

Administrative Services

Proposed Rate Changes

Fiscal Year 2021

Presented to the DAS Rate Committee
September 11, 2019

DAS | Utah Department of
Administrative Services

Slide 1

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

Slide 2

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.



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DAS Vision

Create powerfully



Slide 4

DAS Mission

Create innovative solutions to transform
government services



Slide 5

DAS Values

Responsive

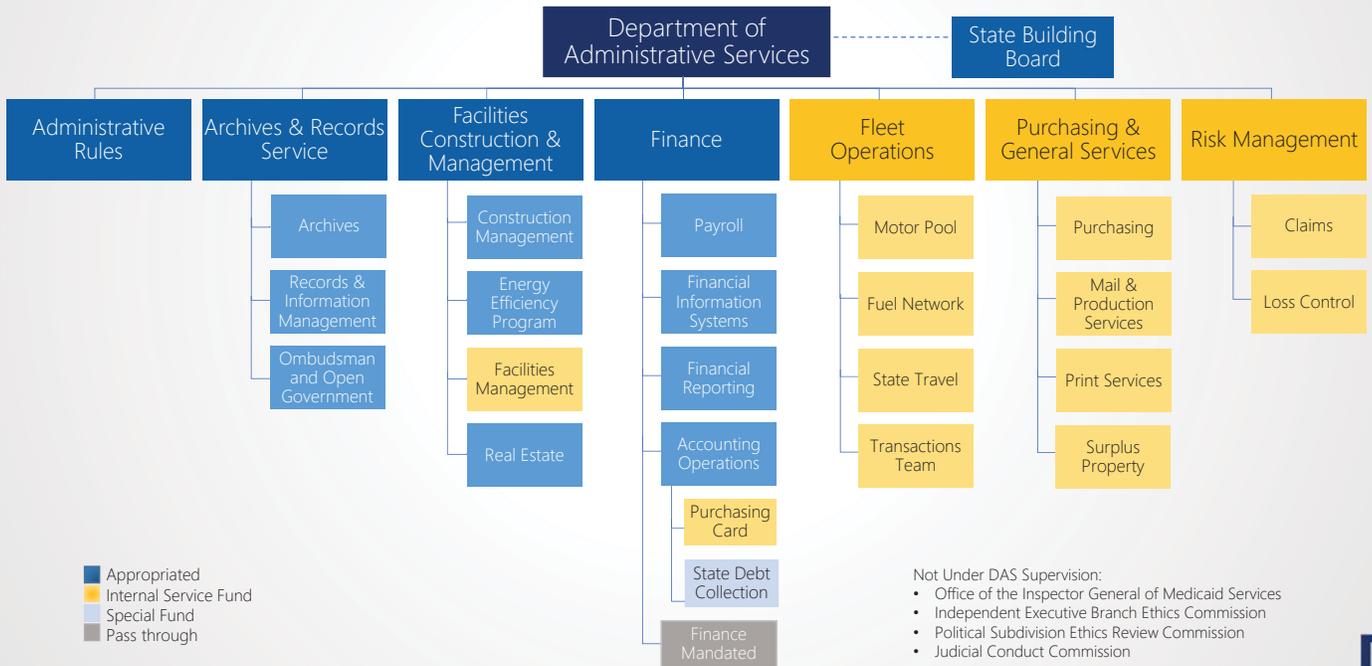
Proactive

Predictive



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DAS Programs



Slide 7

Finance

Purchasing Card

Purchasing & General Services
 Facilities Construction & Management
 Risk Management
 Fleet Operations

Slide 8

Purchasing Card



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

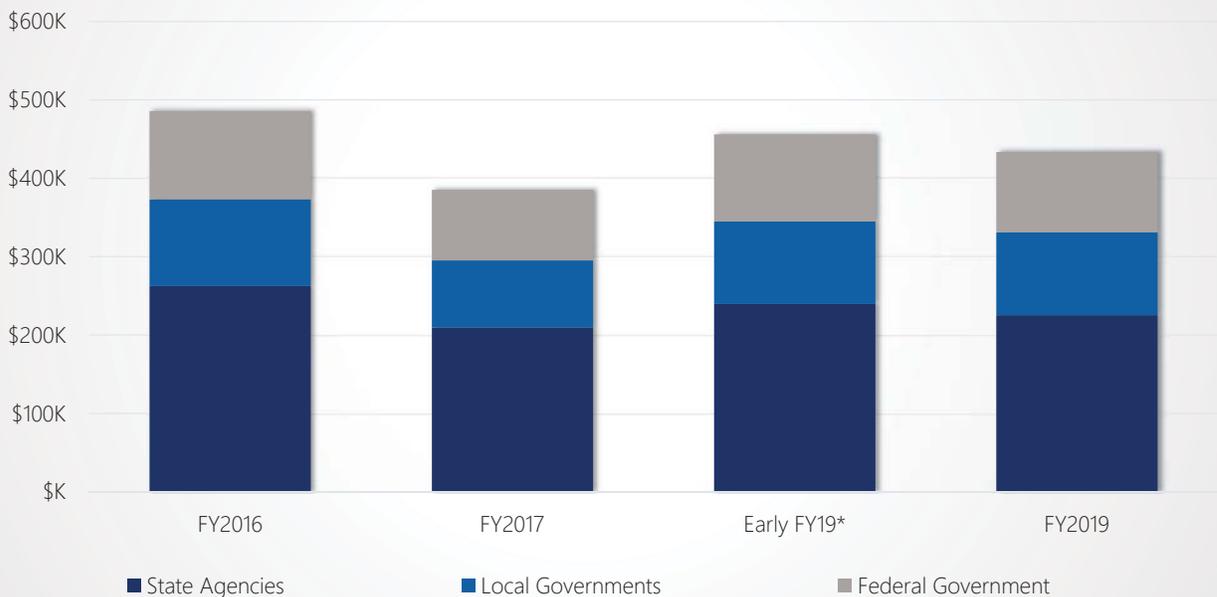


Total purchasing card usage was \$32.77 million in CY2018 (3.15% increase)



The net rebate sent to State agencies and local governments was \$330,966 (4% decrease)

Rebates to State Agencies (Net of Program Costs)



*Fiscal Year 2018 rebate was distributed in early Fiscal Year 2019.

Purchasing Card Retained Earnings



*Net Income and Retained Earnings fluctuate due to delayed distribution of rebate.



Purchasing Card Rates

Rate Recommendation
No change to current rate structure



Finance Rate Committee Action

DAS Recommended Actions

Action	Slide Number or Reference	Change
Approve existing rate	S.B. 8 (2019), Lines 2126-2128	No change

Finance

Purchasing & General Services

Cooperative Contracts

State/Federal Surplus Property

Print Services

Mail and Distribution Services

Facilities Construction & Management

Risk Management

Fleet Operations

Purchasing



State Cooperative Contract Program

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

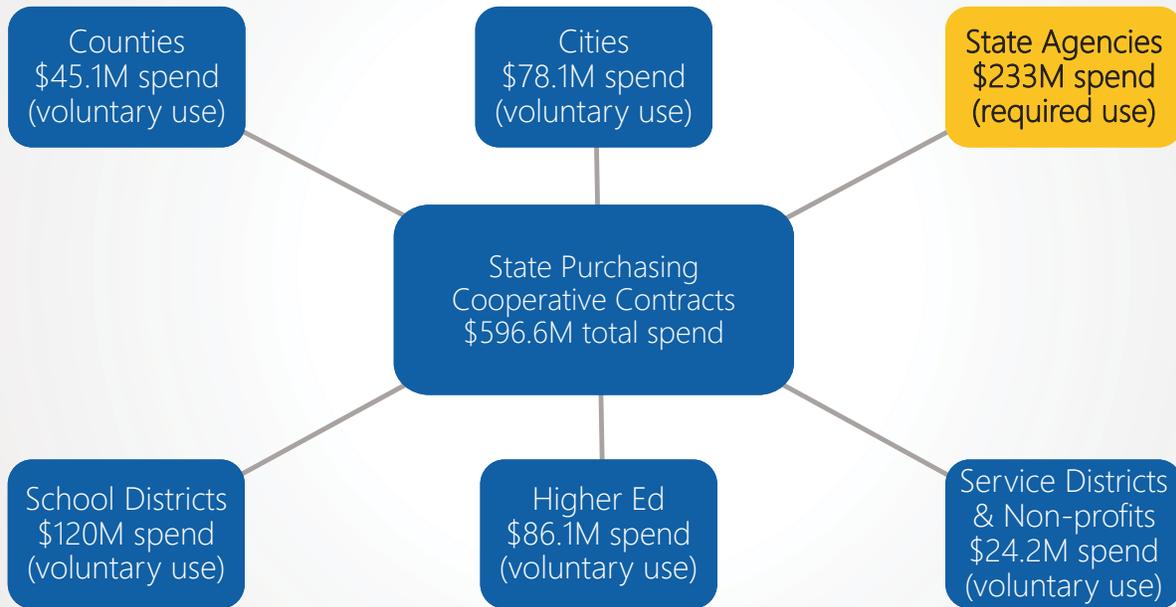


Compliant with the Utah Procurement Code



Save public entities administrative costs in managing contracts

Cooperative Contracts Total Spend



Performance Metrics

H.B. 6, Item 51 (2019)

Average Discount
on Cooperative
Contracts

Actual
41%

Target: 40%

Total Number of
Cooperative
Contracts

Actual
1,135

Target: 1000

Total Number of
Cooperative
Contracts

Actual
\$596.6
Million

Target: \$600 Million

Cooperative Contracts Approved Rate

FY2018 Rate Structure

1%

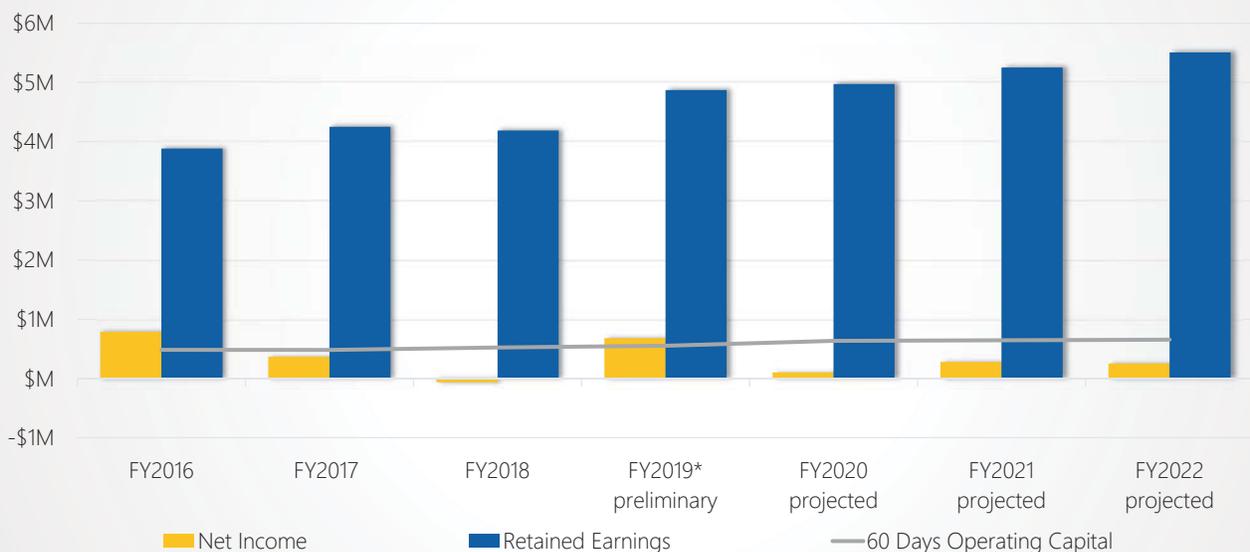
Maximum approved fee

.35%

Average administrative fee

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

Cooperative Contracts Retained Earnings

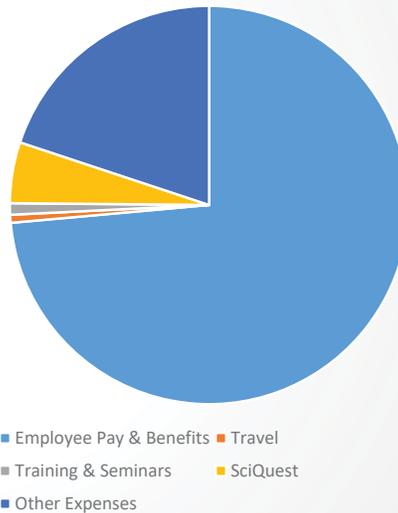


* \$1 million was transferred to State Mail and Print Services to help lower debt.

Cooperative Contracts Retained Earnings

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.

FY19 Total Expenses \$4,424,110



Cooperative Contracts Rates

Rate Recommendation
No change to current rate structure



State/Federal Surplus Property Programs

FY 2019



\$4,841,349
Returned to agencies
through the state
surplus program

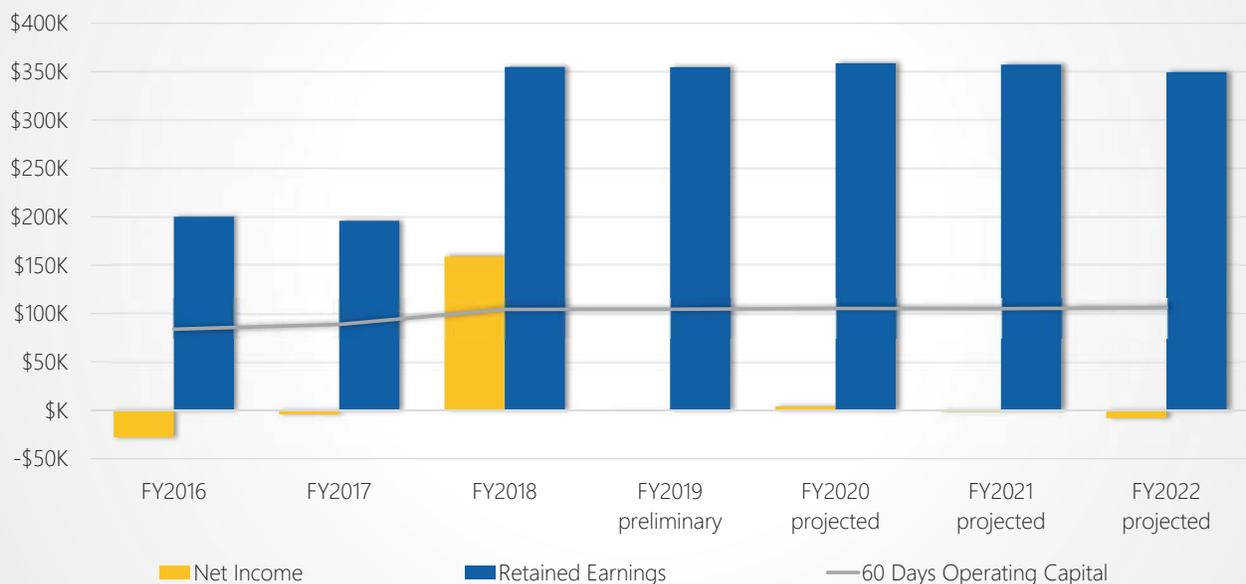


\$462,293
Saved Utah law
enforcement agencies
through the 1033
program



\$1,087,625
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 FY2021.



State/Federal Surplus Property Rates

Rate Recommendation
No change to current rate structure

Print Services Program

FY 2019

Digital Print Services (Copier Lease Program)



62,177,164
impressions



1265
copiers in the program



Average lifecycle is 2 years
longer than national average



Charges a 0% interest on
a 4 year lease

State Copy Center (Xerox Contract)



100% accuracy



100% on-time delivery



956
print jobs



5,058,093
impressions

Print Services Retained Earnings



Print Services Rates

Rate Recommendation
 No change to current rate structure



Mail and Distribution Services Program

FY 2019



22,713,068
Pieces of mail
processed



\$1,712,496
Cost Avoidance by
State Mail for
processing mail for
USPS



73,042,711
Billable Production
Tasks Completed



99% of Production
Tasks are completed on
time

State Mail Retained Earnings



Mail and Distribution Rates

Rate Recommendation
No change to current rate structure

Purchasing and General Services Rate Committee Action

DAS Recommended Actions

Action	Slide Number or Reference	Change
Approve all existing rates	S.B. 8 (2019) Lines 2189-2264	No change

Finance

Purchasing & General Services

Facilities Construction & Management

Facilities Management

Risk Management

Fleet Operations



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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.



162 Authorized FTEs
152 Current FTEs



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



\$36 million FY2020 adjusted revenue



Manage over 7.5 million square feet of space



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Program Efficiencies

DFCM is focused on efficient building operation



Average operations and maintenance costs:
40% below local average
50% below national average



Statewide service through regionalized management groups



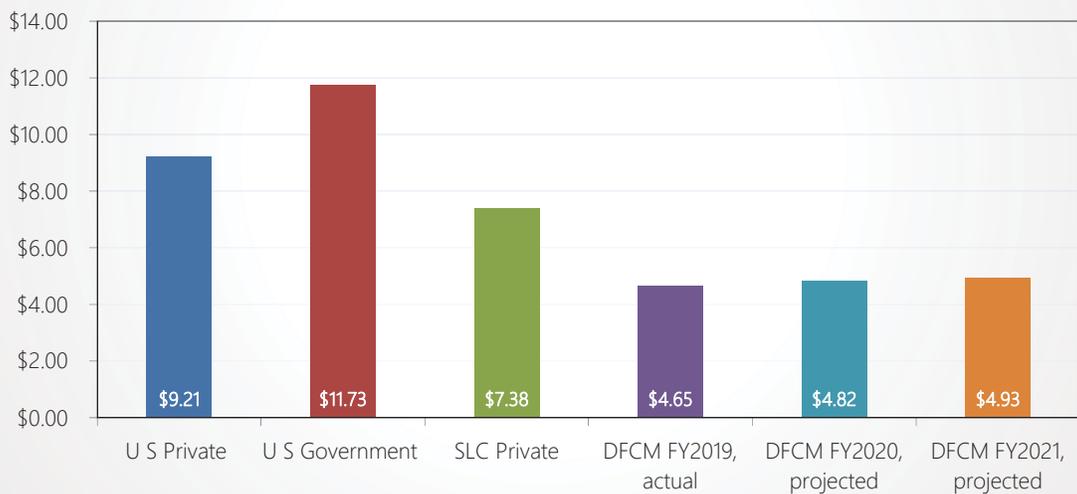
Energy efficient by optimizing operating schedules that provide cost savings based on reduced utility usage



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 2018 Information



Facilities Management Retained Earnings (Dollars)



Facilities Management Retained Earnings (Days)



Facilities Management Rates

Rate Recommendation

FY 2021 Rates for Discussion

Unit	Name	Action	Proposed Change Amount	Original sq ft cost	Proposed sq ft cost	Reason	Last Increase	FY 2020	FY 2021
1320	Cedar City Regional	Increase	20,000	6.77	8.64	deficit reduction	FY 2011	72,008.00	92,008.00
1321	Workforce Services Cedar City	Increase	15,000	5.30	6.31	deficit reduction	FY 2016	78,461.00	93,461.00
1370	Navajo Trust Admin Building	Increase	25,000	5.35	6.36	deficit reduction	FY 2003	132,640.00	157,640.00
1378	Spanish Fork Veterinary Lab	Increase	15,000	9.16	13.00	deficit reduction	FY 2017	35,716.03	50,716.03
1505	Human Services Building	Increase	100,000	4.87	6.45	deficit reduction	FY 2014	308,430.70	408,430.70
1559	Governor's Residence	Increase	25,000	8.87	10.33	deficit reduction	FY 2017	152,100.00	177,100.00
1704	Ogden Courts Building	Increase	95,000	5.14	6.18	deficit reduction	FY 2016	467,740.00	562,740.00
1714	Layton Court Building	Increase	25,000	4.04	5.29	deficit reduction	FY 1995	80,896.00	105,896.00
1725	Ogden Public Safety	Increase	20,000	6.73	8.60	deficit reduction	FY 2015	71,964.00	91,964.00
1754	Workforce Services Logan	Increase	30,000	5.48	6.97	deficit reduction	FY 2014	110,088.00	140,088.00
1801	USDC	Increase	350,000	4.83	5.56	deficit reduction	FY 2017	2,298,357.00	2,648,357.00
Total Change			\$720,000						

Facilities Management Rates

Rate Recommendation

New Programs or Scope Changes - FY 2020 Authorized			
Unit	Description	Type	Amount
1464	Lone Peak Forestry & Fire	Additional square footage for warehouse	7,800
1509	Division of Archives	Additional square footage of 2,441	10,716
Not assigned	ABC Store - Saratoga Springs	New	52,020
Not assigned	ABC Store - Farmington	New	52,020
Total Change			122,566

NOTE: These facilities have been funded to the agency in an earlier appropriation

Facilities Management Labor (Garage) Rates

Rate Recommendation

FY2021 Request – Garage Rate Adjustments

Labor	FY 2020	FY 2021	Increase (Decrease)
Administrative Staff	\$49	\$49	N/A
Apprentice Maintenance	\$45	\$49	8%
Electronics Resource Group	\$48	\$53	9%
Facilities Manager / Coordinator II	\$65	\$69	6%
Grounds Manager	\$43	\$49	12%
Grounds Supervisor	\$40	\$45	11%
Groundskeeper I	--	\$25	N/A
Groundskeeper II	\$41	\$44	7%
Journey Boiler Operator	\$58	\$61	5%

Labor	FY 2020	FY 2021	Increase (Decrease)
Journey Carpenter	\$52	\$58	10%
Journey Electrician	\$56	\$62	10%
Journey HVAC	\$55	\$59	7%
Journey Maintenance	\$50	\$54	7%
Journey Plumber	\$54	\$60	10%
Maintenance Supervisor	\$51	\$55	7%
Mechanics	\$42	\$46	9%
Office Technician	\$40	\$45	11%
Temp Groundskeeper	\$26	\$22	-18%

Facilities Construction and Management Rate Committee Action

DAS Recommended Actions

Action	Slide Number or Reference	Change
Approve rate adjustments for eleven programs	41	\$720,000
Approve four new programs or scope changes	42	\$122,556
Approve Labor (garage) rate adjustments	43	Varies
Approve all other existing rates	S.B. 8 (2019) Lines 1989-2121	No change

Finance
Purchasing & General Services
Facilities Construction & Management

Risk Management

Liability

Property

Auto

Workers Compensation

Learning Management System

Fleet Operations



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Risk Management

Utah Code Title 63A, Chapter 4,
"Risk Management"



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



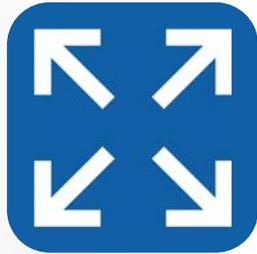
Requires economically and actuarially sound management and adequate reserves for the payment of reported, unpaid, and unreported claims



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Insurance

Risk Management has some advantages over traditional insurance providers

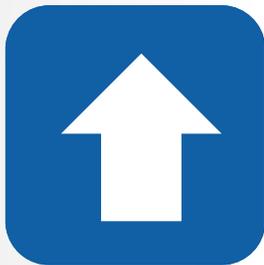


Broader coverage
for less money



Pool members share the
impact of rate increases

Rates Can Change



Increased claims costs
from the past year



Claims roll off an
agency's 5-year history



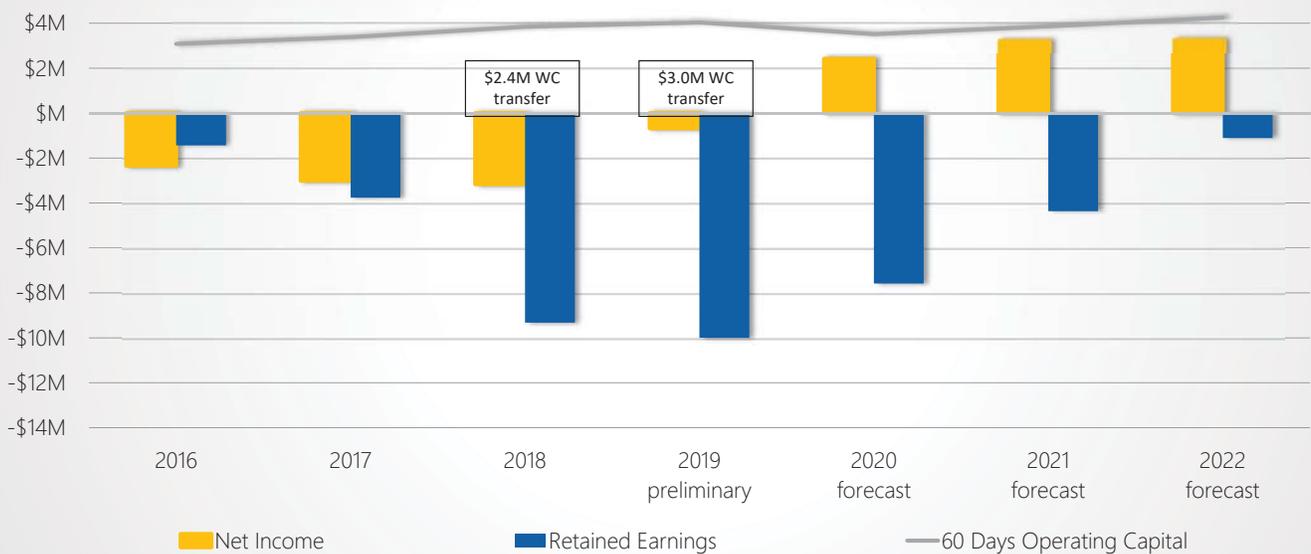
Insurance market
changes

Liability Program



Liability Retained Earnings

Updated 9/4/2019



Liability Reserve Status

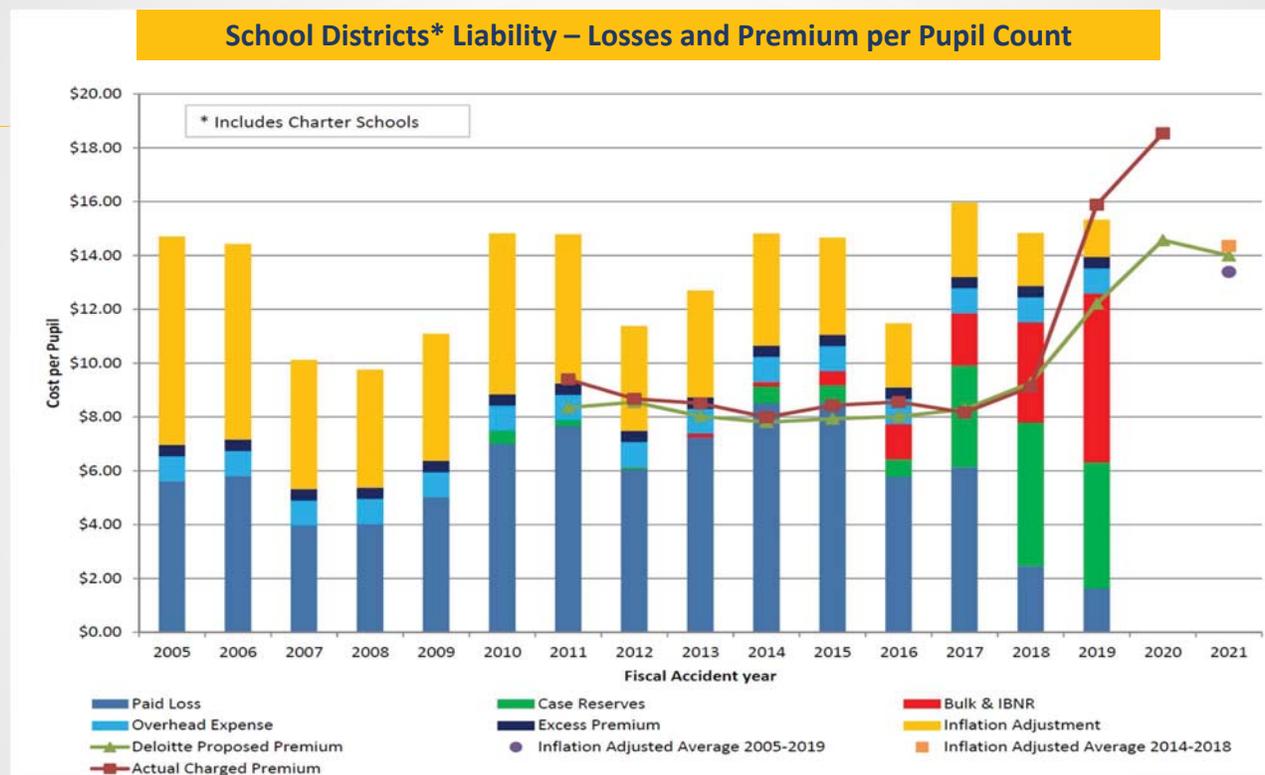
Actuarial Projection

\$60,414,000

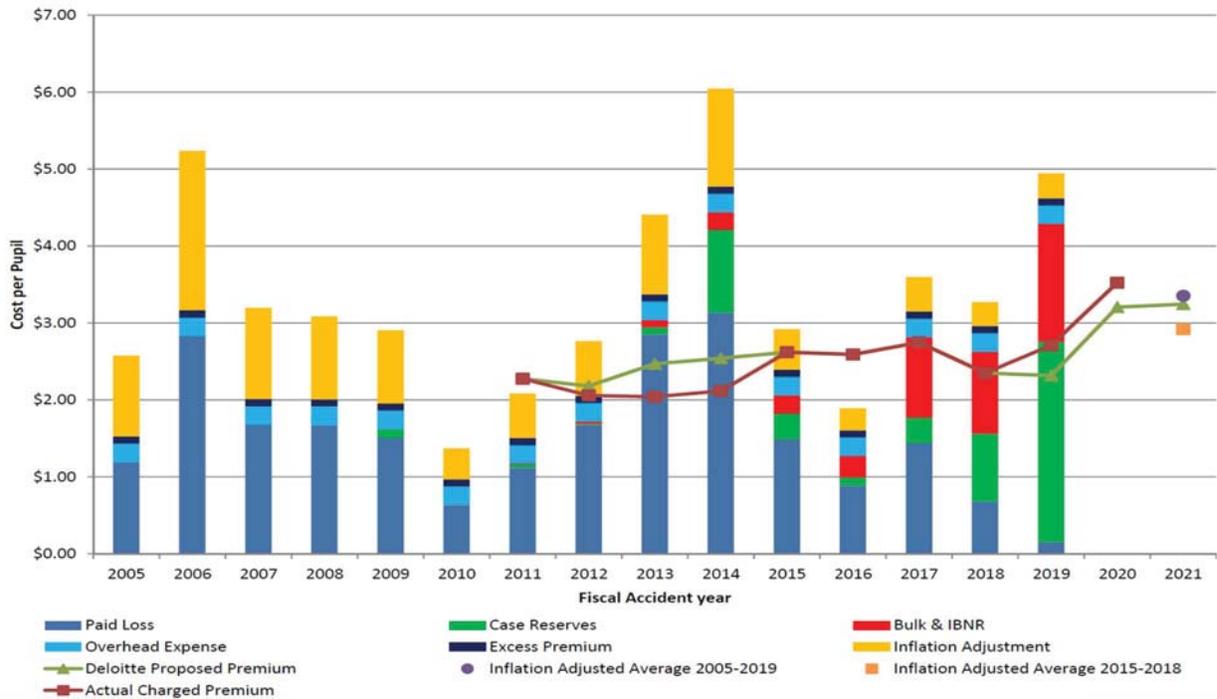


Balance

\$54,196,714

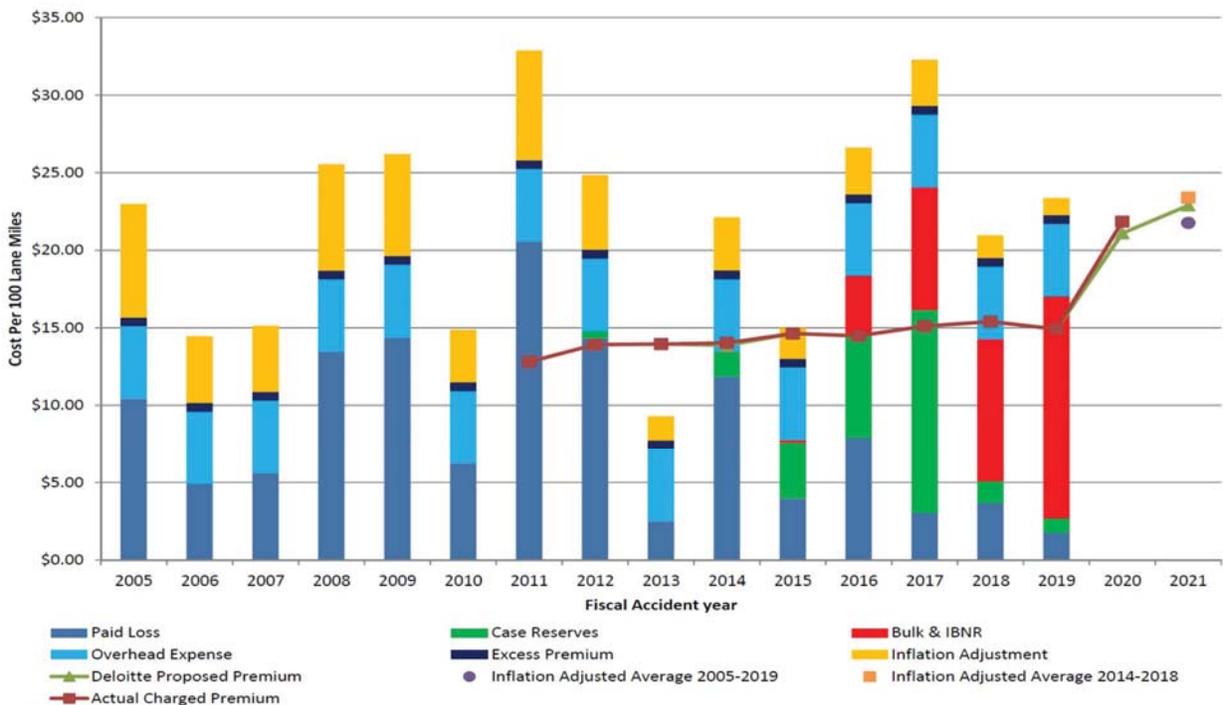


Higher Ed Liability – Losses and Premium per Pupil Count



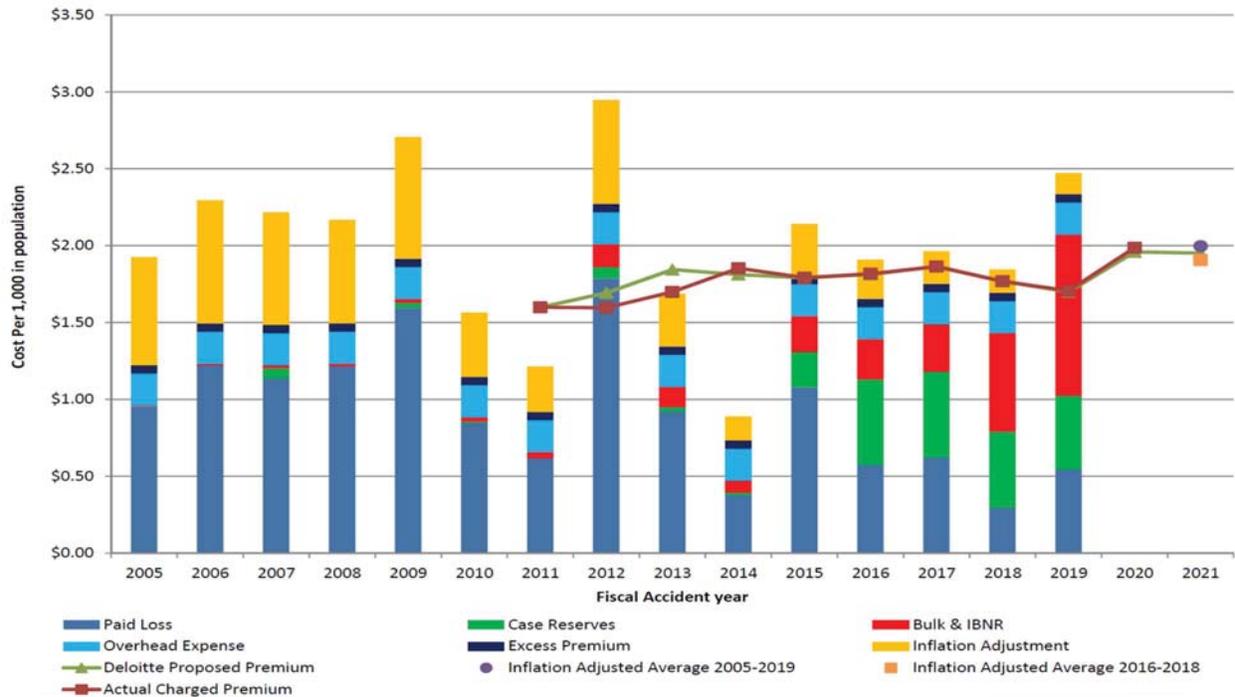
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UDOT Liability – Losses and Premium per 100 Lane Miles



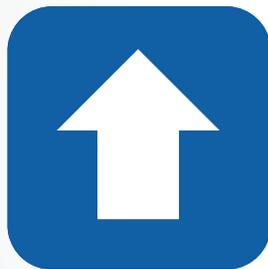
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Other State Agencies' Liability – Losses and Premium per 1,000 in Population



Updated 9/3/2019

Liability Rate Increase/Allocation



Liability premiums will increase by \$649,081 (2.4%) in FY2021



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

Liability Premiums by Risk Pool

Re-capturing Historical Losses

Rate Recommendation

Premium Projections

(Numbers in Thousands)

Risk Pool	Premiums		Change	
	FY2020	FY2021	Total	Percent
School Districts & Charter Schools	\$11,216	\$10,928	\$(289)	-2.6%
Department of Transportation	\$3,619	\$3,810	\$191	5.3%
Higher Education	\$4,692	\$6,439	\$1,747	37.2%
Other Agencies	\$7,167	\$6,166	\$(1,000)	-14.0%
Total	\$26,694	\$27,343	\$649	2.4%

Property Premiums

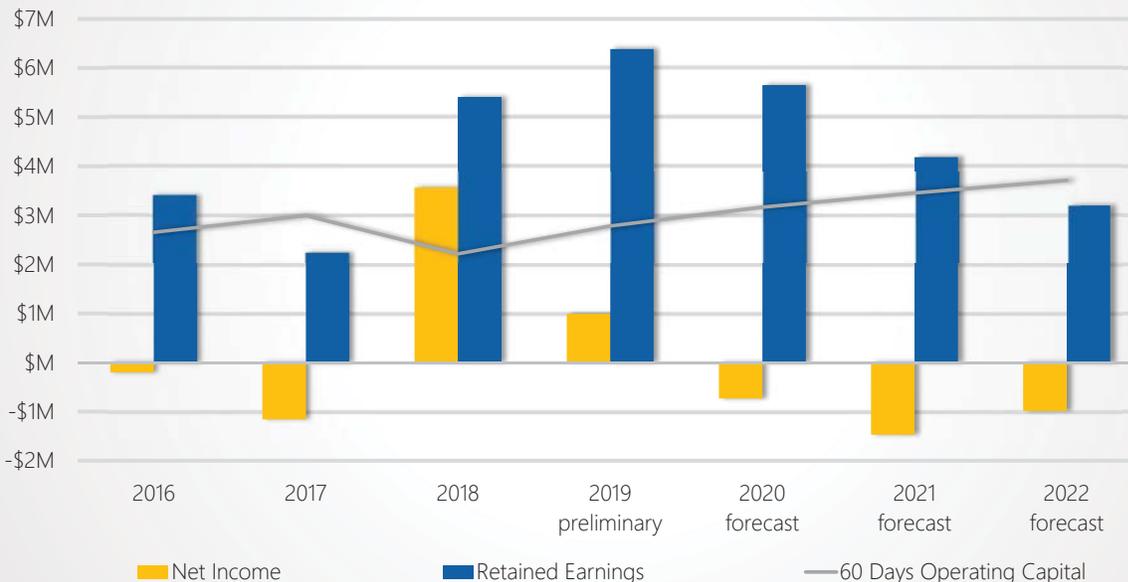


Adopted actuarial-based process.
Recommend large (50%) rate increase for
Higher Education phase in over 3 years.



Recommend \$65,954 premium increase
(0.4% increase from FY2020 – 2021)

Property Retained Earnings



Methodology/Transfer



- Actuarial methodology—adds exposure and experience to replacement cost process
- Replaces opaque/antiquated premium tables with transparent/equitable allocation methodology
- Aggregate premium increase of 0.4% will help reduce the excess retained earnings balance
- Proposing transfer of \$4.2M from the Property Fund (contributed capital) to the Liability Fund

Property Premiums by Risk Pool

Rate Recommendation

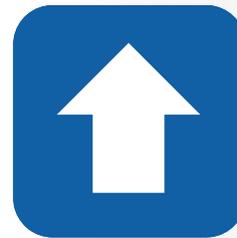
Premium Projections
(Numbers in Thousands)

Risk Pool	Premiums		Change	
	FY2020	FY2021	Total	Percent
School Districts & Charter Schools	\$8,803	\$8,047	\$(756)	-8.6%
Higher Education	\$6,122	\$7,217	\$1,095	17.9%
State Agencies	\$3,883	\$3,610	\$(273)	-7.0%
Total	\$18,808	\$18,874	\$66	0.4%

Auto Premiums

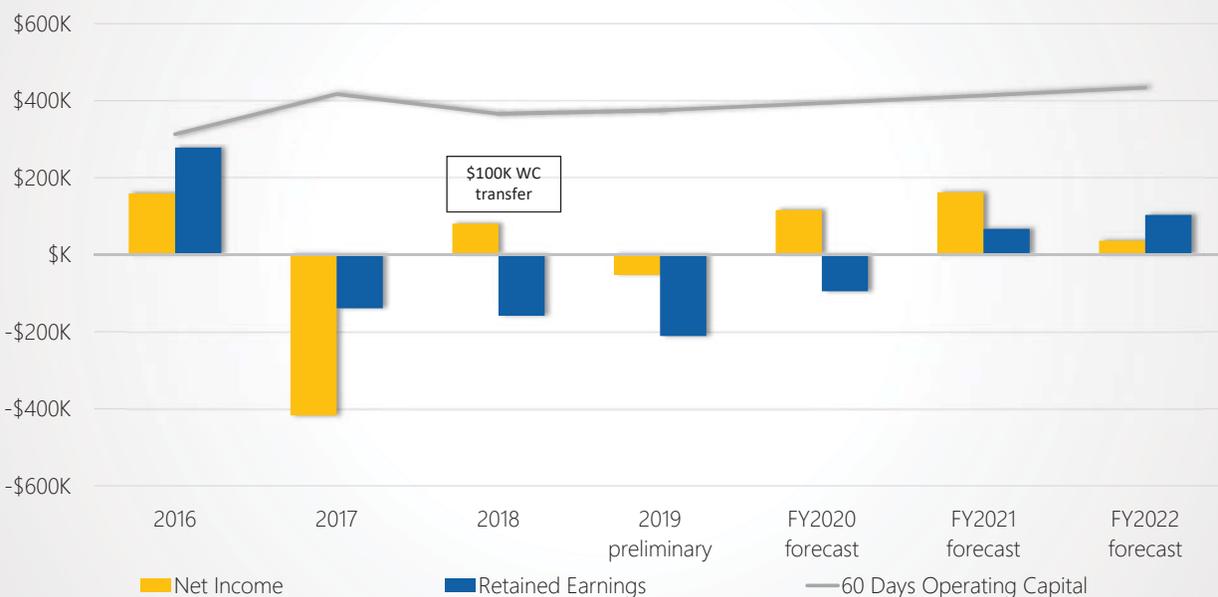


Individual entities will have increases or decreases based on loss history and risk exposure



Auto premiums will increase 6.8% in FY2021. Premiums have been calculated by an actuary for the second year.

Auto Retained Earnings



Auto Physical Damage Rate Changes

Current Schema for Vehicle Equivalents

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

Proposed Schema for Vehicle Equivalents

	Personal Vehicle	Law Enforcement	School Buses	Heavy Equipment
Weight:	1.0	2.5	3.5	3.5
Example FY2021 Rate:	\$116.25	\$290.63	\$406.88	\$406.88



Auto Physical Damage Premiums by Risk Pool

Rate Recommendation

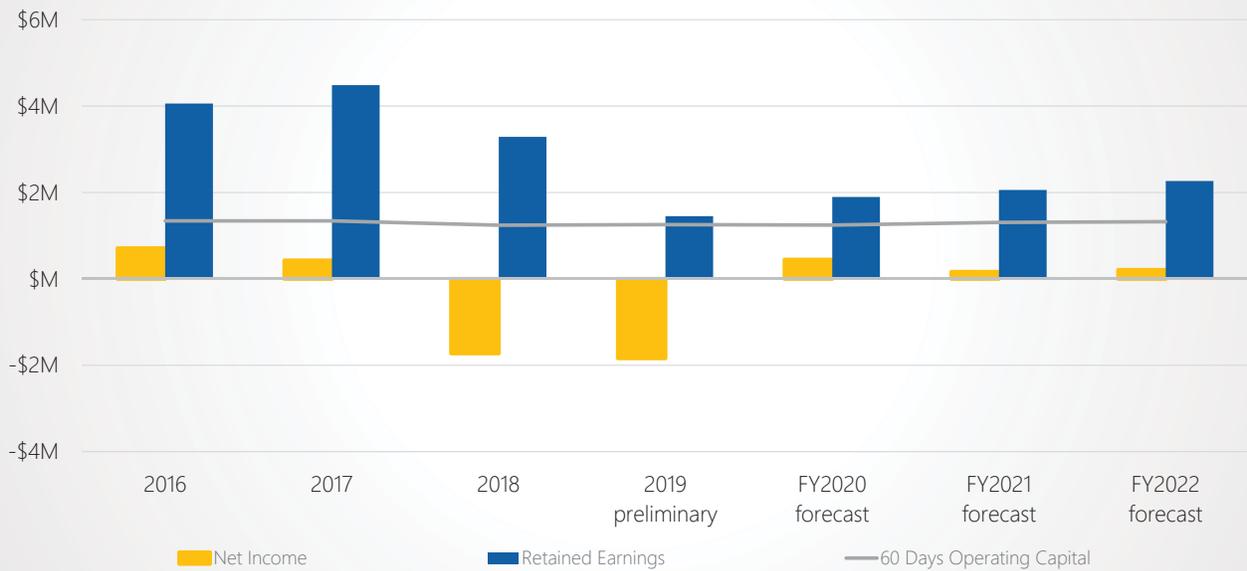
Premium Projections
(Numbers in Thousands)

Risk Pool	Premiums		Change	
	FY2020	FY2021	Total	Percent
School Districts & Charter Schools	\$1,033	\$1,068	\$35	3.4%
Higher Education	\$280	\$214	\$(66)	-23.7%
State Agencies	\$1,117	\$1,314	\$197	17.7%
Total	\$2,430	\$2,596	\$166	6.8%

Workers' Compensation Program



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	
	FY2020	FY2021	Total	Percent
UDOT Worker	\$1,139	\$1,139	\$0	0.0%
Other/State Agencies	\$5,845	\$5,845	\$0	0.0%
Aviation	\$7	\$7	\$0	0.0%
Total	\$6,991	\$6,991	\$0	0.0%



Learning Management System (LMS)



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

FY2021 Request Program	Rate		Change	
	FY2020	FY2021	Total	Percent
Learning Management System – Enterprise Rate	\$55/hour	\$55/hour	\$0	0.0%



Risk Management Rate Committee Action

DAS Recommended Actions

Action	Slide Number or Reference	Change
Approve liability premium increases	57	\$649,081
Approve property premium increases	61	\$65,954
Approve automobile premium increases	65	\$165,949
Approve all other existing rates	S.B. 8 (2019) Lines 2265-2460	No other changes

Finance

Purchasing & General Services

Facilities Construction & Management

Risk Management

Fleet Operations

Motor Pool

Fuel Network

State Travel

Transactions Team

Motor Pool



8,272 total vehicles
in the State fleet



325 private sector
vendors



4,881 Fleet
Operations vehicles



4,241 Reservations
KeyValet key kiosk



1,512 Vehicles
Telematics pilot

Numbers current as of June 30, 2019

Motor Pool Debt to General Fund



Motor Pool Monthly Lease Rate

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

Contract Price	Model year contract
Salvage Value	Light trucks Select sedans Select SUVs All others
Lifecycle	Current lifecycle (in months) based on actual miles
Fees	Admin fee and Management Information System (MIS)

25%

Motor Pool Retained Earnings



Motor Pool Rates

Rate Recommendation

FY2021 Request

Rate	FY 2020	FY 2021	Total	Percent
Mileage Rate for Maintenance and Repair	Maintenance and Repair costs for a standard class of vehicle divided by total miles for that class \$0.03- \$0.67	Establish a vehicle use type rate with the following categories: <ul style="list-style-type: none"> • Heavy Duty On-Road \$.30 • Heavy Duty Off-Road \$.42 • Motorcycle \$.29 • Police Pursuit \$.13 • Bus \$.10 • Light Duty Off-Road \$.07 • Light Duty On-Road \$.05 • AR Vehicles* \$.17 	\$(54,202)	-1.25% Overall

*AR vehicles are those vehicles that have already been replaced, but the agency has retained for a specific purpose.

Fuel Network



37,556 Gas cards/Vehicles participate



10,254,401 gallons Commercial
7,736,495 gallons State Sites
 17,990,897 Total gallons of fuel dispensed



440 tanks state-wide
 239 State Sites
 120 sites with card readers
 0 CNG fuel sites

Numbers current as of June 30, 2019

Fuel Network

Why Change to a Fixed Rate

Percent Rate

- Susceptible to market flux
 - Prices high: Over collecting
 - Prices low: Under collecting

Fixed Rate

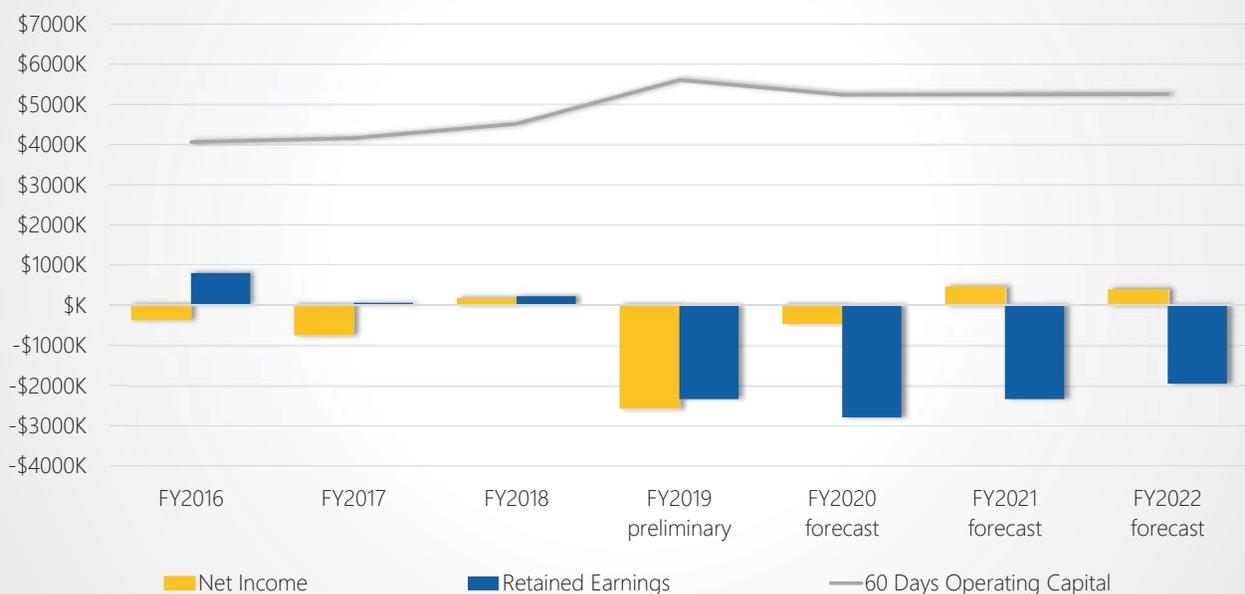
- Stable platform independent of fuel market
- Ensures predictable revenue to cover administrative and operational expenses

The Fuel Network was created in 1994 under Utah Code 63A-9 to manage fuel site maintenance, gas cards, fuel consolidation, to ensure environmental compliance, and save agencies money through wholesale purchasing.

Services Offered

- Gas Cards for use at state and retail sites
- Card monitoring and usage monitoring to prevent fraud and help agencies manage fuel usage.
- Fuel site management, maintenance, inspections, and compliance testing.
- Wholesale fuel purchasing at Fuel Networks sites, which allows reduced fuel prices for participating agencies.
- Environmental compliance, site inspections, and tanks permitting.
- Tier 1 fuel sites for natural disasters and emergencies to ensure first responders can continue their missions.

Fuel Network Retained Earnings



Fuel Network Rates

Rate Recommendation

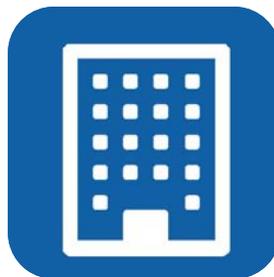
FY 2021 Request

Rate	FY 2020	FY 2021	Total	Percent
Retail Fuel Sites	3%	\$0.12/gal	\$413,311	51%
State-Owned Sites	3% + \$0.075	\$0.23/gal	\$473,889	55%
State-Owned Low Use Sites	3% + \$0.105	\$0.23/gal	\$90,622	25%
Miscellaneous Automotive Items	3%	3%	\$0	0%
Total			\$977,823	48%

State Travel Office



Booked 7,415 car reservations



Made 11,255 hotel reservations



Issued 20,552 airline tickets

Numbers current as of June 30, 2019

State Travel Office Retained Earnings



State Travel Office Rates

Rate Recommendation

FY 2021 Request

Rate	FY 2020	FY 2021	Total
Car only or car/hotel only bookings	\$0	\$8	\$103,656
Airline only or airline/car/hotel bookings	\$26	\$26	0
Total			\$103,656

Proposing rate increase is to cover new pass-through charge in Christopherson Travel Contract which became effective 4/1/2019.



Transactions Team



14 Customers



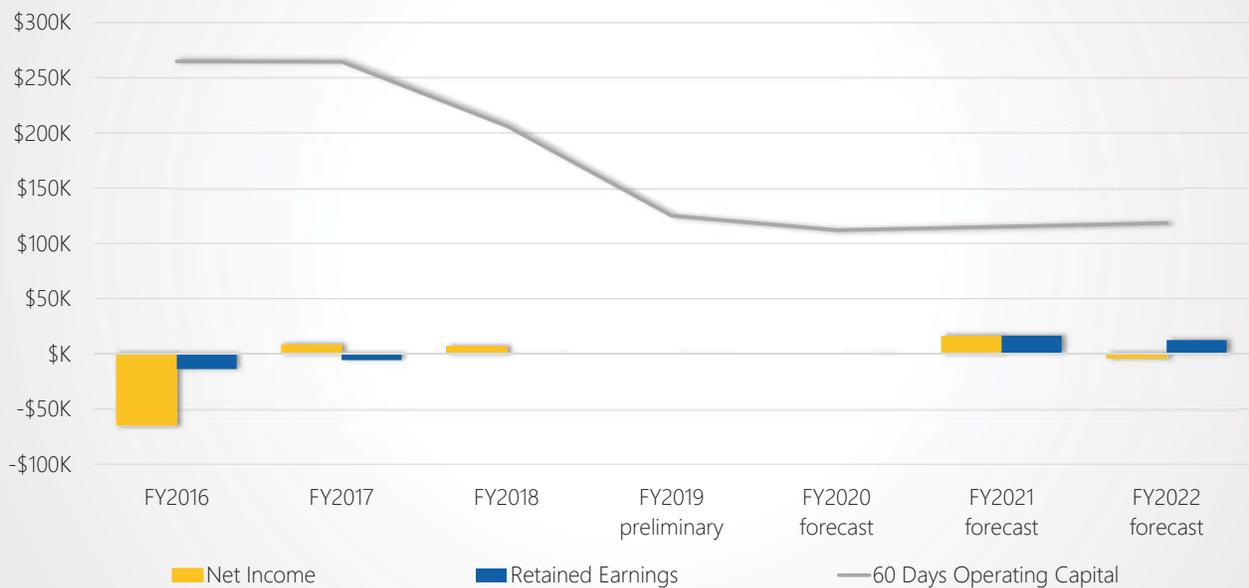
11 Employees



189,374 Processed Transactions

Numbers current as of June 30, 2019

Transactions Team Retained Earnings



Transactions Team Rates

Rate Recommendation

FY2021 Request

Rate	FY 2020	FY 2021	Total	Percent
DAS	Internal Allocation Percentage	\$46 Per Hour	\$34,727	5%
Non-DAS*	\$40 Per Hour	\$46 Per Hour	N/A*	15%
Management**	\$73	0	0	0
Total			\$34,727	5%

*Currently, there are no Non-DAS customers

** The management rate was not charged during FY 2019

Fleet Operations Rate Committee Action

DAS Recommended Actions

Action	Slide Number or Reference	Change
Approve Mileage Rate modifications	77	\$(54,202)
Approve Fuel Network Retail Rate	81	\$413,311
Approve Fuel Network State Owned Rate	81	\$564,512
Approve Travel Booking Fee	84	\$103,656
Approve Transaction Rate modifications	87	\$34,727
Approve all other existing rates	S.B. 8 (2019), Lines 2129-2188	No other changes

Thank You

DAS | Utah Department of
Administrative Services

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