

Office of the
Legislative Fiscal Analyst

FY 2001 Budget Recommendations

Joint Appropriations Subcommittee for
Capital Facilities and Administrative Services

Utah Department of Administrative Services
Internal Service Funds
DFCM Facility Management

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

The Internal Service Fund program within DFCM is responsible for the operation and maintenance of 4 million square feet of state owned space. DFCM will provide maintenance, janitorial and security services for any agency occupying state owned space. In order to keep prices as low as possible, DFCM must compete with private sector vendors in getting maintenance contracts.

	Analyst FY 2001 Base	Analyst FY 2001 Changes	Analyst FY 2001 Total
Financing			
Dedicated Credits	\$16,415,700	\$727,900	\$17,143,600
Restricted Revenue		\$309,100	\$309,100
Total	\$16,415,700	\$1,037,000	\$17,452,700
Programs			
ISF - Facilities Management	\$16,774,500	\$359,200	\$17,133,700
Total	\$16,774,500	\$359,200	\$17,133,700
FTE	127.5		127.5
Authorized Capital Outlay	\$0	\$0	\$0
Retained Earnings	\$95,000	\$677,800	\$772,800

2.0 Issues:

2.1 Rate Adjustments for Fiscal Year 2001

The table below identifies those facilities that will receive a rate change in Fiscal Year 2001. The rate change will offset costs for salary increases, enhanced services, and new square footage.

Agency	Location	Rate Change
Capitol Pres. Board	Capitol Hill	\$119,647
Courts	Sandy Courthouse	45,000
Courts	St. George Courthouse	(20,000)
DFCM	Provo Regional Center	75,925
DNR	This is the Place	80,000
Health	Medical Drive Complex	20,060
Human Services	Richfield Office	10,000
Human Services	Cedar City Office	12,000
ITS	Richfield Center	(12,000)
UDOT	Calvin Rampton Complex	125,000
Workforce Services	Clearfield East	35,000
Workforce Services	Cedar City Office	12,000
Workforce Services	Richfield Office	5,000
Workforce Services	Logan Office	6,000
FY 2001 Increase (Decrease)		\$513,632

2.2 Note of Concern: Current Year Service Changes

Several agencies requested additional services after the conclusion of the 1999 Legislative session. DFCM has the ability to enhance services, but the agencies do not have an appropriation for such changes. Agencies pledge payment to DFCM from “existing budgets” then request supplemental appropriations to cover those expenses. This has the potential to create a significant impact on the budget process. Further consideration is given to this topic in section 3.2.

3.0 Programs – Division of Facilities Construction and Management

3.1 Recommendation

The Analyst is recommending the Agency request. Restricted revenue comes from inter-departmental transfers to maintain the Governor’s Mansion and Capitol Hill Facilities.

	FY 1999	FY 2000	FY 2001	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Dedicated Credits	\$16,546,900	\$16,629,900	\$17,143,600	\$513,700
Restricted Revenue		309,100	309,100	
Total	\$16,546,900	\$16,939,000	\$17,452,700	\$513,700
Expenditures				
Personal Services	\$5,393,100	\$5,095,700	\$5,071,300	(\$24,400)
In-State Travel	30,900	19,700	19,700	
Out of State Travel	26,500	18,300	16,200	(2,100)
Current Expenses	10,985,400	11,586,800	11,677,900	91,100
DP Current Expenses	133,300	85,500	125,800	40,300
DP Capital Outlay	113,700	110,900	148,500	37,600
Other Charges/Pass Thru				
Total	\$16,747,600	\$17,000,900	\$17,133,700	\$132,800
Net Operating Income	(\$200,700)	(\$61,900)	\$319,000	\$380,900
FTE	107.2	127.5	113.3	(14.2)
Authorized Capital Outlay	\$172,700	\$106,300	\$0	(\$106,300)
Retained Earnings	\$683,400	\$490,300	\$772,800	\$282,500

FTE Counts

Until last year, DFCM had been able to add FTE to its payroll only if there were an equivalent staff reduction in another agency. As noted in section 2.1, agencies often requested DFCM for new or expanded services from DFCM during the course of the year. This hurt customer service and competitive abilities since DFCM could only expand services if it could be done within existing staff. To alleviate this problem, the Legislature approved the following intent language:

It is the intent of the Legislature that DFCM's internal service fund may add FTEs beyond the authorized level if new facilities come on line or maintenance agreements are requested. Any added FTEs will be reviewed and approved by the Legislature in the next Legislative Session.

During the course of the year, DFCM expanded its staff count by 6 FTE – all of whom came as a transfer from another agency. The Analyst believes that the intent language is sound and should be approved for FY 2001.

3.2 Note of Concern: Current Year Service Changes

Several agencies requested additional services after the conclusion of the 1999 Legislative session. DFCM has the ability to enhance services, but the agencies do not have an appropriation for such changes. Agencies pledge payment to DFCM from “existing budgets” then request supplemental appropriations to cover those expenses. The table below identifies those agencies that contracted for increased service levels during the current budget year.

Agency	Location	Rate Change
Courts	St. George Courthouse	\$37,512
Health	Dental Clinic	10,645
Workforce Services	Metro (SLC) Office	23,000
Workforce Services	Vernal Office	11,052
FY 2000 Changes		\$82,209

DFCM is in the service business and has performed well in developing solutions for the state agencies that make up its clientele. The concern with this issue is not with DFCM, but with the agencies that are using existing budgets to purchase expanded services.

If agencies have extra funds in their budget, it seems that they should inform the Legislature of that fact. In developing his budget recommendations, the Governor not only funded supplemental requests to pay for these expanded services; he added ongoing funds to ensure that the costs would be covered into the future. The Analyst believes there is a danger that agencies will see service changes as a way to circumvent the appropriation process and tie the hands of the Legislature in making budget allocations. The Analyst recommendation assumes that funding for the above projects will continue to be funded from existing agency budgets.

4.0 Additional Information: Division of Facilities Construction and Management - Facilities Management

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
	Actual	Actual	Actual	Estimated	Analyst
Financing					
Dedicated Credits	\$12,885,800	\$14,349,400	\$16,546,900	\$16,629,900	\$17,143,600
Restricted Revenue				309,100	309,100
Total	<u>\$12,885,800</u>	<u>\$14,349,400</u>	<u>\$16,546,900</u>	<u>\$16,939,000</u>	<u>\$17,452,700</u>
% Change		11.4%	15.3%	2.4%	3.0%
Programs					
ISF - Facilities Management	<u>\$12,245,300</u>	<u>\$14,396,300</u>	<u>\$16,747,600</u>	<u>\$17,000,900</u>	<u>\$17,133,700</u>
Total	<u>\$12,245,300</u>	<u>\$14,396,300</u>	<u>\$16,747,600</u>	<u>\$17,000,900</u>	<u>\$17,133,700</u>
Expenditures					
Personal Services	\$3,432,100	\$4,057,200	\$5,393,100	\$5,095,700	\$5,071,300
In-State Travel	8,300	12,000	30,900	19,700	19,700
Out of State Travel	5,900	7,100	26,500	18,300	16,200
Current Expenses	8,469,000	10,016,000	10,985,400	11,586,800	11,677,900
DP Current Expenses	46,800	109,300	133,300	85,500	125,800
DP Capital Outlay	213,500	129,800	113,700	110,900	148,500
Other Charges/Pass Thru					
Total	<u>\$12,245,300</u>	<u>\$14,396,300</u>	<u>\$16,747,600</u>	<u>\$17,000,900</u>	<u>\$17,133,700</u>
Net Operating Income	<u>\$640,500</u>	<u>(\$46,900)</u>	<u>(\$200,700)</u>	<u>(\$61,900)</u>	<u>\$319,000</u>
FTE	105.5	116.5	107.2	127.5	127.5
Authorized Capital Outlay	\$67,800	\$93,200	\$172,700	\$106,300	\$0
Retained Earnings	\$999,200	\$884,100	\$683,400	\$490,300	\$772,800

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FY 2001 Budget Recommendations

Joint Appropriations Subcommittee for
Capital Facilities and Administrative Services

Utah Department of Administrative Services
Internal Service Funds – DFCM Planning

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1.0 Summary: Division of Facilities Construction and Management - Planning and Design

The space-planning program was approved by the 1997 Legislature and implemented in the 1998 Fiscal Year. The program offers space planning and design services to state agencies. This program will assist agencies in obtaining space that best meets their programmatic needs while maximizing space utilization and ensuring adherence to building codes and space standards. The program will also ensure that building systems are correctly modified to meet the needs for new space. Funding for this program comes from statewide budgets within DFCM capital budget

	Analyst FY 2001 Base	Analyst FY 2001 Changes	Analyst FY 2001 Total
Financing			
Dedicated Credits	\$291,600		\$291,600
Total	<u>\$291,600</u>	<u>\$0</u>	<u>\$291,600</u>
Programs			
ISF - Planning and Design	\$253,900		\$253,900
Total	<u>\$253,900</u>	<u>\$0</u>	<u>\$253,900</u>
FTE	4.0		4.0
Authorized Capital Outlay	\$78,800	\$0	\$78,800
Retained Earnings	(\$182,300)	\$0	(\$182,300)

2.0 Issues

2.1 Cataloging of Plans and Drawings

In addition to its space planning function, the Planning program is responsible for cataloging an enormous amount of architectural plans, drawings and other construction documents that have accumulated in the basement of the State Office Building. Over the years, the lack of a control point for these documents created a system of random filing, fostered misplaced documents and may have damaged historical artifacts. The Analyst is recommending a one-time transfer to hire interns to sort, file and protect the documents.

Project Reserve Fund\$50,000

3.0 Programs – Internal Service Funds - Planning

3.1 Facility Management - Planning and Design

Recommendation The Analyst is recommending revenues of \$291,600 and 6 FTEs for this program.

	FY 1999	FY 2000	FY 2001	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Dedicated Credits	\$124,600	\$291,600	\$291,600	
Total	\$124,600	\$291,600	\$291,600	\$0
Expenditures				
Personal Services	\$142,800	\$203,700	\$193,400	(\$10,300)
In-State Travel	200	200	200	
Out of State Travel	2,800	1,600	1,400	(200)
Current Expenses	79,500	79,600	23,900	(55,700)
DP Current Expenses	40,300	40,300	21,400	(18,900)
Depreciation	10,700	12,500	13,600	1,100
Total	\$276,300	\$337,900	\$253,900	(\$84,000)
Net Operating Income	(\$151,700)	(\$46,300)	\$37,700	\$84,000
FTE	3.0	3.4	4.0	0.6
Authorized Capital Outlay			\$78,800	\$78,800
Retained Earnings	(\$220,000)	(\$266,300)	(\$182,300)	\$84,000

Purpose The space-planning program was approved by the 1997 Legislature and implemented in the 1998 Fiscal Year. The program offers space planning and design services to state agencies. This program will assist agencies in obtaining space that best meets their programmatic needs while maximizing space utilization and ensuring adherence to building codes and space standards. Funding for this program comes from statewide budgets.

Cataloging of Documents In addition to its space planning function, the Planning program is responsible for cataloging an enormous amount of architectural plans, drawings and other construction documents that have accumulated in the basement of the State Office Building. Over the years, the lack of a control point for these documents created a system of random filing, fostered misplaced documents and may have damaged historical artifacts.

The Project Reserve Fund accrues money from capital projects that come in under budget. The Legislature may appropriate a prudent amount of excess balances to fund other facility needs throughout the state. In this case, the cataloging will allow DFCM to ensure that it has the most current drawings for state owned buildings and will identify other records that should be turned over to the Division of Archives for storage or preservation. The fund balance, now in excess of \$3.3 million, is discussed more fully in the Capital Budget section. The Analyst is recommending a one-time transfer of \$50,000 to hire four interns (2 FTE) to organize these documents.

*Authorized Capital
Outlay*

The Analyst recommends capital outlay of \$35,000 to purchase computer hardware.

4.0 Additional Information: Division of Facilities Construction and Management - Planning/Design

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
	Actual	Actual	Actual	Estimated	Analyst
Financing					
Dedicated Credits		\$74,700	\$124,600	\$291,600	\$291,600
Total	\$0	\$74,700	\$124,600	\$291,600	\$291,600
% Change			66.8%	134.0%	0.0%
Programs					
ISF - Planning and Design	\$200	\$142,700	\$276,300	\$337,900	\$253,900
Total	\$200	\$142,700	\$276,300	\$337,900	\$253,900
Expenditures					
Personal Services		\$100,800	\$142,800	\$203,700	\$193,400
In-State Travel			200	200	200
Out of State Travel		1,200	2,800	1,600	1,400
Current Expenses	200	24,500	79,500	79,600	23,900
DP Current Expenses		10,700	40,300	40,300	21,400
Depreciation		5,500	10,700	12,500	13,600
Total	\$200	\$142,700	\$276,300	\$337,900	\$253,900
Net Operating Income	(\$200)	(\$68,000)	(\$151,700)	(\$46,300)	\$37,700
FTE			3.0	3.4	4.0
Authorized Capital Outlay					\$78,800
Retained Earnings	(\$200)	(\$68,300)	(\$220,000)	(\$266,300)	(\$182,300)

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FY 2001 Budget Recommendations

Joint Appropriations Subcommittee for
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Utah Department of Administrative Services
Internal Service Funds – DFCM Roofing and Paving

Contents:

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1.0 Summary: Division of Facilities construction and Management - Roofing and Paving

The roofing and paving program was authorized in FY 1998 as a means to improve the life cycle of state facilities. In addition to inspections, repairs, and maintenance, the program is responsible for identifying, specifying, and managing all roofing and paving projects.

Training in roofing and paving maintenance techniques will occur for state facilities maintenance personnel during the winter months. The training will increase the number of personnel available for periodic roofing and paving inspections and will improve the skills needed for proper maintenance on these systems.

	Analyst FY 2001 Base	Analyst FY 2001 Changes	Analyst FY 2001 Total
Financing			
Dedicated Credits	\$459,900		\$459,900
Total	<u>\$459,900</u>	<u>\$0</u>	<u>\$459,900</u>
Programs			
ISF - Roofing and Paving	\$459,900	(\$78,000)	\$381,900
Total	<u>\$459,900</u>	<u>(\$78,000)</u>	<u>\$381,900</u>
FTE	6.8		6.8
Retained Earnings	\$300	\$78,000	\$78,300
	\$0	\$0	\$0

2.0 Issues:

2.1 Improvements in Contracting

One of the fundamental responsibilities of government is to operate in an open and fair manner. During the summer, questions were raised regarding the request for proposal (RFP) process used by the DFCM roofing program. Questions centered on specifications, oversight and size of project. In some cases, concerns were raised regarding specifications that may have been written too narrowly, eliminating a number of contractors who were not able to use a specific, proprietary roof cover. In other cases, projects were parsed prior to bidding to make the projects fit under a cap that expedited the RFP process.

To ensure public confidence in the program, DFCM initiated three key processes that altered the way in which RFPs are issued:

1. The bidding process was taken out of the hands of project managers and turned over to a contract specialist within the administration;
2. Specifications are being written to a performance standard rather than a product type;
3. Bid opportunities are now offered to all contractors who have filed to be on DFCM's approved contractor list.

These changes will allow a program that has received statewide acclaim to operate in a manner that engenders public and legislative confidence that state government is operating in an open arena.

3.0 Programs: Internal Services Roofing

3.1 Roofing and Paving

Recommendation

The Analyst recommends revenues of \$459,900 and 6.80 FTEs for this program

	FY 1999	FY 2000	FY 2001	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Dedicated Credits	\$391,000	\$459,900	\$459,900	
Total	\$391,000	\$459,900	\$459,900	\$0
Expenditures				
Personal Services	\$298,100	\$433,900	\$322,600	(\$111,300)
In-State Travel	10,700	10,700	10,700	
Out of State Travel	6,100	10,600	11,900	1,300
Current Expenses	75,800	75,700	37,300	(38,400)
DP Current Expenses	7,500	7,500	(2,100)	(9,600)
Depreciation	1,200	6,300	1,500	(4,800)
Total	\$399,400	\$544,700	\$381,900	(\$162,800)
Net Operating Income	(\$8,400)	(\$84,800)	\$78,000	\$162,800
FTE	6.4		6.8	6.8
Retained Earnings	\$300	(\$84,500)	(\$6,200)	\$78,300
			\$0	\$0

Purpose

The roofing and paving program was authorized in FY 1998 as a means to improve the life cycle of state facilities. In addition to inspections, repairs, and maintenance, the program is responsible for identifying, specifying, and managing all roofing and paving projects.

This program was initiated to address the following issues:

- The state's roofs and parking lots were failing prematurely, resulting in early replacement;
- Inspections for new and replacement construction were not being conducted consistently or timely;
- The successful Utah Correctional Industries roofing repair program was underutilized and needs more projects.

This DFCM program is designed to change the previous roofing and paving program. The Facilities Management Section oversees an annual inspection of roofs and pavement areas. So far, agencies have been pleased with the program. The program has been so successful that the University of Utah was able to terminate its roofing program and reallocate resources to other areas.

4.0 Additional Information

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
	Actual	Actual	Actual	Estimated	Analyst
Financing					
Dedicated Credits	\$112,300	\$330,500	\$391,000	\$459,900	\$459,900
Total	\$112,300	\$330,500	\$391,000	\$459,900	\$459,900
% Change		194.3%	18.3%	17.6%	0.0%
Programs					
ISF - Roofing and Paving	\$112,100	\$330,500	\$399,400	\$544,700	\$381,900
Total	\$112,100	\$330,500	\$399,400	\$544,700	\$381,900
Expenditures					
Personal Services	\$87,200	\$262,600	\$298,100	\$433,900	\$322,600
In-State Travel	1,400	9,200	10,700	10,700	10,700
Out of State Travel	1,300	3,500	6,100	10,600	11,900
Current Expenses	14,100	50,200	75,800	75,700	37,300
DP Current Expenses	7,400	3,800	7,500	7,500	(2,100)
Depreciation	700	1,200	1,200	6,300	1,500
Total	\$112,100	\$330,500	\$399,400	\$544,700	\$381,900
Net Operating Income	\$200	\$0	(\$8,400)	(\$84,800)	\$78,000
FTE	2.0	4.4	6.4		6.8
Retained Earnings	\$300	\$300	\$300	(\$84,500)	(\$6,200)
					\$0