project Reserve Funds to implement an integrated facilities software system.*

Phase One implementation of the new program is complete. Phase One incorporates a statewide facility database that allows DFCM to provide real time information regarding facility maintenance. Phase Two will add project management capabilities that will track bidding procedures, construction schedules and expenditures. Ultimately, the system will have an internet interface that will allow state agencies to generate reports and request work orders electronically.

### **3.2 Response to 1999 Intent Language: Facility Needs Statement**

The Capital Facilities and Administrative Services Appropriation Subcommittee expressed concern that agency requests for new facilities lacked programmatic focus. At the committee's recommendation, the Legislature asked DFCM to develop guidelines for agencies to submit "project needs statements" along with new facility requests. The need statement was intended to show how a new facility best met the programmatic needs of an agency.

*It is the intent of the Legislature that the Fiscal Analyst prepare recommendations regarding a "project needs statement" to clearly define a capital expenditure request. The Analyst shall work with the Governor's Office of Planning and Budget, DFCM, and the Regents in evaluating alternatives. The statements will be prepared to aid the Legislature and the Governor in setting priorities prior to project programming.*

The Analyst appreciates DFCM taking a leadership position in developing a need statement. Staff within DFCM developed and distributed a template to state agencies that required program descriptions, an explanation of perceived needs for new construction and a reconciliation of how a new facility best met the programmatic needs of the agency.

Agency response to the need statement has been positive – several managers commented that it was the first time they tried to fit a construction request into a programmatic framework. In some cases, this strengthened their case for facility needs and in other cases alternative solutions were developed. The Analyst expects the quality of the need statement responses to be even better next year as agencies become more familiar with the new program.

### **3.3 Response to 1999 Intent Language: Design Ownership**

When the State builds a new building, the building design remains the property of the architect that created the design. The Legislature asked DFCM to find a method to contract for services that would allow the state to own the design of new facilities.

*It is the intent of the Legislature that the Building Board develop contracting guidelines that enable the State to share in the ownership of designs and plans associated with the construction of state owned buildings.*

This continues to be a sticking point in fee negotiation and it seems likely that statutory change will be required to address this issue. The Analyst continues to believe that the interest of the state is best served through the ownership of building designs for buildings that lend themselves to prototypical design. Part of the attraction of prototypical design for office buildings and courts is the reduced cost of design. State ownership of prototypical designs for UDOT maintenance facilities, DABC liquor stores and some office buildings could provide substantial savings to taxpayers. If local architects insist on owning designs, it may be better for the state to hire a State Architect to design prototypical buildings that will remain the property of the State.

### **3.4 Response to 1999 Intent Language: Division of Golf Course Management**

At the request of the Legislature, the Analyst prepared a report on the feasibility of creating a separate division to manage golf course properties. The report is included in the *Special Report* tab of the committee binder.

### **3.5 Proposed Building Management Concept: Facilities Pool**

On a recent trip to Florida, Legislators and the Analyst were exposed to a unique idea for the management of state owned office space. Florida manages some property in a *facility pool*, using lease rates to fund debt service, utilities and capital improvements.

The Florida program employs three main tools to maximize space utilization:

1. Prototypical office design;
2. Mandatory use of state-owned space for agencies;
3. Lease rates that reflect the actual cost of ownership.

The State of Florida developed three prototypical office designs for state facilities. The buildings, pictured below, share similar exteriors and are configured in sizes of 60,000 square feet, 80,000 square feet or 100,000 square feet.



To request new space, an agency must consult with the Florida Department of Management Services (DMS). DMS will locate space for the agency in an existing building or will find a location to build the appropriate square footage with a prototypical building. DMS charges tenants a lease rate that covers debt service, capital improvements, and operation and maintenance. DMS manages more than 5.3 million square feet in the facilities pool, generating \$68 million in revenue.

<b>Fiscal Year</b>	<b>Pool Rental Rate</b>	<b>Private Rental Rate</b>	<b>Facility Pool Revenue</b>	<b>Occupancy Rate</b>
1998	\$14.74	\$15.35	\$68,127,000	98%
1997	14.38	15.06	62,546,000	98%
1996	14.38	14.79	62,262,000	96%
1995	14.38	14.62	58,836,000	96%
1994	14.38	14.18	58,377,000	98%
1993	14.38	13.86	N/A	95%

*Source: Florida State Board of Administration (rate reflects office pool rate – square footage includes dining and warehouse space).*



*Creating a  
Facilities Pool  
in Utah*

Although the state of Florida has experienced great success with their facility pool, it is not clear if the same concept would work in Utah. Florida has the advantage of economies of scale – the 5.3 million square feet managed by DMS is only part of the total square footage of the state. Agencies such as higher education, agriculture and transportation are not part of the facility pool. Utah’s entire building inventory is approximately 33 million square feet – 23 million of which is occupied by public and higher education. In addition to that, the Department of Corrections occupies 2 million square feet and UDOT maintains another 1.5 million. This leaves about 6.5 million square feet of space – not all of which is office space. This approximates the space managed by Florida’s Department of Management Services. In order for the State of Utah to create a facility pool, several questions must be answered:

- Which agencies will participate?
- Will only office space be part of the pool, or will other space be included?
- Will existing buildings be placed in the pool?
- Will the process be incremental (i.e., only new construction or major remodels)?
- How will debt service be funded?
- Should capital improvement funds be used for debt service on an improvements bond?
- How will agencies pay full cost lease rates?

The Analyst believes that a facility pool is a promising alternative for State space needs and recommends the following intent language:

*It is the intent of the Legislature that the Legislative Fiscal Analyst prepare a feasibility study regarding the use of a facility pool in the State of Utah. The study should address questions of occupancy, funding, and participation. The Analyst should consult with the Governor’s Office of Planning and Budget and the Division of Facilities Construction and Management in creating the study.*

**4.0 Additional Information: Division of Facilities Construction and Management – Administration**

	<b>FY 1997</b>	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>	<b>FY 2001</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated</b>	<b>Analyst</b>
<b>Financing</b>					
General Fund	\$2,920,000	\$2,686,700	\$2,734,800	\$2,831,600	\$2,802,900
General Fund, One-time			79,000		
Dedicated Credits Revenue				2,500	2,500
Transfers	200,000	500,000	200,000	200,000	200,000
Beginning Nonlapsing	20,100	8,500	42,600	3,400	
Closing Nonlapsing	(8,500)	(42,600)	(3,400)		
<b>Total</b>	<b>\$3,131,600</b>	<b>\$3,152,600</b>	<b>\$3,053,000</b>	<b>\$3,037,500</b>	<b>\$3,005,400</b>
<b>% Change</b>		0.7%	-3.2%	-0.5%	-1.1%
<b>Programs</b>					
DFCM Administration	\$3,131,600	\$3,152,600	\$3,053,000	\$3,037,500	\$3,005,400
<b>Total</b>	<b>\$3,131,600</b>	<b>\$3,152,600</b>	<b>\$3,053,000</b>	<b>\$3,037,500</b>	<b>\$3,005,400</b>
<b>Expenditures</b>					
Personal Services	\$2,699,000	\$2,723,000	\$2,585,000	\$2,648,100	\$2,620,900
In-State Travel	39,400	43,900	29,600	33,200	33,200
Out of State Travel	7,400	9,100	13,200	11,000	11,000
Current Expense	231,100	249,800	265,800	192,700	191,200
DP Current Expense	131,300	126,800	128,600	152,500	149,100
DP Capital Outlay	23,400		30,800		
<b>Total</b>	<b>\$3,131,600</b>	<b>\$3,152,600</b>	<b>\$3,053,000</b>	<b>\$3,037,500</b>	<b>\$3,005,400</b>
<b>FTE</b>	50.0	39.0	39.0	39.0	39.0