

# Administrative Services

## Proposed Rate Changes

Fiscal Year 2020

Presented to the DAS Rate Committee  
September 12, 2018

# DAS ISF Responsibilities

Utah Code Section 63A-1-114 (2018)

- A DAS division that operates as an internal service fund (ISF) shall submit to the DAS rate committee a proposed rate and fee schedule for services rendered to an executive branch entity or an entity that subscribes to services rendered.
- DAS provides staff services to the committee.

# DAS Rate Committee Responsibilities

Utah Code Section 63A-1-114 (2018)

- Conduct meetings in accordance with OPMA;
- Meet at least once each calendar year to:
  - discuss service performance;
  - review the proposed rate and fee schedules;
  - approve, increase, or decrease the rate and fee schedules; and
  - discuss any prior or potential adjustments to the service level received by state agencies that pay rates to an Internal Service Fund (ISF);
- Recommend ISF rates to GOMB and the Legislature, and
- Review and approve interim rates.

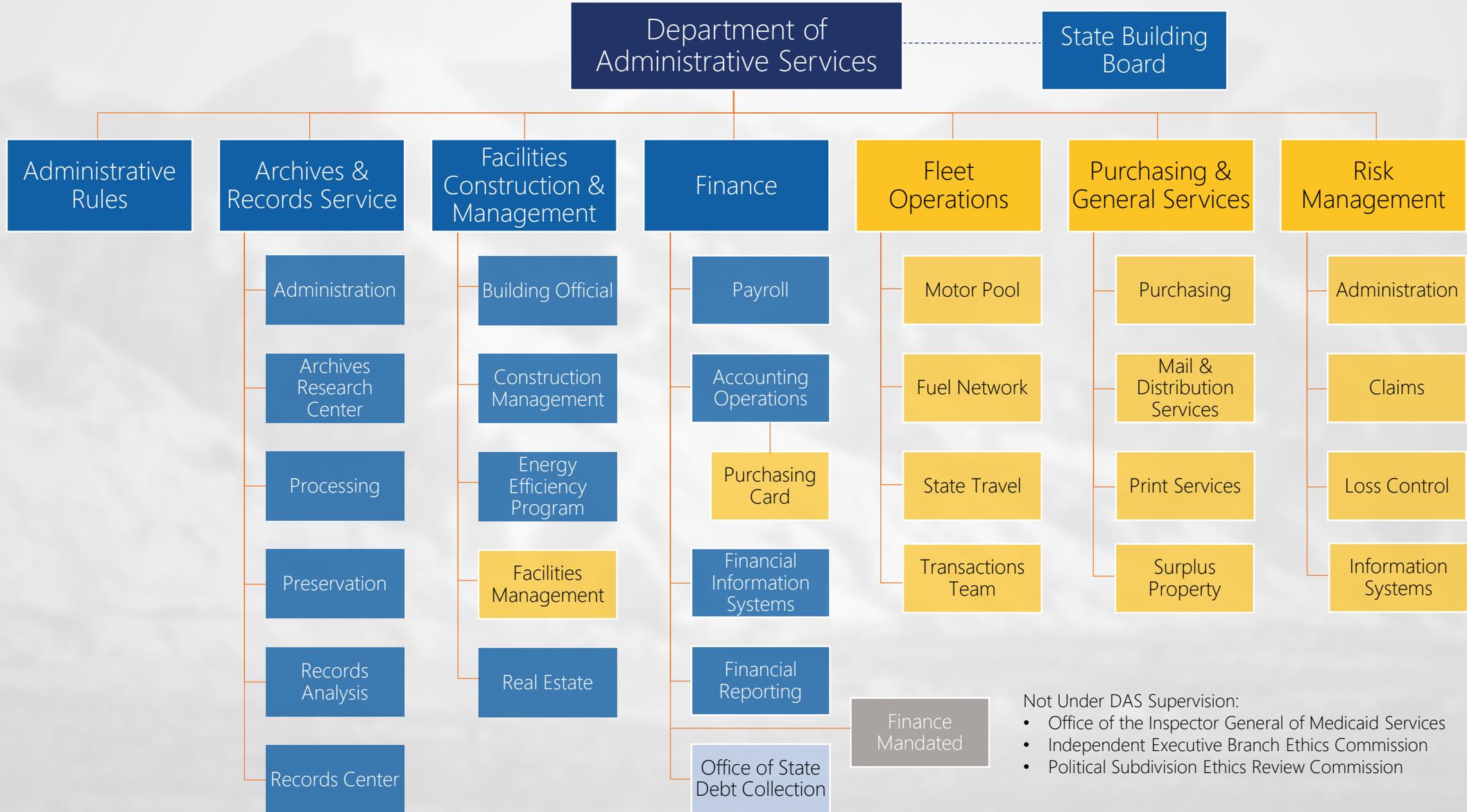
# DAS Mission

Deliver support services of the highest quality and best value to government agencies and the public

# DAS Vision

Be the preferred and most trusted provider of products, services, and innovative solutions to meet customer needs

# DAS Programs



- Not Under DAS Supervision:
- Office of the Inspector General of Medicaid Services
  - Independent Executive Branch Ethics Commission
  - Political Subdivision Ethics Review Commission



# Risk Management

Liability

Property

Auto

Workers Compensation

Learning Management System

Finance

Facilities Construction and Management

Fleet Operations

Purchasing and General Services

# Risk Management

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Utah Code Title 63A, Chapter 4,  
“Risk Management”



Mandates the appointment of a Risk Manager and establishes the Risk Management Fund

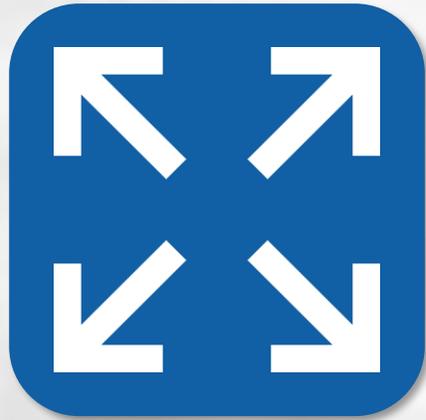


Requires economically and actuarially sound management and adequate reserves for the payment of reported, unpaid, and unreported claims

# Insurance

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Risk Management has some advantages over traditional insurance providers



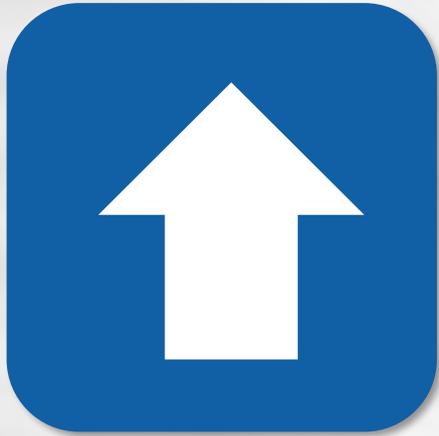
Broader coverage  
for less money



Pool members share the  
impact of rate increases

# Rates Can Change

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Increased claims costs  
from the past year



When claims roll off an  
agency's 5-year history



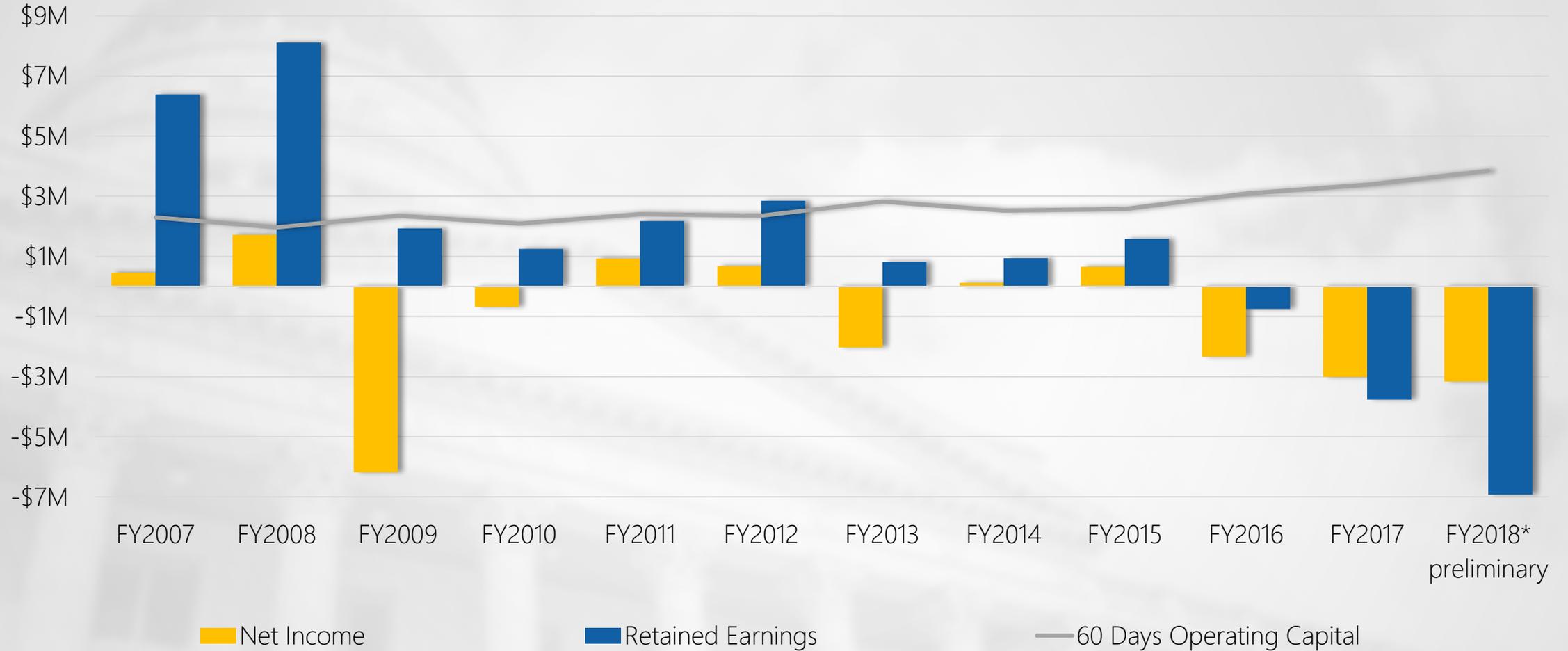
Insurance market  
changes

# Liability Program

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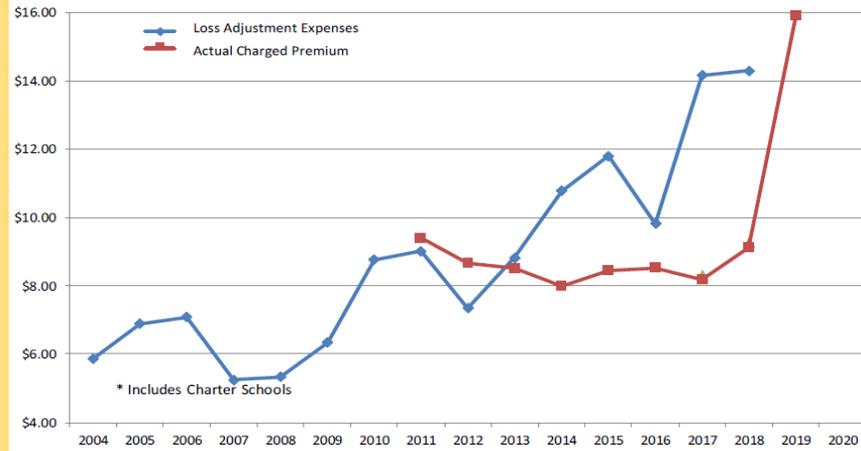


# Liability Retained Earnings (Historical)

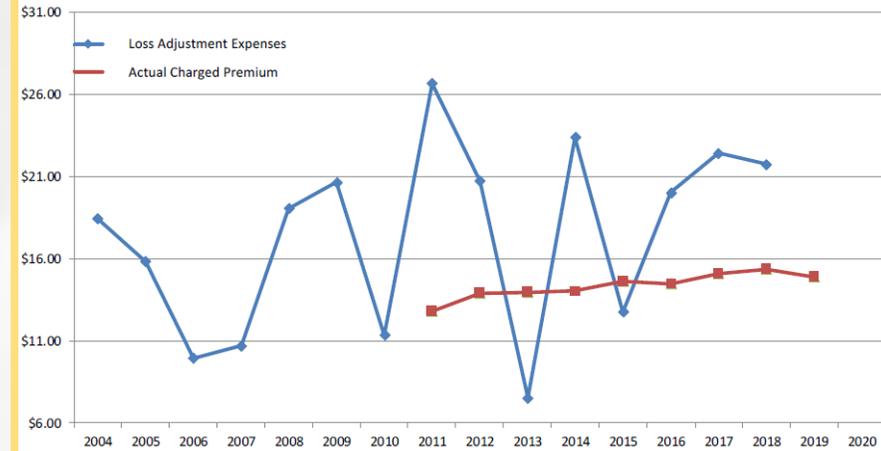


# Losses and Premiums

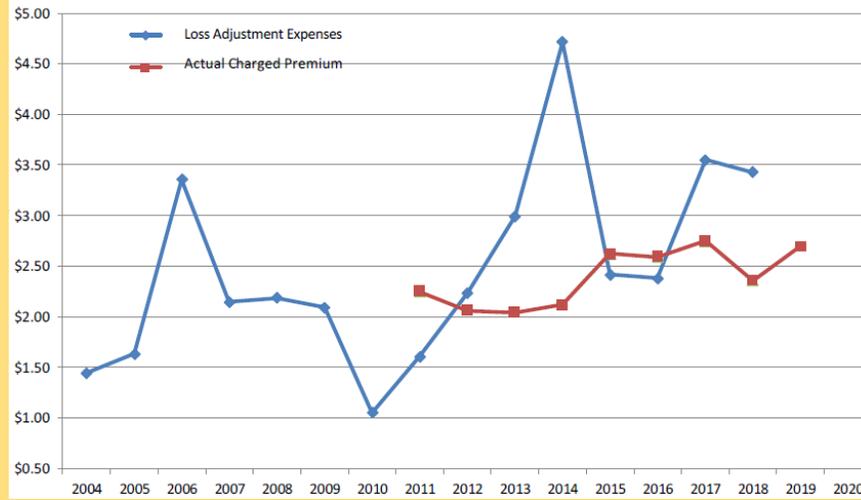
## School District\* Liability – per Pupil Count



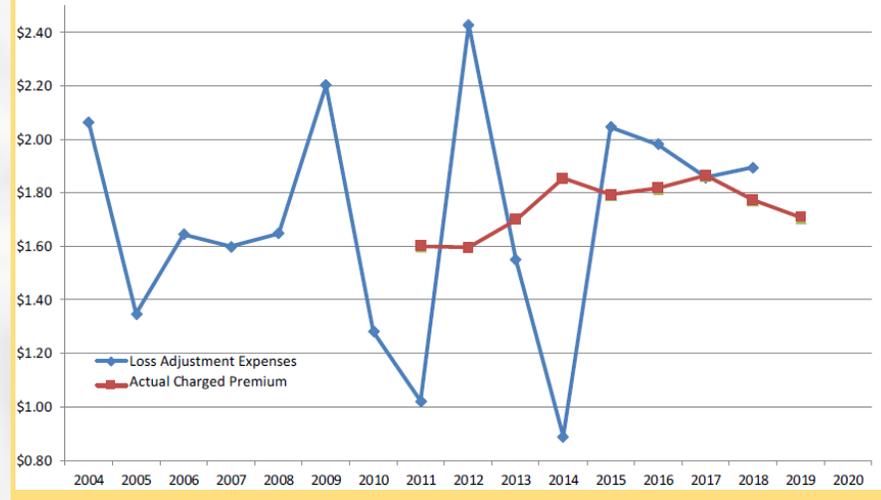
## UDOT Liability – per 100 Lane Miles



## Higher Education Liability – per Pupil Count



## Other Agencies Liability – per 1K in Population



\*School Districts include Charter Schools.



# Liability Reserve Status

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**Actuarial Projection**

**\$54,407,000**



**Balance**  
**\$49,280,483**

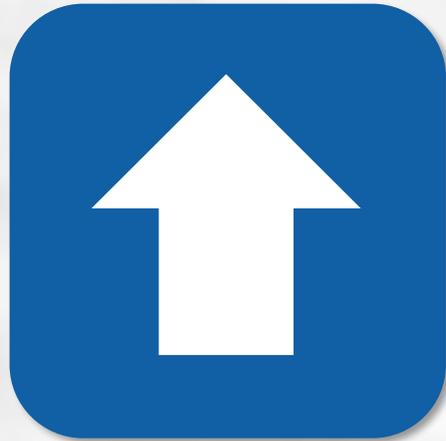
# How We Got Here

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- Unprecedented increase in liability claims
- Lag time between actuarial projections and loss experience
- Conservative projections to keep rates low and stable to minimize retained earnings

# Liability Rate Increase/Allocation

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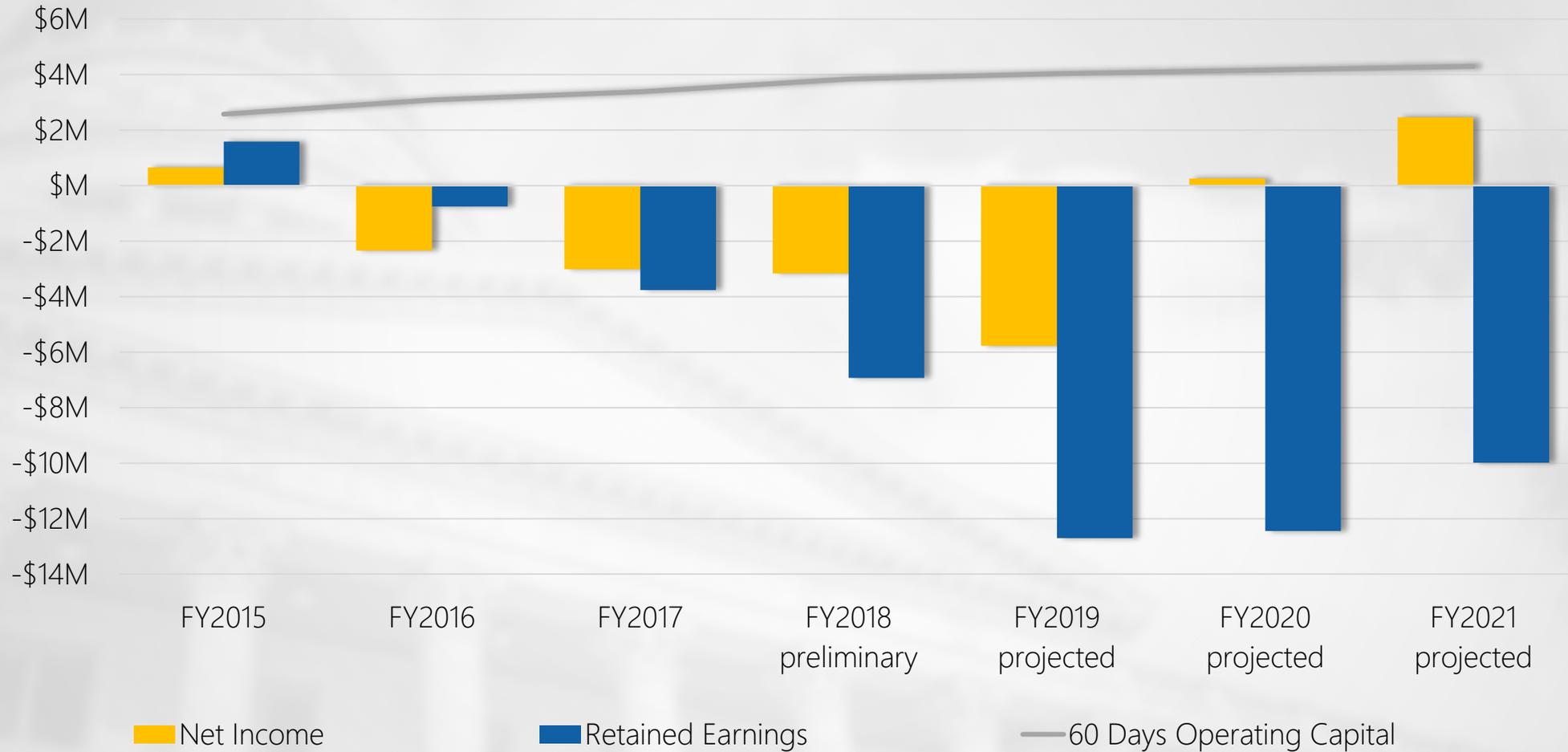


Liability premiums will increase by \$6,895,101 in FY2020



Individual entities will have increases or decreases based on loss history and risk exposure

# Liability Retained Earnings



# Liability Premiums by Risk Pool

## Re-capturing Historical Losses

### Rate Recommendation

Premium Projections  
(Numbers in Thousands)

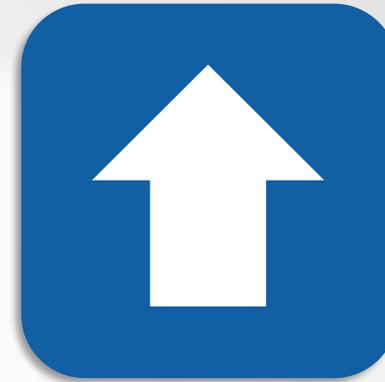
Risk Pool	Premiums		Change	
	FY2019	FY2020	Total	Percent
School Districts & Charter Schools	\$7,824	\$11,216	\$3,392	43.4%
Department of Transportation	\$2,557	\$3,494	\$937	36.6%
Higher Education	\$3,103	\$4,755	\$1,652	53.2%
Other Agencies	\$5,700	\$6,613	\$914	16.0%
<b>Total</b>	<b>\$19,184</b>	<b>\$26,078</b>	<b>\$6,895</b>	<b>35.9%</b>

# Property Premiums

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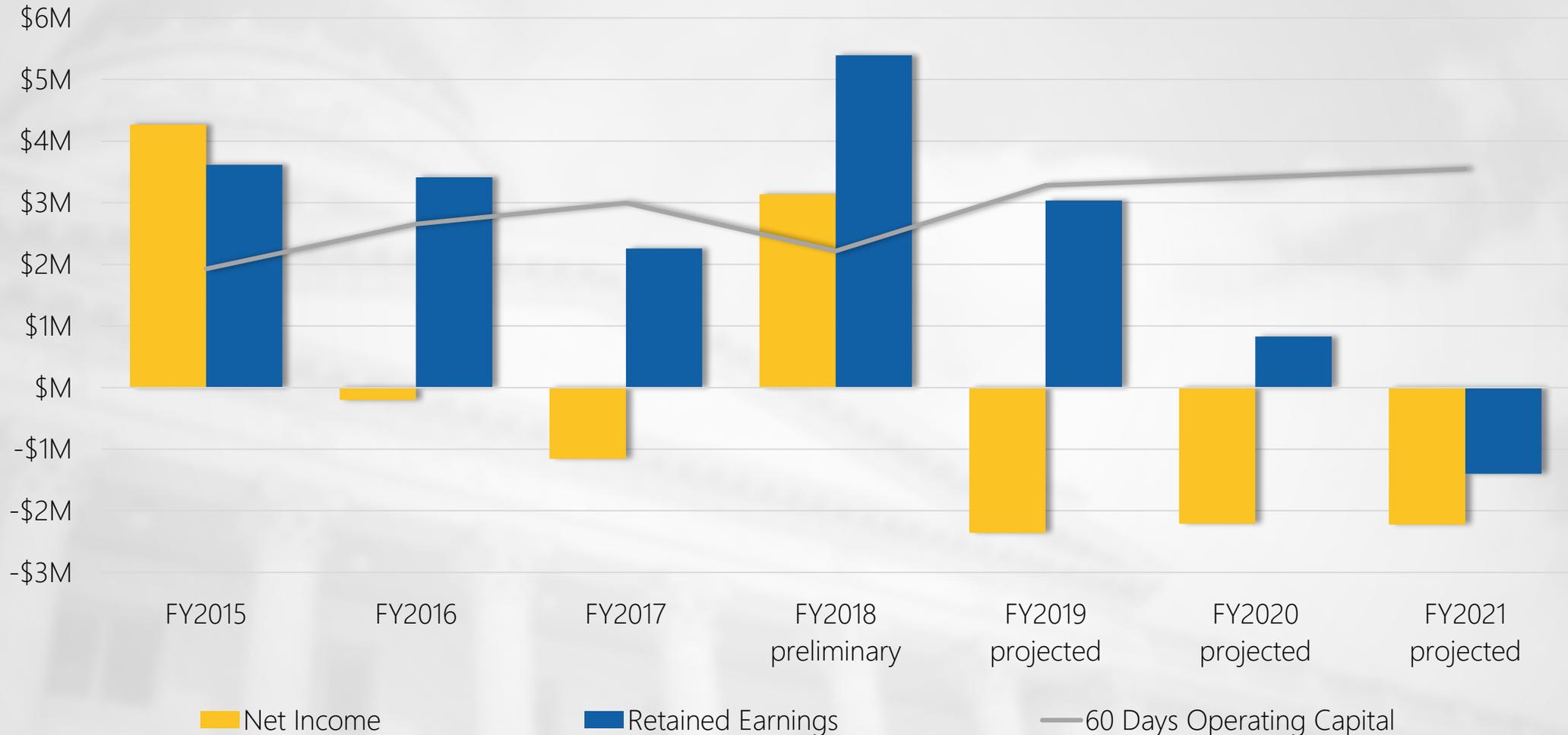


Valuation, square footage, and CPI changes will affect the amount of premium collected for all agencies with property coverage



Property premiums will increase by \$961,400 in FY2020

# Property Retained Earnings



# Property Premiums by Risk Pool

## Rate Recommendation

Premium Projections  
(Numbers in Thousands)

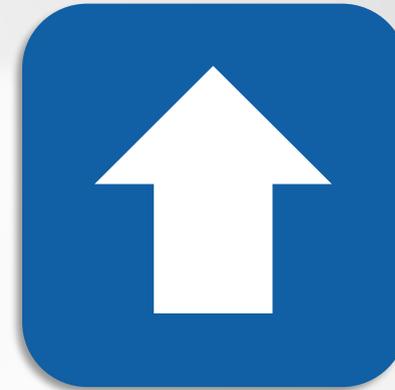
Risk Pool	Premiums		Change	
	FY2019	FY2020	Total	Percent
School Districts & Charter Schools	\$8,448	\$8,393	\$(55)	(0.7)%
Higher Education	\$5,307	\$6,276	\$969	18.3%
Other State Agencies	\$3,540	\$3,588	\$48	1.4%
<b>Total</b>	<b>\$17,295</b>	<b>\$18,257</b>	<b>\$962</b>	<b>5.6%</b>

# Auto Premiums

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Individual entities will have increases or decreases based on loss history and risk exposure



Auto premiums will increase slightly in FY2020. Rates will now be calculated by an actuary.

# Auto Physical Damage Rate Changes

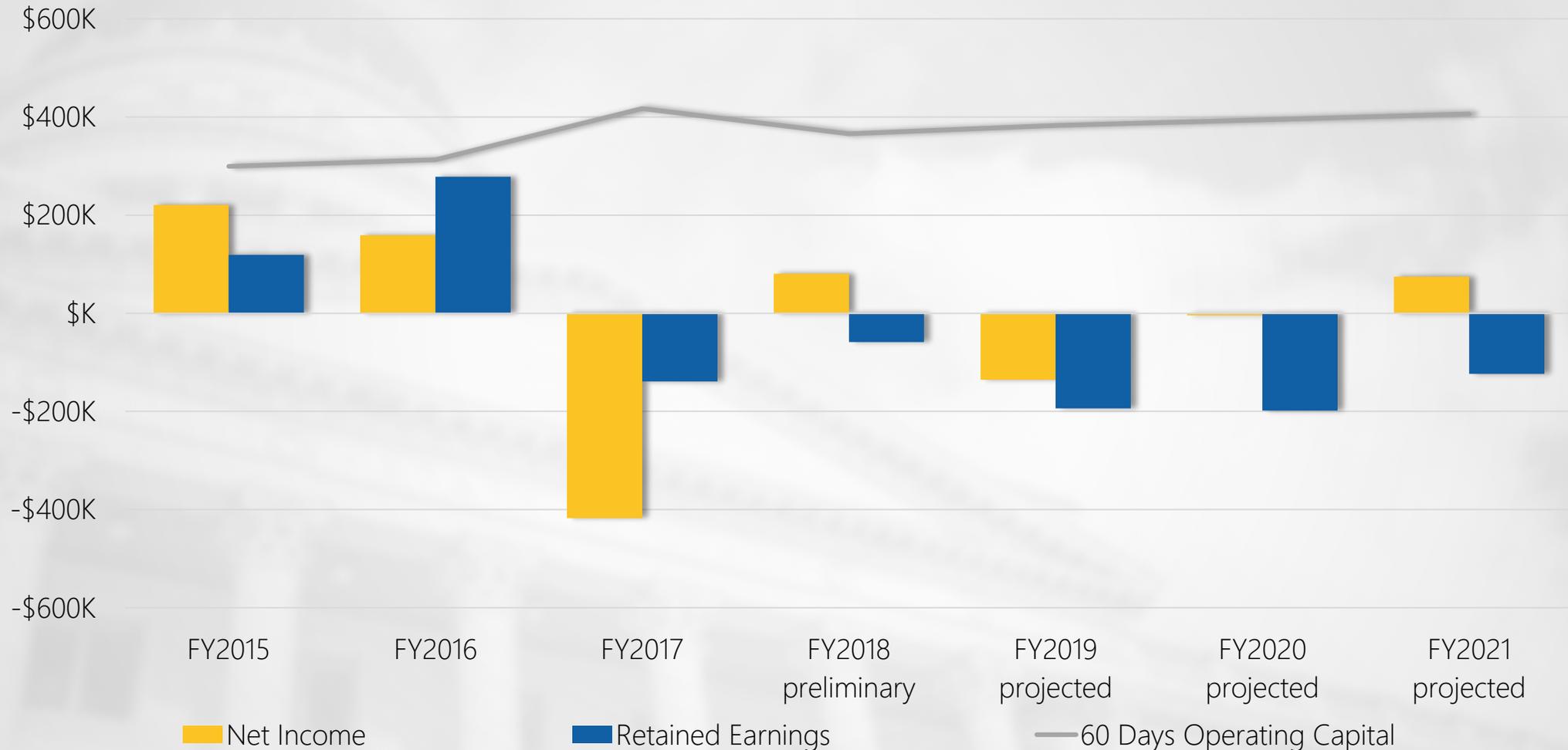
## Current Schema

Risk Pool	Value < \$35,000	Value > \$35,000 (per \$100 of value)	School Bus	Other Vehicles or Related Equipment
Public Safety	\$175	\$0.80	\$200	\$75
Higher Education	\$125	\$0.80	\$200	\$75
Other State Agencies	\$150	\$0.80	\$200	\$75
Charter / School Districts	\$50	\$0.80	\$200	\$75

## Proposed Schema

	Car / Truck	Bus	Semi-Truck	Tractor
Weight:	1.0	1.5	5.0	1.0
FY2020 Rate:	\$116.25	\$174.37	\$581.25	\$116.25

# Auto Retained Earnings



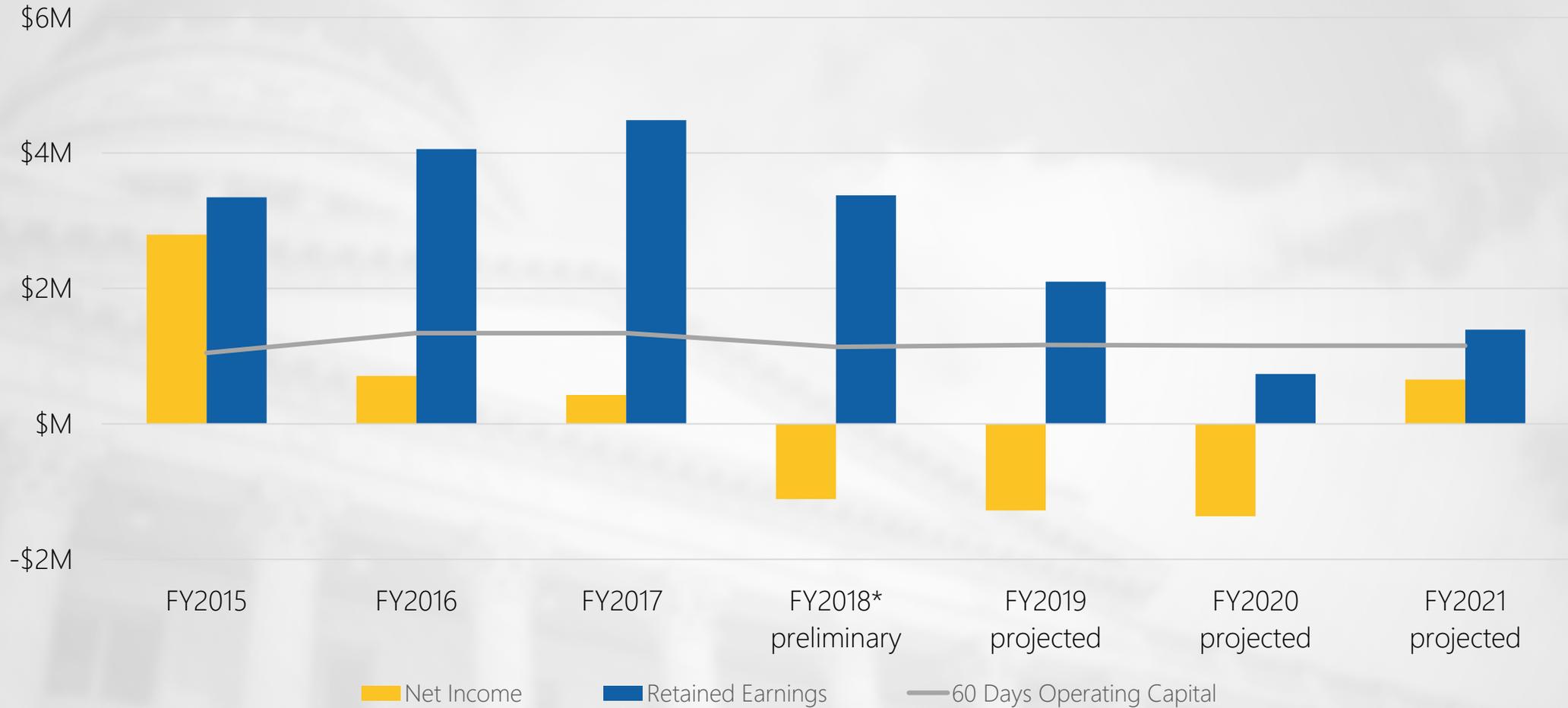
# Auto Physical Damage Premiums by Risk Pool

## Rate Recommendation

Premium Projections  
(Numbers in Thousands)

Risk Pool	Premiums		Change	
	FY2019	FY2020	Total	Percent
School Districts & Charter Schools	\$916	\$1,008	\$93	10.0%
Higher Education	\$299	\$328	\$24	9.7%
Other State Agencies	\$935	\$1,078	\$105	15.3%
<b>Total</b>	<b>\$2,150</b>	<b>\$2,414</b>	<b>\$222</b>	<b>12.3%</b>

# Workers Compensation Retained Earnings



\*\$2.5 million was transferred to Liability (\$2.4 million) and Auto (\$100,000) to help reduce the impact of premium increases.

# Workers Compensation Premiums by Risk Pool

## Rate Recommendation

Premium Projections  
(Numbers in Thousands)

Risk Pool	Premiums		Change	
	FY2019	FY2020	Total	Percent
UDOT Worker	\$1,139	\$1,139	\$0	0.0%
Other/State Agencies	\$7,040	\$5,845	\$(1,195)	(17.0)%
Aviation	\$7	\$7	\$0	0.0%
<b>Total</b>	<b>\$8,186</b>	<b>\$6,991</b>	<b>\$(1,195)</b>	<b>(14.6)%</b>

# Learning Management System (LMS)

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The Utah Learning Portal is a statewide Learning Management System.



A Risk Management employee provides assistance to other departments with implementation and system issues.

# Learning Management System (LMS)

## Rate Recommendation

FY2020 Request	Rate		Change	
	Program	FY2019	FY2020	Total
Learning Management System – Enterprise Rate	\$55/hour	\$55/hour	(minimum of 50 hours)	\$2,750 per participating entity

# Risk Management Rate Committee Action

## DAS Recommended Actions

Action	Slide Number or Reference	Change
Approve liability premium increases	18	\$6,895,101
Approve property premium increases	21	\$961,400
Approve automobile premium increases	25	\$221,600
Approve workers compensation premium decrease for "Other State Agencies"	27	(\$1,195,200)
Approve LMS rate impact	29	\$30,250
Approve all other existing rates	H.B. 8 (2018) Lines 2149-2301	



Risk Management

# Finance

Purchasing Card

Finance

Facilities Construction and Management

Fleet Operations

Purchasing and General Services

# Purchasing Card

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The purchasing card provides an efficient, cost-effective method of purchasing and payment

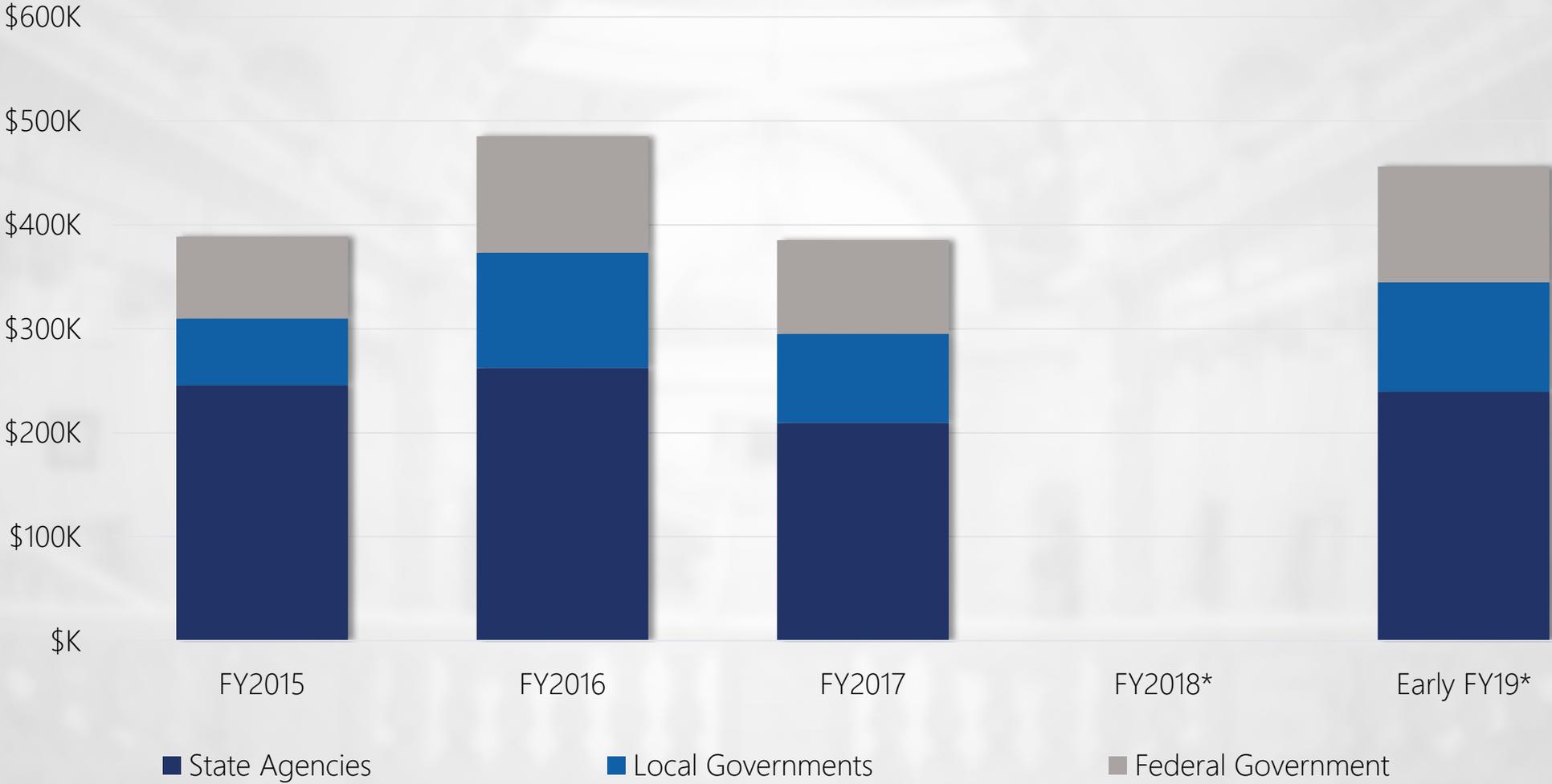


Total purchasing card usage was \$31.77 million in CY2017 (17.67% increase)



The planned net rebate to State agencies and local governments is \$344,802 and will be processed in August 2018 (16.8% increase)

# Rebates to State Agencies (Net of Program Costs)



\*Fiscal Year 2018 rebate will be distributed in early Fiscal Year 2019.



# Purchasing Card Retained Earnings



\*Net Income and Retained Earnings are higher due to delayed distribution of rebate.

# Purchasing Card Rates

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## **Rate Recommendation**

No change to current rate structure

# Finance

## Rate Committee Action

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### DAS Recommended Actions

Action	Slide Number or Reference	Change
Approve existing rate	H.B. 8 (2018) Lines 2010-2012	--

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Risk Management

Finance

# Facilities Construction and Management

Facilities Management

Fleet Operations

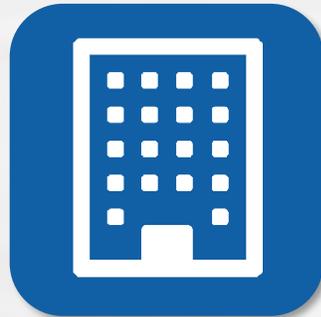
Purchasing and General Services

# Program Efficiencies

The Division of Facilities Construction and Management (DFCM) provides building management service to state agency subscribers. Service includes preventative and corrective maintenance, grounds care, energy management, contract management and accounting services.



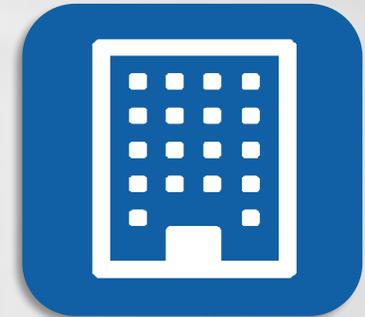
160 Authorized FTEs  
143.5 Current FTEs



Provided maintenance and management services to over 200 state-owned and leased buildings



\$35 million FY2019 adjusted revenue



Manage over 7.5 million square feet of space

# Program Efficiencies

DFCM is focused on efficient building operation



Average operations and maintenance costs:  
**36%** below local average  
**52%** below national average



Statewide service through regionalized management groups



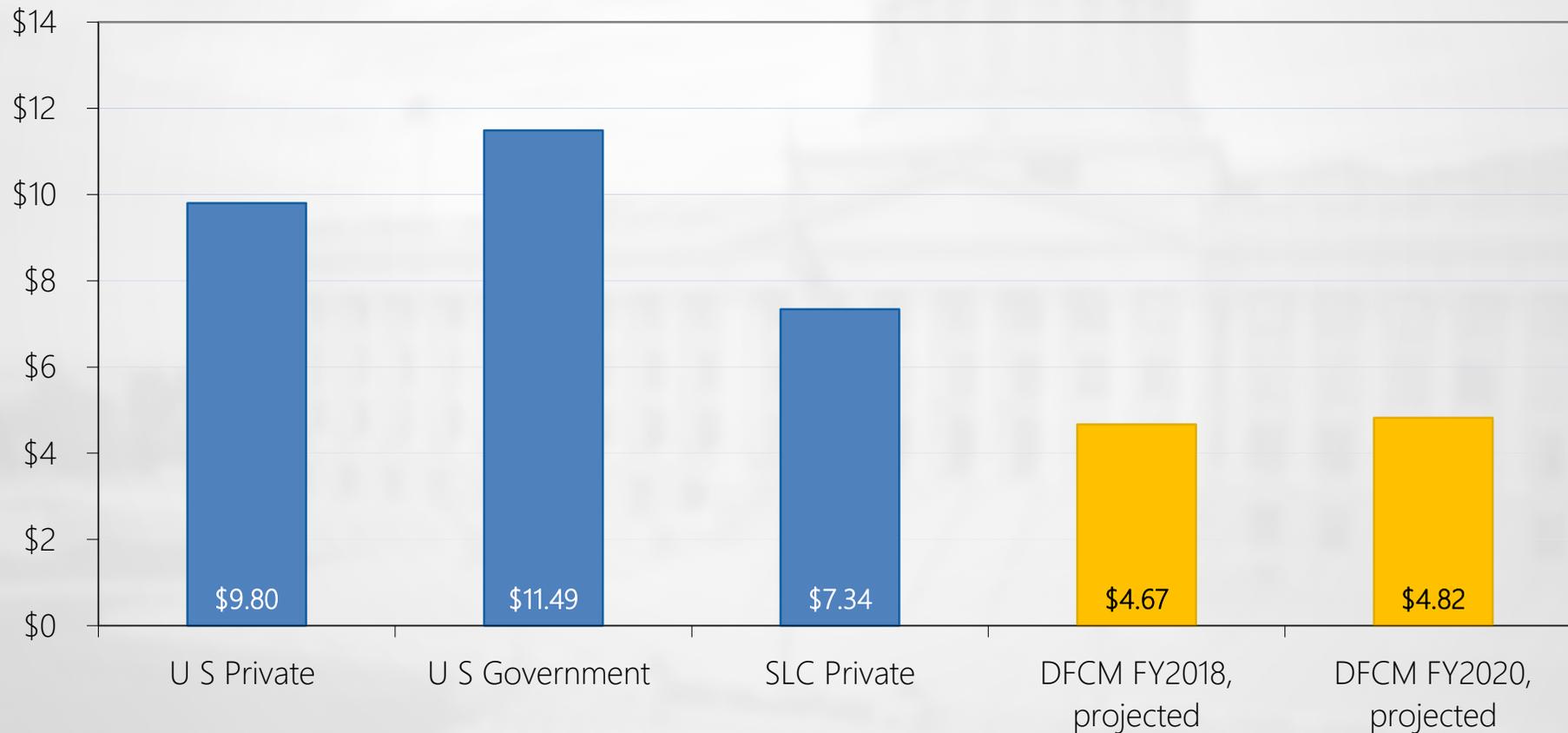
Diverse portfolio including office space, courthouses, laboratories, retail, warehouse, and veterans assisted living



Combination of internal staff and private sector resources to provide cost-effective services

# Cost Per Square Foot

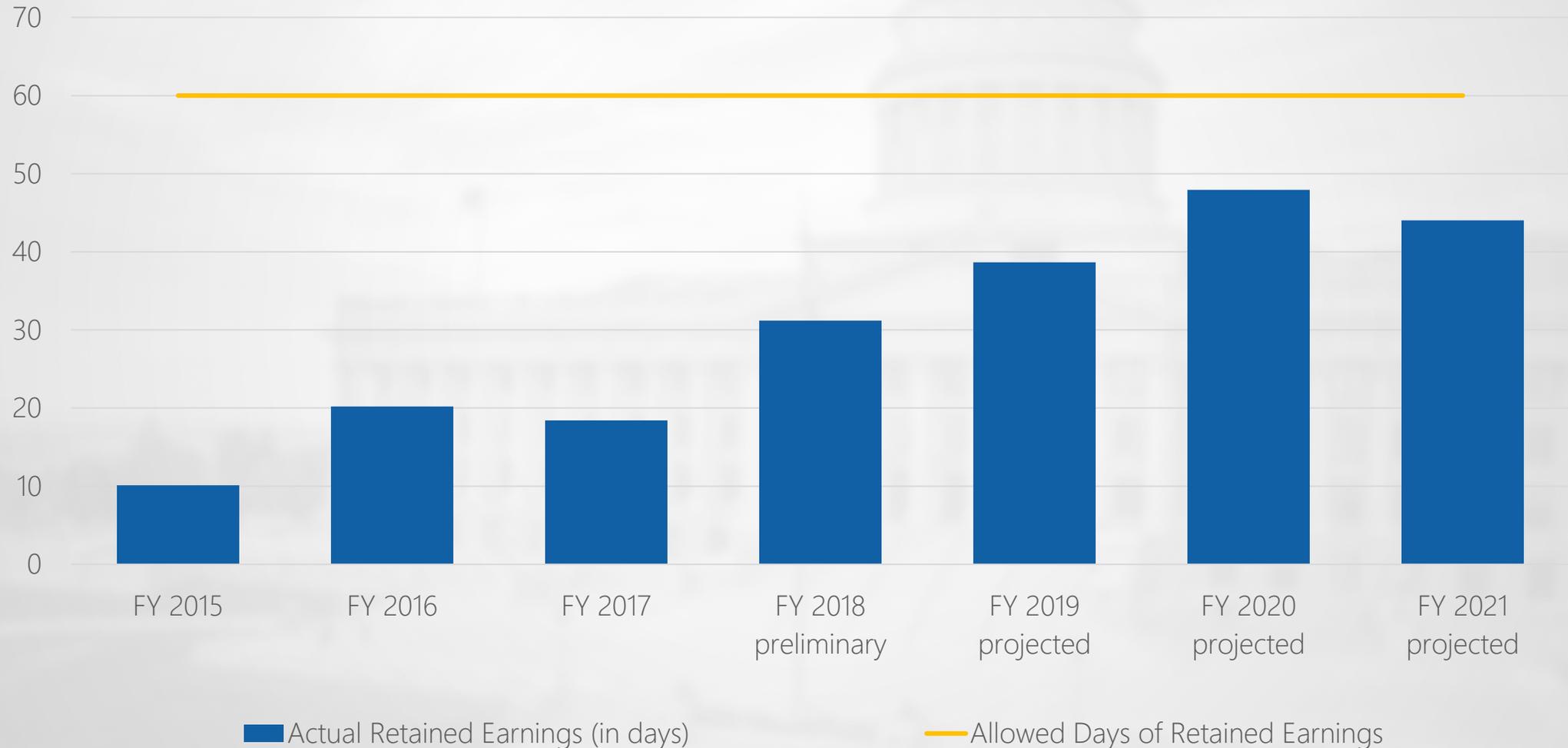
Based on BUILDING OWNERS AND MANAGERS ASSOCIATION (BOMA) Data  
Calendar Year 2017 Information



# Facilities Management Retained Earnings



# Facilities Management Retained Earnings (Days)



# Facilities Management Rates

## Rate Recommendation

Rate adjustments for the following 7 programs:

Program	Amount of Increase (Decrease)	Reason
1310 Richfield DNR	\$30,000	Deficit Reduction
1333 St. George Court	\$50,000	Deficit Reduction
1357 Orem Court	\$30,000	Deficit Reduction
1374 Price DPS	\$25,000	Deficit Reduction
1383 Payson VA	\$20,000	Deficit Reduction
1562 West Valley Court	\$30,000	Deficit Reduction
1569 ABC Complex	\$120,000	Deficit Reduction
<b>Total</b>	<b>\$305,000</b>	

# Facilities Management Rates

## Rate Recommendation

FY2019 Authorized – New programs or scope changes:

Program	Amount of Increase (Decrease)	Reason
1465 ABC Store - Herriman	\$52,020.00	New store February, 2019
1706 ABC Store - Syracuse	\$45,900.00	New store October, 2018
1347 Provo Juvenile Court	\$(131,656.92)	Will only house Juvenile Work Crew after 1/1/2019
1354 Provo Court	\$(124,750.00)	Transfer building to Mountainland Technical College 2/1/2019
1380 New Provo Courts/Terrace	\$1,320,997.88	Court/Terrace 310,492 square feet Occupancy date 2/1/2019
1609 New DEQ Building	\$62,788.63	21,139 square feet Occupancy date Spring 2019
<b>Totals</b>	<b>\$1,225,299.59</b>	

NOTE: These facilities have been funded through another process.

# Facilities Management Labor (Garage) Rates

## Rate Recommendation

FY2020 Request – Garage rate adjustments

Labor	FY2019	FY2020	Increase (Decrease)
Apprentice Maintenance	\$42	\$45	7%
Electronics Resource Group	\$46	\$48	4%
Facilities Manager / Coordinator II	\$58	\$65	12%
Grounds Manager	\$40	\$43	8%
Grounds Supervisor	\$38	\$40	5%
Groundskeeper	\$36	\$41	14%
Journey Boiler Operator	\$55	\$58	5%
Journey Carpenter	\$50	\$52	4%
Journey Electrician	\$53	\$56	6%
Journey HVAC	\$51	\$55	8%
Journey Maintenance	\$47	\$50	6%
Journey Plumber	\$51	\$54	6%
Maintenance Supervisor	\$50	\$51	2%
Mechanics	\$40	\$42	5%
Office Technician	\$38	\$40	5%
Temp Groundskeeper	\$21	\$26	24%

# Facilities Construction and Management Rate Committee Action

## DAS Recommended Actions

Action	Slide Number or Reference	Change
Approve rate adjustments for seven programs	43	\$305,000
Approve six new programs or scope changes	44	\$1,225,300
Approve Labor (garage) rate adjustments	45	varies
Approve all other existing rates	H.B. 8 (2018) Lines 1874-2005	--

Risk Management

Finance

Facilities Construction and Management

# Fleet Operations

Motor Pool

Fuel Network

State Travel

Transactions Team

Purchasing and General Services

# Motor Pool



7,817 total vehicles  
in the State fleet



367 private sector  
vendors



4,621 Fleet  
Operations vehicles



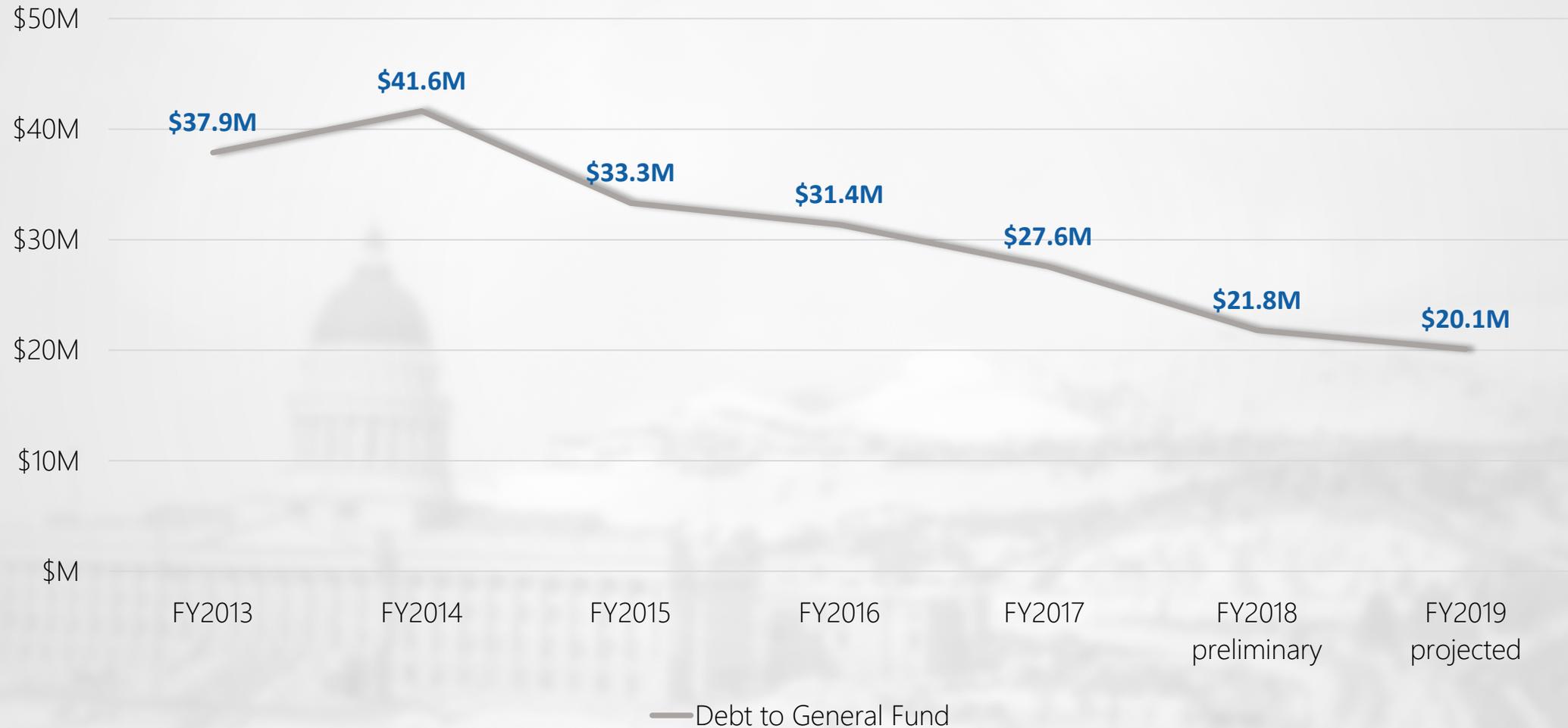
KeyValet key kiosk  
pilot



Telematics pilot

Numbers current as of June 30, 2018

# Motor Pool Debt to General Fund



# Previously Approved Motor Pool Monthly Lease Rate

$$\text{Monthly Lease Rate} = \frac{\del{2013 \text{ Contract Price}} - \text{Salvage}}{\text{Lifecycle}} + \text{Fees}$$

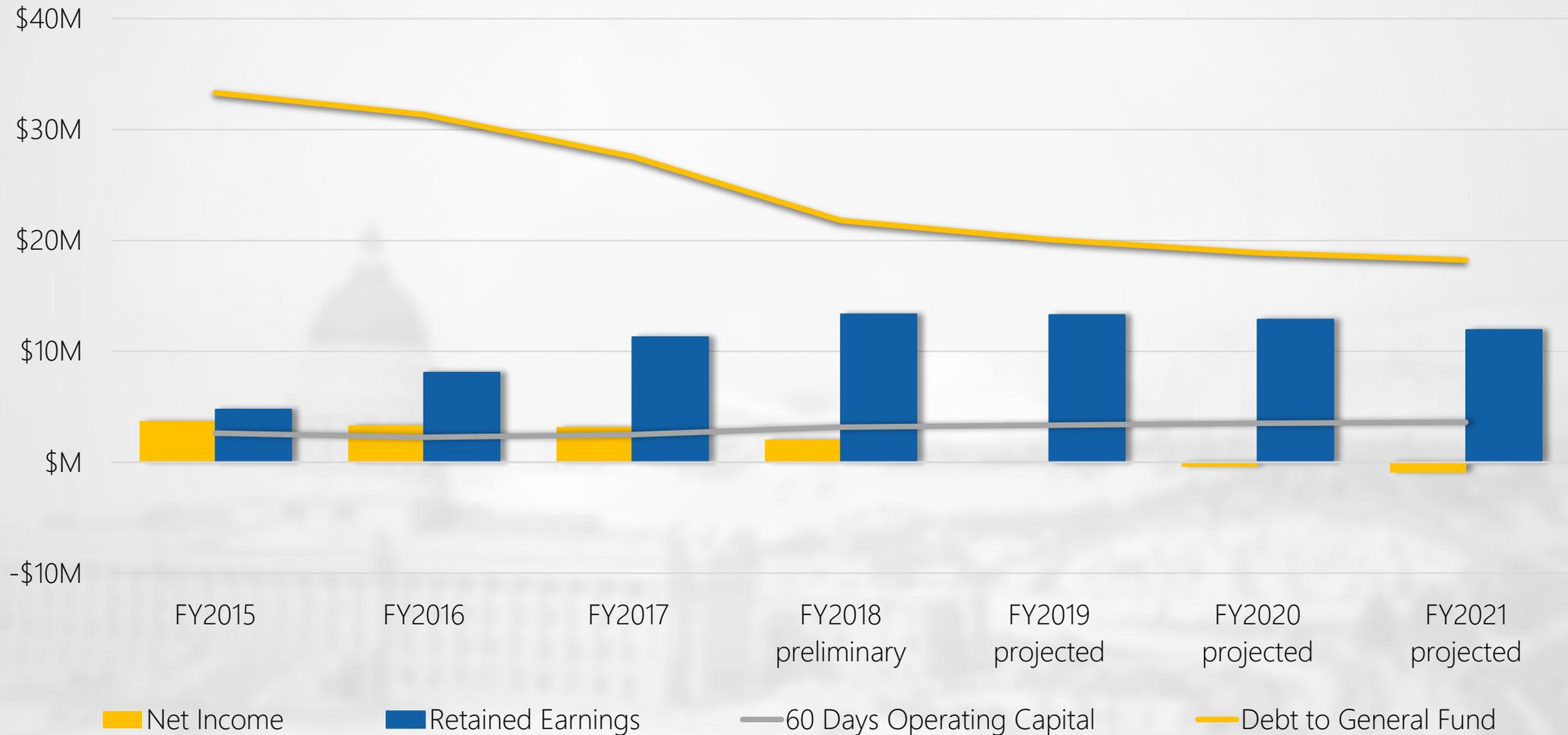
Contract Price	<del>2013 model year contract price for class</del>										
Salvage Value	<table border="0"> <tr> <td>Light trucks</td> <td><del>21%</del></td> <td rowspan="4">Salvage Value (estimated at 25% of contract price)</td> </tr> <tr> <td>Select sedans</td> <td><del>18%</del></td> </tr> <tr> <td>Select SUVs</td> <td><del>21%</del></td> </tr> <tr> <td>All others</td> <td><del>17%</del></td> </tr> </table>	Light trucks	<del>21%</del>	Salvage Value (estimated at 25% of contract price)	Select sedans	<del>18%</del>	Select SUVs	<del>21%</del>	All others	<del>17%</del>	
Light trucks	<del>21%</del>	Salvage Value (estimated at 25% of contract price)									
Select sedans	<del>18%</del>										
Select SUVs	<del>21%</del>										
All others	<del>17%</del>										
Lifecycle	Current lifecycle (in months) based on actual mileage										
Fees	Admin fee and Management Information System (MIS) <del>Alternative Fuel Vehicle (AFV) fees</del>										

# Motor Pool Monthly Lease Rate

$$\text{Monthly Lease Rate} = \frac{\del{2013 \text{ Contract Price}} - \text{Salvage}}{\text{Lifecycle}} + \text{Fees}$$

Contract Price	<del>2013 model year contract price for class</del>									
Salvage Value	<table border="0"> <tr> <td>Light trucks</td> <td><del>21%</del></td> </tr> <tr> <td>Select sedans</td> <td><del>18%</del></td> </tr> <tr> <td>Select SUVs</td> <td><del>21%</del></td> </tr> <tr> <td>All others</td> <td><del>17%</del></td> </tr> </table>	Light trucks	<del>21%</del>	Select sedans	<del>18%</del>	Select SUVs	<del>21%</del>	All others	<del>17%</del>	Salvage Value (estimated at 25% of contract price) <b>applied retroactively to all existing vehicles</b>
Light trucks	<del>21%</del>									
Select sedans	<del>18%</del>									
Select SUVs	<del>21%</del>									
All others	<del>17%</del>									
Lifecycle	Current lifecycle (in months) based on actual mileage									
Fees	Admin fee and Management Information System (MIS) <del>Alternative Fuel Vehicle (AFV) fees</del>									

# Motor Pool Retained Earnings



# Motor Pool Rates

## Rate Recommendation

FY2020 Request

Fee	FY2019	FY2020	Increase (Decrease)
Monthly Lease Rate	Contract Price – Salvage / Years + Fees	Bring all vehicles less than 25% salvage up to 25%	-5.82%

# Fuel Network

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37,511 vehicles  
participate



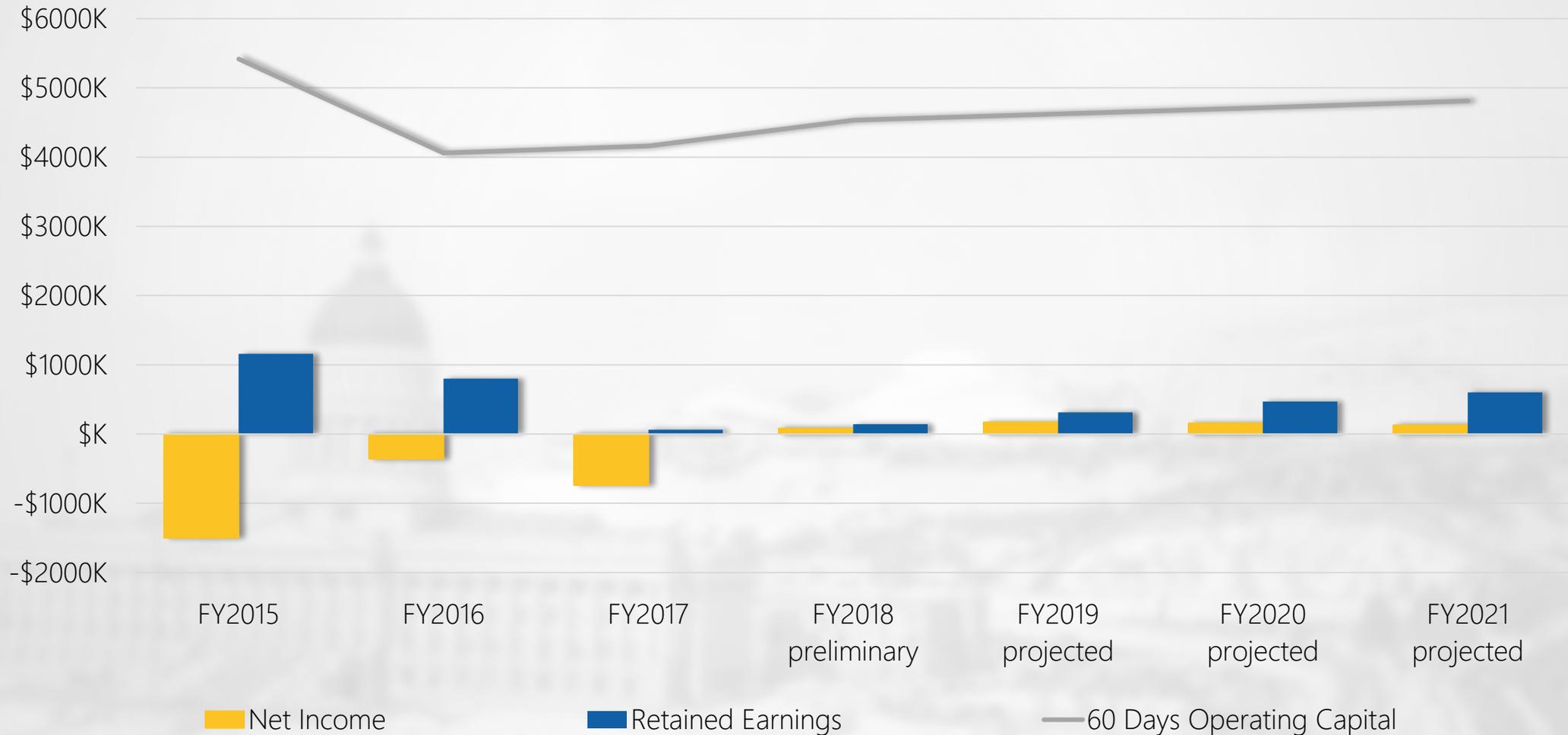
18,270,211.42  
million gallons  
dispensed



450 tanks state-wide  
130 sites with card readers  
6 CNG fuel sites

Numbers current as of June 30, 2018

# Fuel Network Retained Earnings



# Fuel Network Rates

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## **Rate Recommendation**

No change to current rate structure

# State Travel Office

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Booked 7,205 car  
reservations



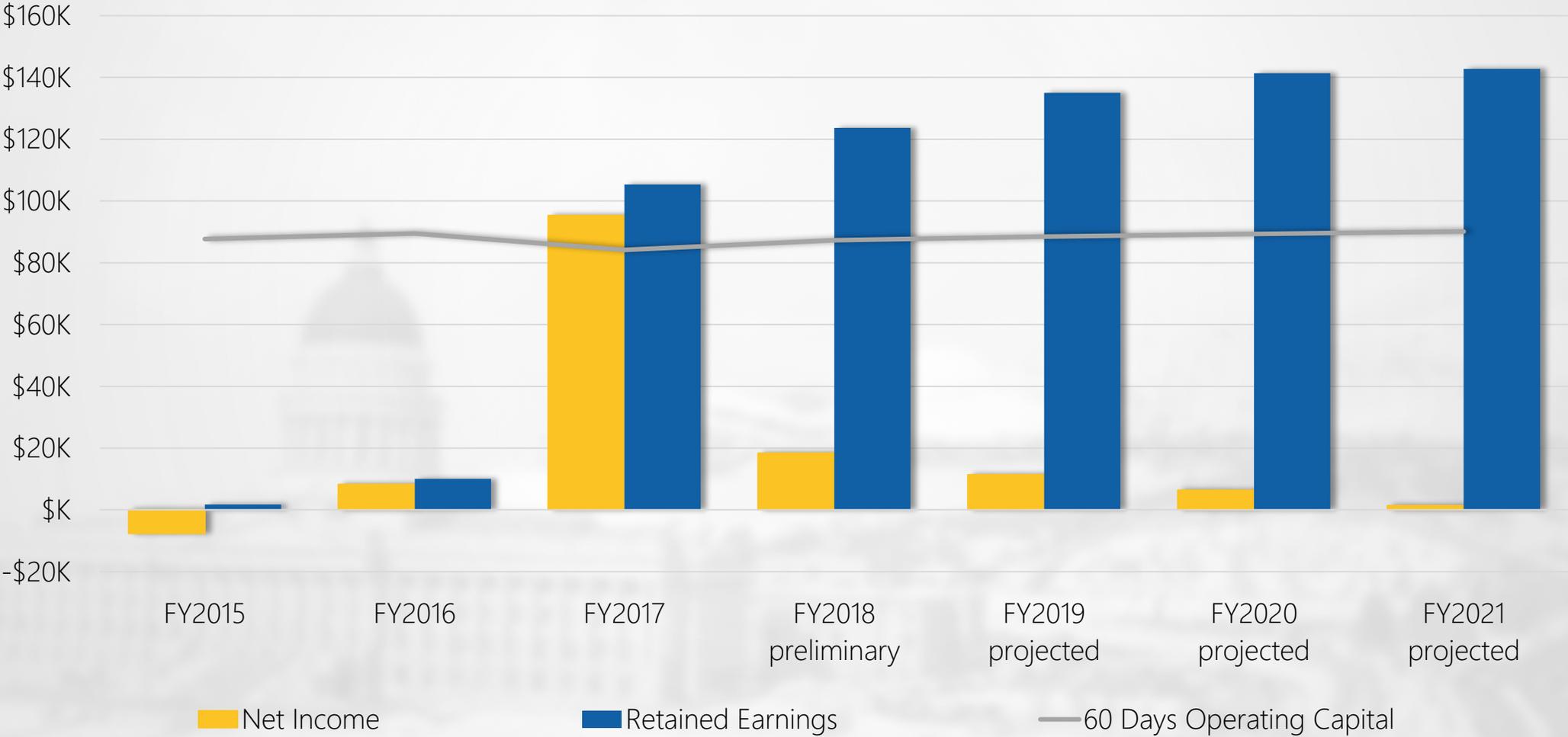
Made 11,571 hotel  
reservations



Issued 19,870 airline  
tickets

Numbers current as of June 30, 2018

# State Travel Office Retained Earnings



# State Travel Office Rates

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## **Rate Recommendation**

No change to current rate structure

# Transactions Team

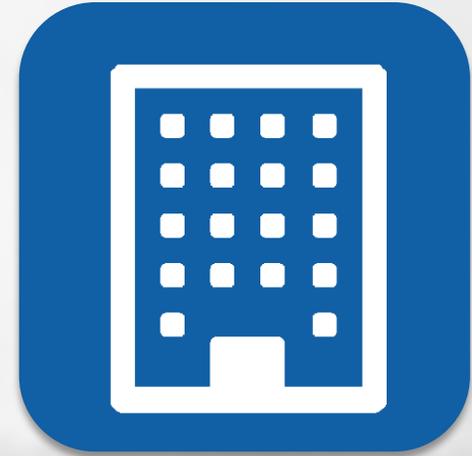
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13 Customers



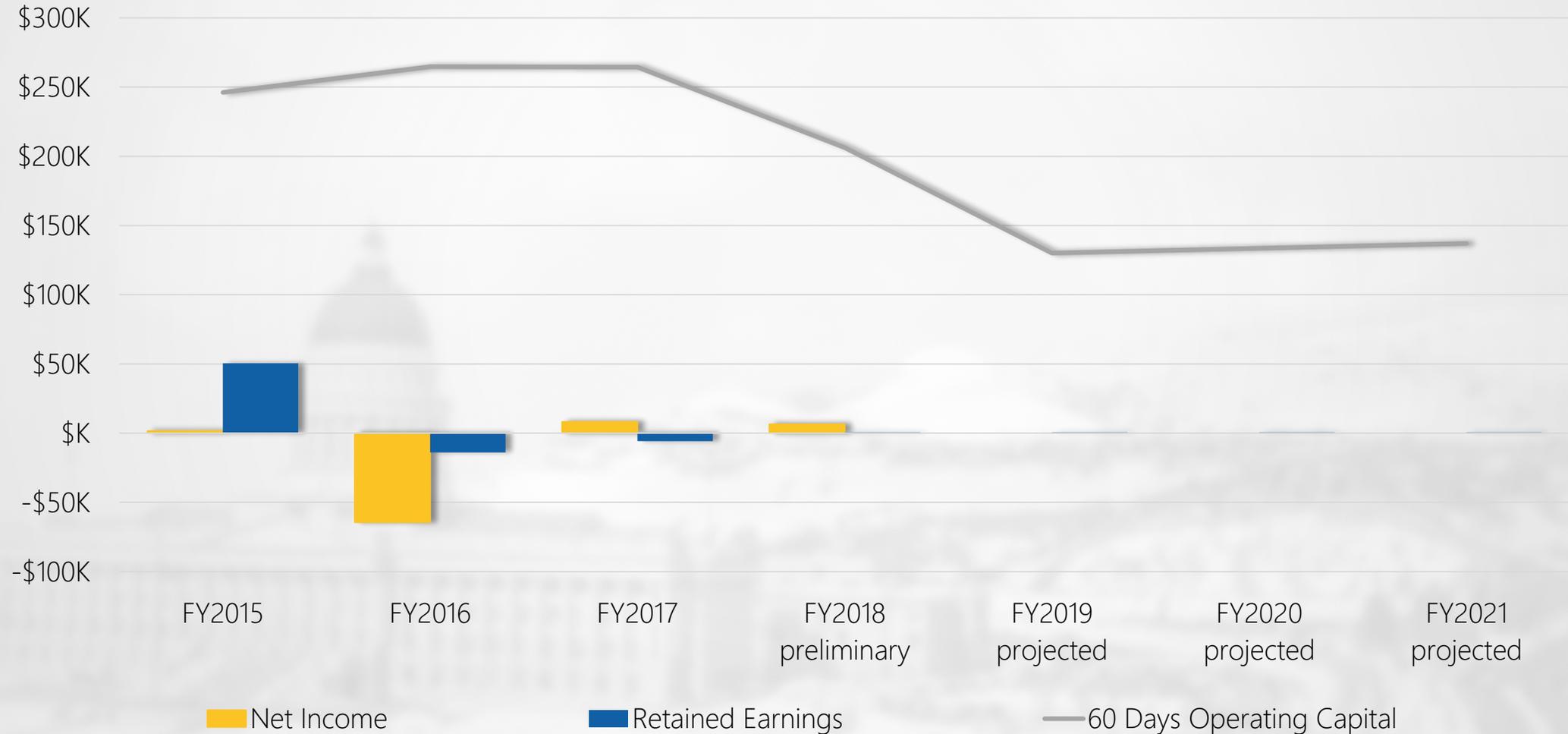
9 Employees



116,975 Processed  
Transactions

Numbers current as of June 30, 2018

# Transactions Team Retained Earnings



# Transactions Team Rates

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## **Rate Recommendation**

No change to current rate structure

# Fleet Operations Rate Committee Action

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## DAS Recommended Actions

Action	Slide Number or Reference	Change
Approve Lease rate modifications	53	(\$807,900)
Approve all other existing rates	H.B. 8 (2018), Lines 2007-2009, 2013-2072	--



Risk Management

Finance

Facilities Construction and Management

Fleet Operations

# Purchasing and General Services

Cooperative Contracts

State/Federal Surplus Property

Print Services

Mail and Distribution Services

# Purchasing



# State Cooperative Contract Program

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## Benefits of State Cooperative Contracts



Some of the best pricing in the nation



Save public entities time in procurement of goods and services



Better contractual terms for public entities

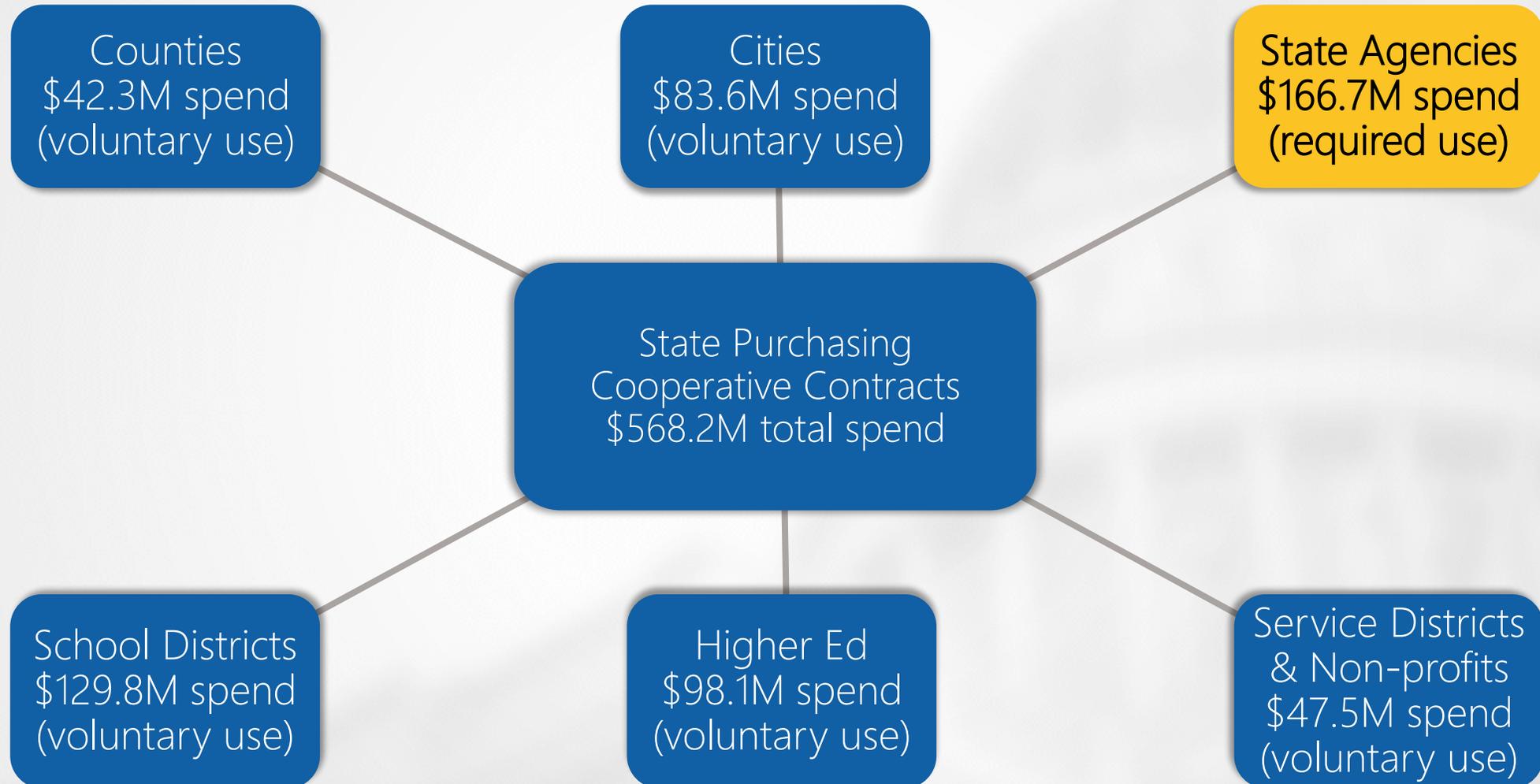


Compliant with the Utah Procurement Code

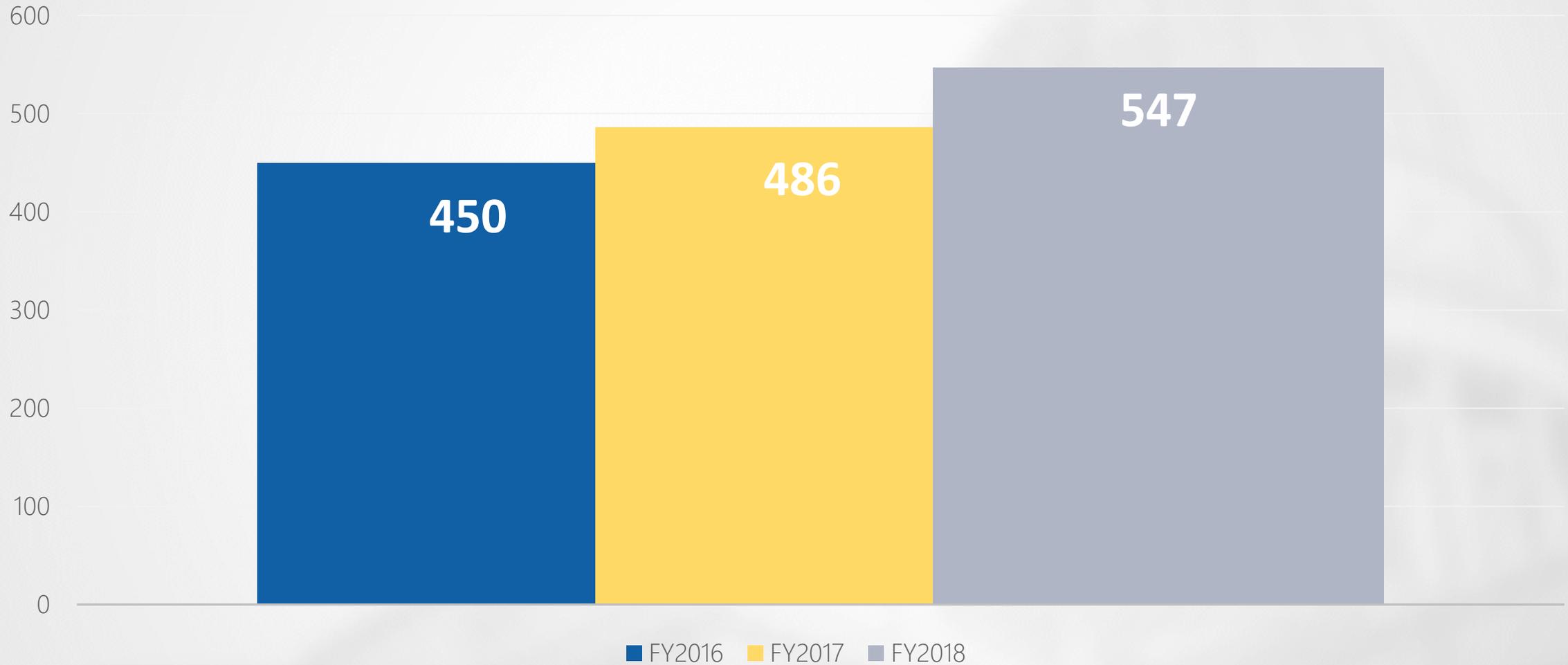


Save public entities administrative costs in managing contracts

# Cooperative Contracts Total Spend



# Public Entities Using State Purchasing's Cooperative Contracts



# Cooperative Contracts Approved Rate

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## FY2018 Rate Structure

1%

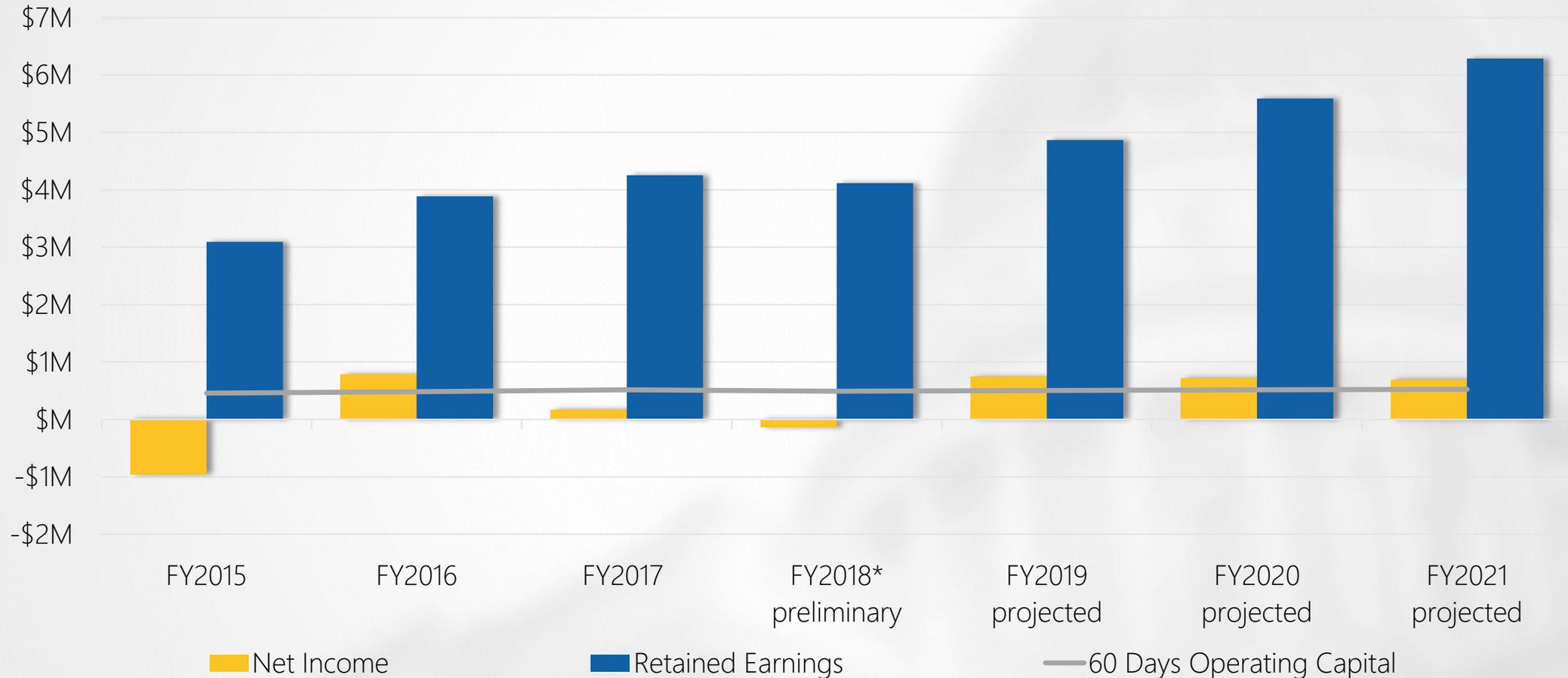
Maximum  
approved fee

.35%

Average  
administrative fee

Note: National average for cooperative organizations, like State Purchasing, is a 1.63% administrative fee.

# Cooperative Contracts Retained Earnings



\* \$1 million was transferred to State Mail and Print Services to help lower debt.

# Cooperative Contracts Retained Earnings

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A higher-than-normal retained earnings balance is needed to keep the cooperative contracting program functioning in the event of an economic downturn. Because so many state and non-state public entities are reliant on the use of state contracts, sufficient reserves must be maintained.

# Cooperative Contracts Rates

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## **Rate Recommendation**

No change to current rate structure

# State/Federal Surplus Property Programs

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FY 2018



\$6,076,517  
Returned to agencies  
through the state  
surplus program

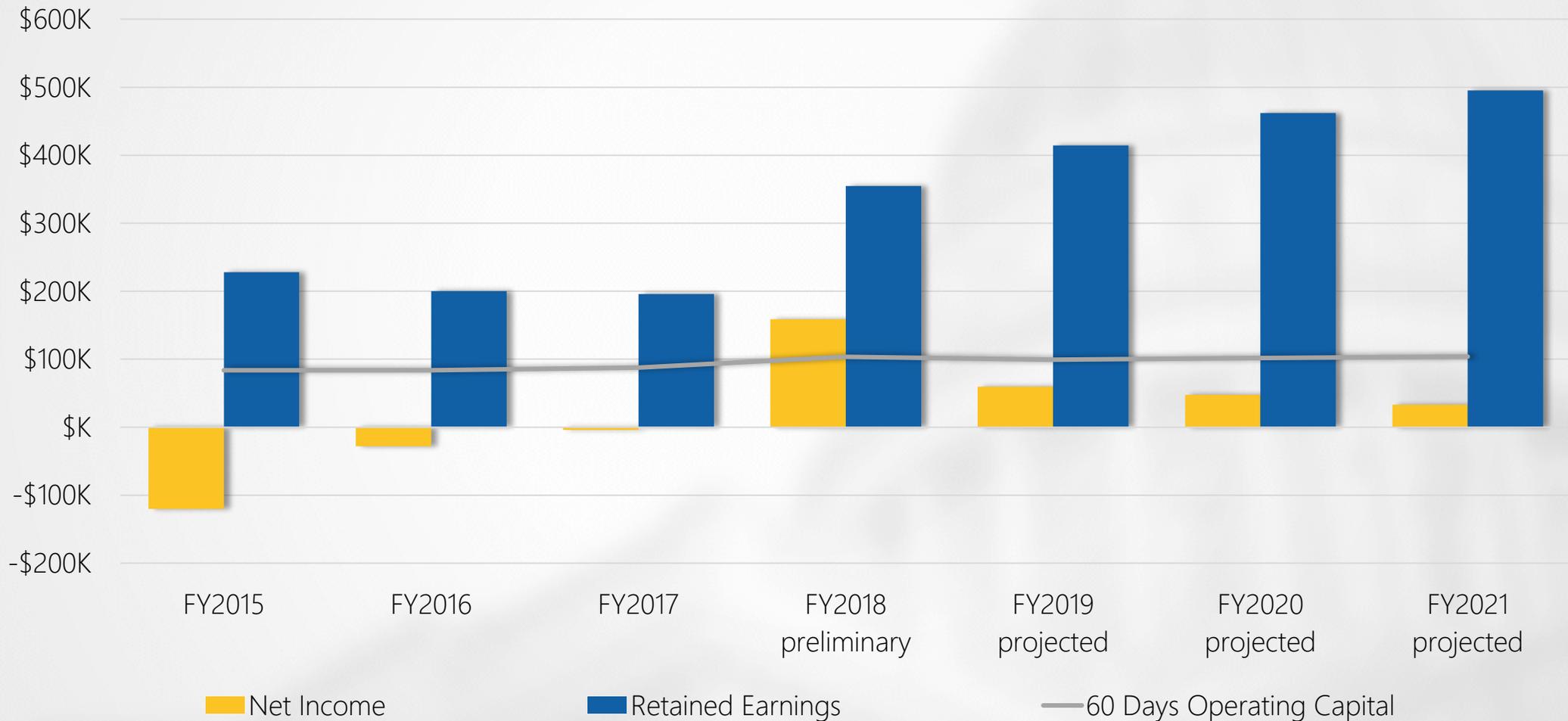


\$536,000  
Saved Utah law  
enforcement agencies  
through the 1033  
program



\$785,650  
Saved Utah  
governmental agencies  
through the Federal  
Donation Program

# State Surplus Property Retained Earnings



# Federal Surplus Property Retained Earnings



# Future Considerations



State Surplus will need to relocate from its Draper facility in the next few years as the land by the State Prison is developed.

Currently, the Draper facility is on a 10 acre plot of land with a 25,000 square foot building to store surplus items. Vehicles and heavy equipment are stored outside of the building

The revenue bond on the Draper facility will finish in FY2019.

# State/Federal Surplus Property Rates

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## **Rate Recommendation**

No change to current rate structure

# Print Services Program

FY 2018

## Digital Print Services (Copier Lease Program)



59,337,848  
impressions



1,222  
copiers in the program



Average lifecycle is 2 years  
longer than national average

## State Copy Center (Xerox Contract)



100% accuracy



100% on-time delivery

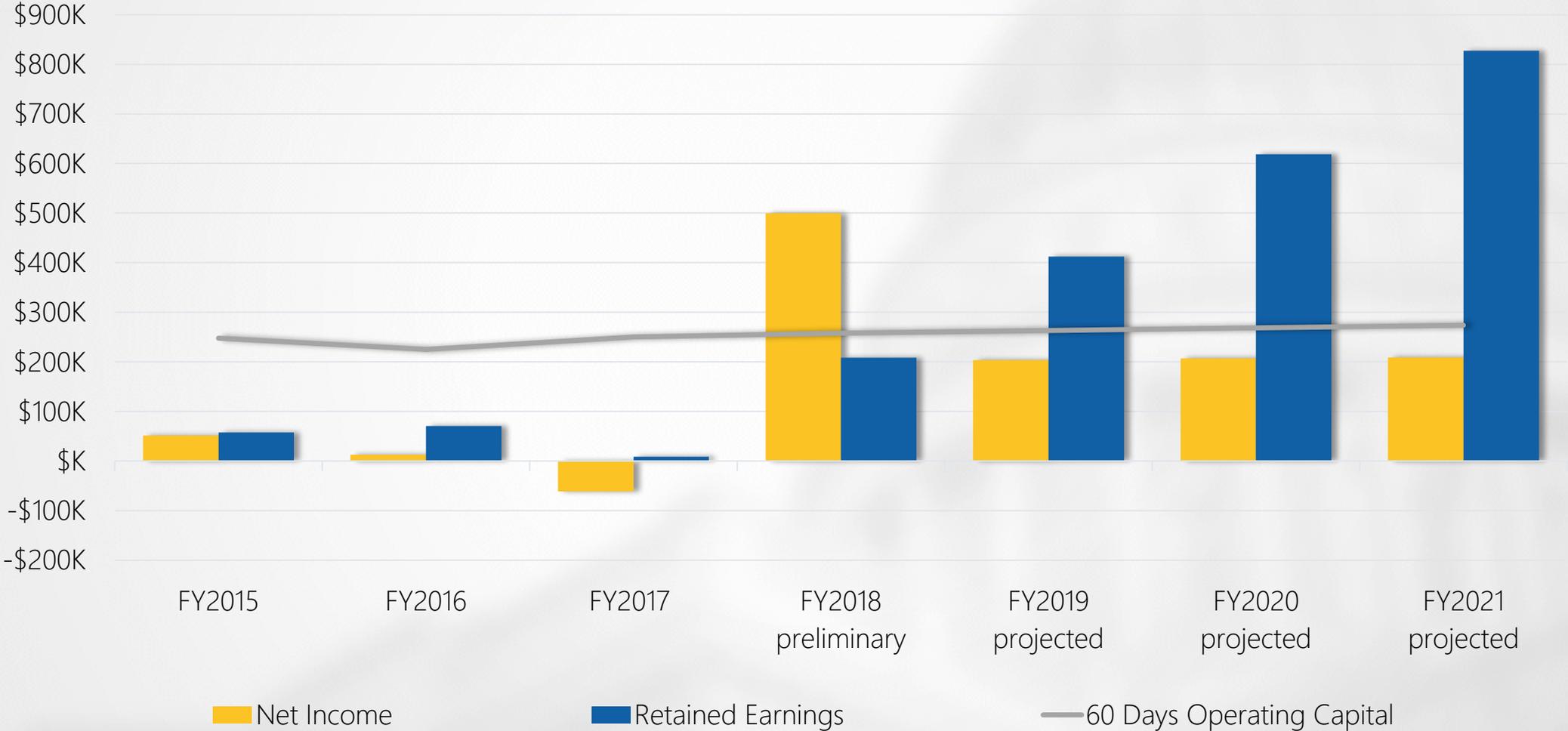


1,267  
print jobs



5,571,188  
impressions

# Print Services Retained Earnings



# Print Services Rates

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## **Rate Recommendation**

No change to current rate structure

# Mail and Distribution Services Program

FY 2018



21,742,737  
Pieces of mail  
processed



\$1,323,626  
Cost Avoidance by  
State Mail for  
processing mail for  
USPS

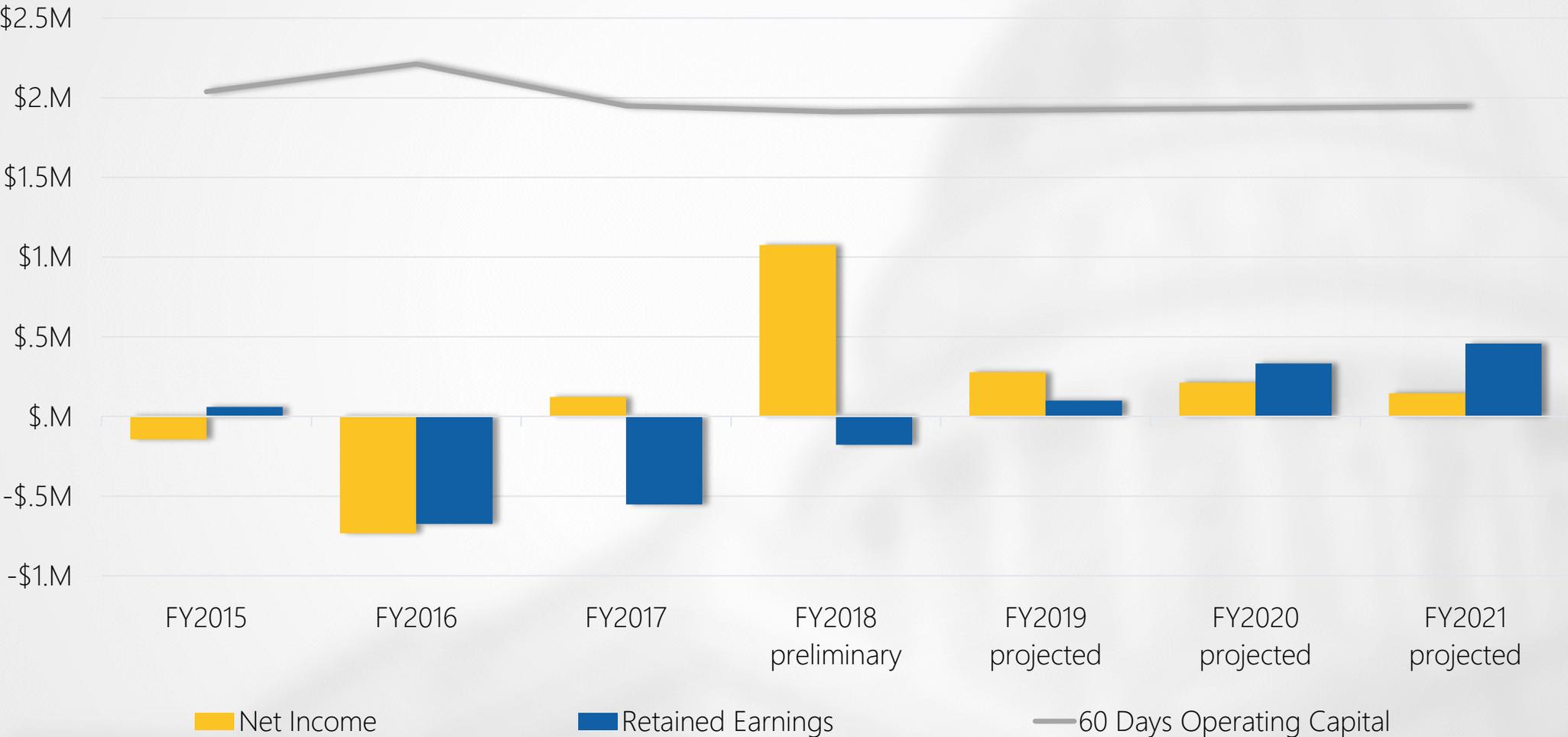


68,386,506  
Billable Production  
Tasks Completed



99% of Production  
Tasks are completed on  
time

# State Mail Retained Earnings



# Mail and Distribution Rates

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## **Rate Recommendation**

No change to current rate structure

# Purchasing and General Services Rate Committee Action

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## DAS Recommended Actions

Action	Slide Number or Reference	Change
Approve all existing rates	H.B. 8 (2018) Lines 2073-2148	--

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# Thank You