

Office of the
Legislative Fiscal Analyst

FY 2002 Budget Recommendations

Joint Appropriations Subcommittee for
Capital Facilities and Administrative Services

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

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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.

	Analyst FY 2002 Base	Analyst FY 2002 Changes	Analyst FY 2002 Total
Financing			
General Fund	2,828,900	15,000	2,843,900
Dedicated Credits Revenue	2,500		2,500
Transfers	200,000		200,000
Total	\$3,031,400	\$15,000	\$3,046,400
Programs			
DFCM Administration	3,031,400	15,000	3,046,400
Total	\$3,031,400	\$15,000	\$3,046,400
FTE/Other			
Total FTE	39		39
Vehicles	1	0	1

2.0 Issues:

2.1 Project Managers vs. Program Directors

DFCM's reorganization intended to transform project managers into program directors. Although the change in terms sounds strangely like a bureaucratic record keeping issue, the results were to have been significant. Part of the plan involved paying architects and contractors to manage the day to day operations of projects. DFCM's role was to manage the program – stepping in only in exceptional circumstances. To date, this has not been the case as DFCM program managers still spend a great deal of time on site and in meetings with contractors and architects. Section 3.1 provides recommendations to address this issue.

2.2 Design Costs and Ownership Policies

Over the past several years the Legislature expressed concern with design costs and ownership of documents. Architects do not include price as a factor when bidding on state work. When the State builds a new building, the building design remains the property of the architect that created the design. The Analyst believes that the State should share in ownership of designs that will be repeated for other state facilities and that price should be a component in the architect selection process. Section 3.2 addresses this issue in more detail.

2.3 Restoration of Budget Transfer

Last year the Legislature transferred \$15,000 from DFCM to the Capitol Preservation Board to fund a new staff position. Although the budget reduction was a burden on DFCM, it proved to be the most logical choice for a funding source given that the new staff at the Capitol Preservation Board reduced workload on DFCM. The Analyst recommends restoring this amount to DFCM by transferring General Fund from the Office of State Debt Collection.

General Fund\$15,000

2.4 Response to Intent Language: Facilities Pool

Last year the Legislature adopted 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.

The study can be found behind the *Special Reports* tab of the Analyst Budget Recommendation.

3.0 Programs: Division of Facilities Construction and Management -Administration

Recommendation

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

	2000	2001	2002	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
General Fund	2,830,500	2,892,800	2,843,900	(48,900)
Dedicated Credits Revenue		2,500	2,500	
Transfers	200,000	200,000	200,000	
Beginning Nonlapsing	3,400	700		(700)
Closing Nonlapsing	(700)			
Total	<u>\$3,033,200</u>	<u>\$3,096,000</u>	<u>\$3,046,400</u>	<u>(\$49,600)</u>
Expenditures				
Personal Services	2,665,600	2,718,600	2,670,500	(48,100)
In-State Travel	57,700	59,900	59,900	
Out of State Travel	10,100	9,900	9,900	
Current Expense	162,700	158,500	157,000	(1,500)
DP Current Expense	120,900	149,100	149,100	
DP Capital Outlay	16,200			
Total	<u>\$3,033,200</u>	<u>\$3,096,000</u>	<u>\$3,046,400</u>	<u>(\$49,600)</u>
FTE/Other				
Total FTE	39	39	39	
Vehicles		1	1	

3.1 Program Director Issues

In 1997, the Analyst reported that DFCM project managers averaged 24.6 projects each. Following that report, DFCM reorganized to provide more efficient service. Today DFCM has 7 “program directors” but it seems that workload is not evenly distributed among managers. The average workload is 32 projects, but the range varies from a manager with nine projects at one location to a manager with 51 projects spread over 39 locations. The Analyst realizes that raw project counts are only one workload indicator, but the diversity in assignments is startling.

In 1997 DFCM set a goal that would see each program manager handling 30 projects. Although the averages currently show that the goal is within reach, the Analyst is concerned that workload may be distributed in a way that does not maximize efficiency. DFCM will address the issue as part of its budget presentation to the Capital Facilities Committee.

3.2 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, classrooms 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.**

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

	1998	1999	2000	2001	2002
Financing	Actual	Actual	Actual	Estimated	Analyst
General Fund	2,686,700	2,734,800	2,830,500	2,892,800	2,843,900
General Fund, One-time		79,000			
Dedicated Credits Revenue				2,500	2,500
Transfers	500,000	200,000	200,000	200,000	200,000
Beginning Nonlapsing	8,500	42,600	3,400	700	
Closing Nonlapsing	(42,600)	(3,400)	(700)		
Total	\$3,152,600	\$3,053,000	\$3,033,200	\$3,096,000	\$3,046,400
Programs					
DFCM Administration	3,152,600	3,053,000	3,033,200	3,096,000	3,046,400
Total	\$3,152,600	\$3,053,000	\$3,033,200	\$3,096,000	\$3,046,400
Expenditures					
Personal Services	2,723,000	2,585,000	2,665,600	2,718,600	2,670,500
In-State Travel	43,900	29,600	57,700	59,900	59,900
Out of State Travel	9,100	13,200	10,100	9,900	9,900
Current Expense	249,800	265,800	162,700	158,500	157,000
DP Current Expense	126,800	128,600	120,900	149,100	149,100
DP Capital Outlay		30,800	16,200		
Total	\$3,152,600	\$3,053,000	\$3,033,200	\$3,096,000	\$3,046,400
FTE/Other					
Total FTE	39	39	39	39	39
Vehicles				1	1