

H00
Department of General Services

Operating Budget Data

(\$ in Thousands)

	<u>FY 09</u> <u>Actual</u>	<u>FY 10</u> <u>Working</u>	<u>FY 11</u> <u>Allowance</u>	<u>FY 10-11</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$55,284	\$51,284	\$54,466	\$3,183	6.2%
Back of Bill Reductions	0	0	-934	-934	
Adjusted General Fund	\$55,284	\$51,284	\$53,533	\$2,249	4.4%
Special Fund	1,182	2,543	3,799	1,255	49.4%
Back of Bill Reductions	0	0	-3	-3	
Adjusted Special Fund	\$1,182	\$2,543	\$3,796	\$1,252	49.2%
Federal Fund	958	1,002	1,035	34	3.3%
Adjusted Federal Fund	\$958	\$1,002	\$1,035	\$34	3.3%
Reimbursable Fund	30,027	32,457	30,430	-2,026	-6.2%
Back of Bill Reductions	0	0	-115	-115	
Adjusted Reimbursable Fund	\$30,027	\$32,457	\$30,315	-\$2,142	-6.6%
Adjusted Grand Total	\$87,450	\$87,285	\$88,678	\$1,393	1.6%

Note: For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected across-the-board reductions. The actual allocations are to be developed by the Administration.

- The fiscal 2011 allowance increases by \$1,392,924, or 1.6%, when funds are adjusted for across-the-board reductions.
- Janitorial service expenditures increase by \$1.4 million, or 46.0%, mostly due to the State's assumption of the Hyattsville and Towson multi-service centers in fiscal 2010.
- The allowance includes an additional \$777,529 for energy conservation loan repayments.
- Special funds increase by \$1,252,410, or 49.2%, when adjusted for contingent and across-the-board reductions. This increase is primarily attributed to the receipt of Regional Greenhouse Gas Initiative funds.

Note: Numbers may not sum to total due to rounding.

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Personnel Data

	<u>FY 09 Actual</u>	<u>FY 10 Working</u>	<u>FY 11 Allowance</u>	<u>FY 10-11 Change</u>
Regular Positions	611.00	593.00	593.00	0.00
Contractual FTEs	<u>14.94</u>	<u>27.25</u>	<u>45.05</u>	<u>17.80</u>
Total Personnel	625.94	620.25	638.05	17.80

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	26.69	4.50%
Positions and Percentage Vacant as of 12/31/09	41.00	6.91%

- The allowance reflects a net increase of 17.8 contractual full-time equivalents. The majority of this increase is attributed to print shop operations.
- As of December 31, 2009, the vacancy rate was 6.91%. One of these vacancies has subsequently been filled, thereby reducing the vacancy rate to 6.75%.

Analysis in Brief

Major Trends

Thefts at Secured Facilities: Thefts at the Department of General Services' (DGS) managed facilities have continued to remain below the baseline of 129 thefts.

New Procurements in DGS-supported Agencies: The percentage of procurements completed on time and under budget declined in fiscal 2009.

Minority Business Enterprise Participation: The department meets its Minority Business Enterprise participation goal in fiscal 2009.

Energy Performance and Conservation: The Maryland Office of Energy Performance and Conservation is tasked with implementing the EmPOWER Maryland Initiative, which is a State goal of achieving a 15% reduction in State government energy consumption by 2015. The office estimates that there will be a 2.9% reduction in statewide energy consumption at the conclusion of fiscal 2010.

Issues

Facility Maintenance and Renewal Program: The 2009 *Joint Chairmen's Report* (JCR) directed DGS to develop a plan for improving the State's facility maintenance and renewal process, including a fee assessment mechanism for addressing the critical maintenance and facilities renewal backlogs. In December 2009, DGS submitted its report to the budget committees. **The Department of Legislative Services (DLS) recommends budget bill language restricting \$1 million until the department develops a proposal to add a square foot assessment charge for critical maintenance to the current annual square footage rent calculation for each State-owned facility beginning in fiscal 2012. DLS also recommends that the budget committees add \$11.6 million to the general obligation bond program for facilities renewal projects in fiscal 2011.**

Energy Conservation Efforts: The State Building Energy Efficiency and Conservation Act of 2006 required DGS and the Maryland Energy Administration to develop energy use index and savings goals for every State agency. **DLS recommends that DGS update the committees on the State's level of compliance with the requirements of Chapter 427 of 2006.**

Anticipated Cost Savings from Print Shop Operations Fail to Materialize: As a cost containment measure, the State began consolidating print shop operations statewide under DGS. Since fiscal 2009, DGS' print shop workload has increased significantly, resulting in the need for additional funding. **DGS should comment on the need for additional operating and contractual employee funding for its print shop operations.**

Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Add language to reduce funds for turnover expectancy. This action reduces the Department of General Services’ fiscal 2011 allowance by \$283,344.		
2. Delete 0.6 new contractual full-time equivalent positions in the Executive Direction Program.	\$ 34,026	
3. Delete three long-term vacancies in the Office of the Facilities Security.	206,353	3.0
4. Reduce allowance for cell phone expenditures.	9,000	
5. Reduce allowance for janitorial services.	80,000	
6. Delete 2.5 new contractual full-time equivalent positions.	72,600	
7. Add language to restrict \$1 million pending the submission of a proposal to fund critical maintenance projects.		
Total Reductions	\$ 401,979	3.0

Updates

Report on Maryland Correctional Enterprises and Blind Industries and Services of Maryland Procurement Activities: The 2008 JCR directed DGS to utilize the Maryland Correctional Enterprises (MCE) and Blind Industries and Services of Maryland (BISM) for as much of its procurement needs as possible. DGS was also required to submit a report on its procurement activities for fiscal 2009, and if applicable, an explanation as to why MCE and BISM were not used in certain procurements.

H00
Department of General Services

Operating Budget Analysis

Program Description

The Department of General Services (DGS) serves Maryland and its citizens by supporting other State agencies in achieving their missions. The department performs a variety of functions, including planning, design, and construction management; facilities maintenance; procurement of goods and services; receipt and distribution of excess property; and provision of real estate services. DGS uses the following six goals to guide its Managing for Results (MFR) reporting:

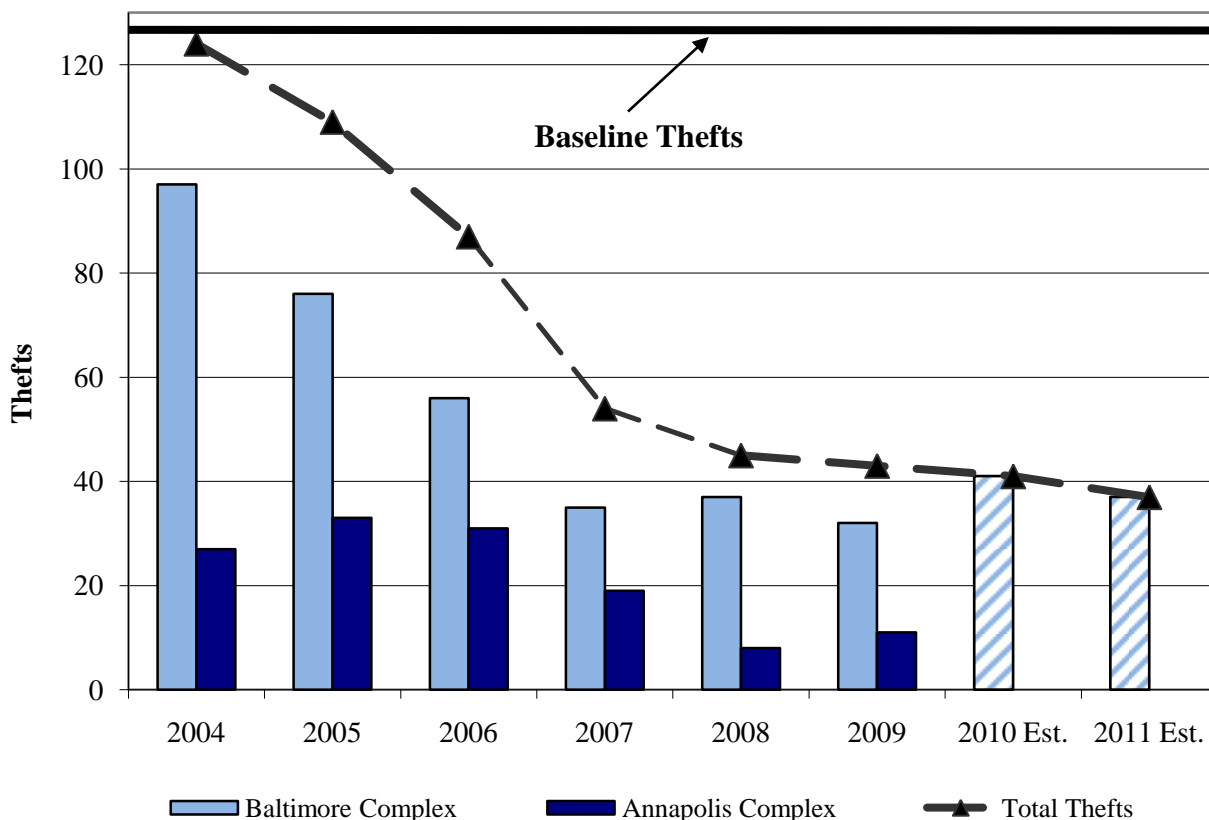
- operate efficiently and effectively;
- manage departmental projects efficiently;
- provide timely and accurate management information;
- achieve responsible asset management;
- provide best value for customer agencies and taxpayers; and
- carry out social, economic, and other responsibilities as a State agency.

Performance Analysis: Managing for Results

Thefts at Secured Facilities

Exhibit 1 shows criminal activity at facilities secured by the DGS Police. DGS endeavors to keep thefts at 15% below the fiscal 2002 baseline of 129 thefts. As illustrated, since fiscal 2004, the number of reported thefts at DGS managed facilities has continued to trend downward, remaining below the baseline measure. **The Department of Legislative Services (DLS) recommends that DGS revise its baseline measure to reflect the more recent trend of fewer thefts as the current measure appears to be outdated.**

Exhibit 1
Thefts at Department of General Services Secured Facilities
Fiscal 2004-2011



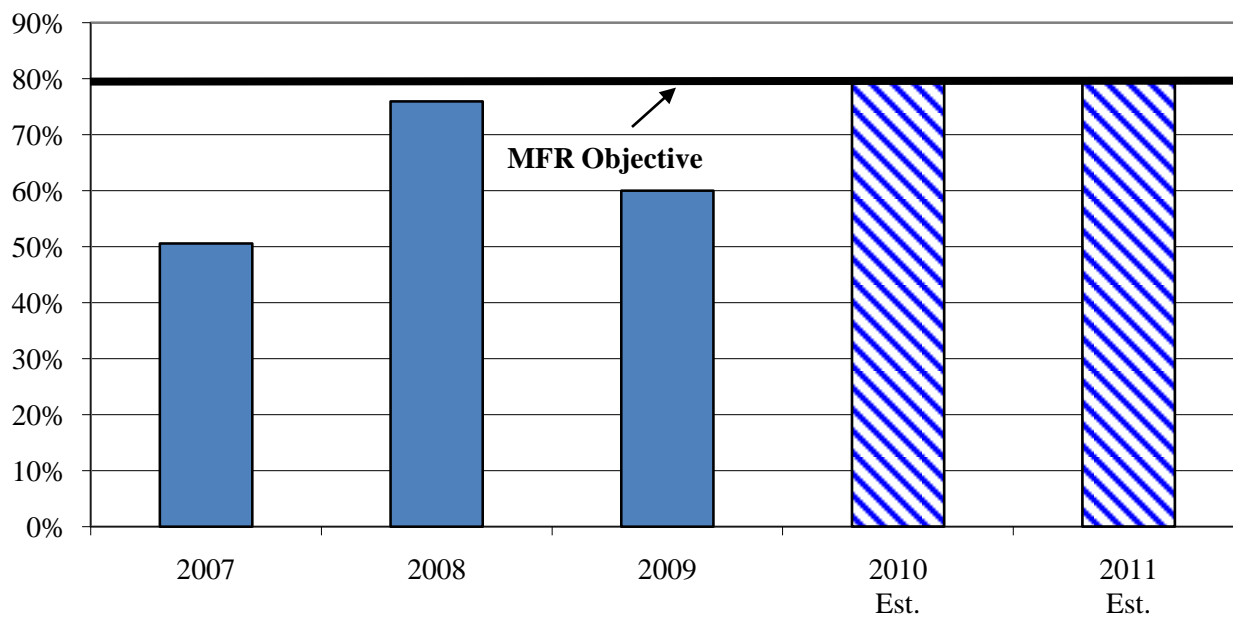
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Est.</u>	<u>Est.</u>
Baltimore Complex	97	76	56	35	37	32	n/a	n/a
Annapolis Complex	27	33	31	19	8	11	n/a	n/a
Total Number of Thefts at Secured Facilities	124	109	87	54	45	43	41	37
Percent Change in Thefts from Fiscal 2002 Baseline of 129 Thefts	-3.9%	-15.5%	-32.6%	-58.1%	-65.1%	-66.7%	-68.2%	-71.3%

Source: Department of General Services

New Procurements in DGS-supported Agencies

As shown in **Exhibit 2**, DGS’ performance with respect to new procurements declined in fiscal 2009 as compared to fiscal 2008. The department strives to ensure that at least 80% of all new procurements are on time, under budget, and meet identified requirements (*i.e.*, at or below budgeted costs and within 60 days from receipt of a requisition until an award is made). DGS attributes the decline in the percentage of new procurements completed on time to a number of factors, such as a 29% increase in the total number of new procurements in fiscal 2009. According to the department, its ability to meet established timeliness measures was further compounded by a reduction in personnel. **The department should comment on its ability to meet the established timeliness goal going forward.**

Exhibit 2
New Procurements
Completed on Time, on Budget, and on Target
Fiscal 2007-2011



	<u>2007</u> <u>Actual</u>	<u>2008</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Est.</u>	<u>2011</u> <u>Est.</u>
Procurements	376	420	541	550	575
Procurements Completed on Time	190	319	326	440	460
Percent on Time, Budget, and Target	51%	76%	60%	80%	80%

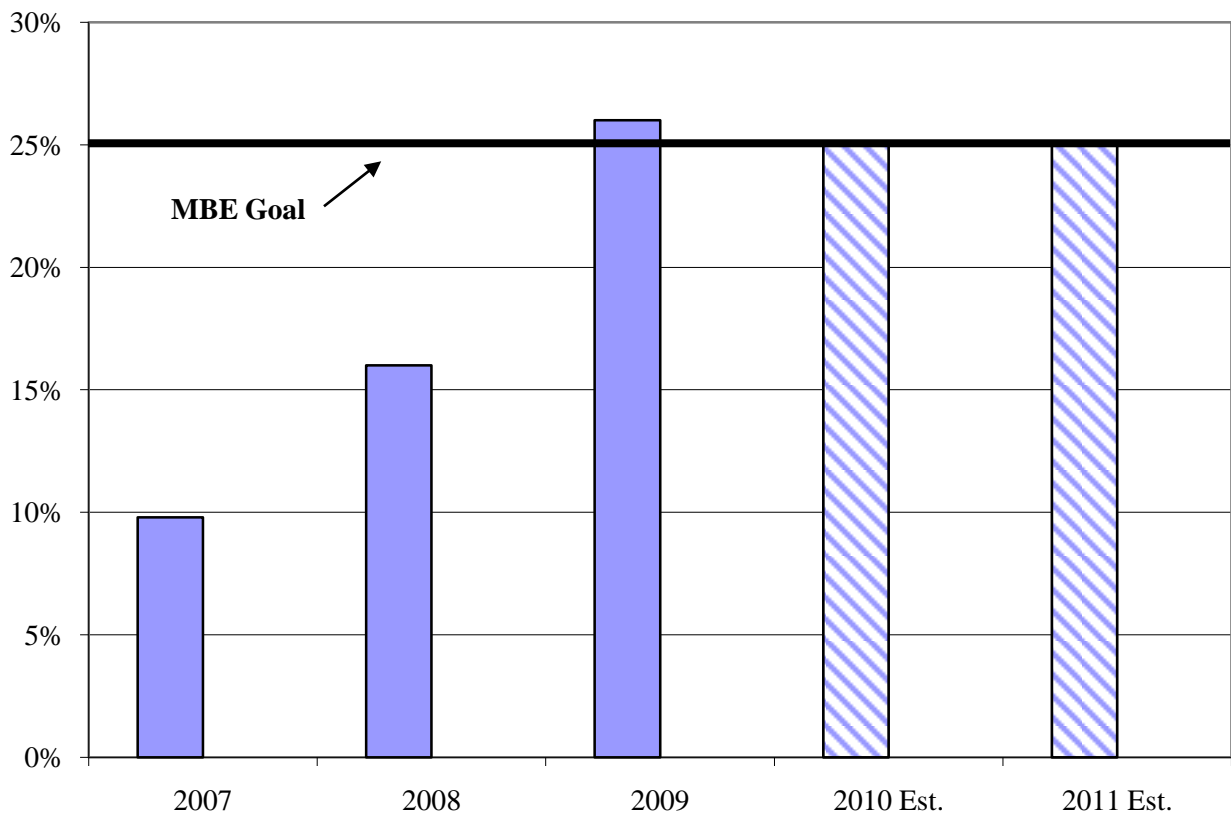
MFR: Managing for Results

Source: Department of General Services

Minority Business Enterprise Participation Goal Is Met

Exhibit 3 shows the department’s MFR performance data regarding its objective to annually meet or exceed a 25% Minority Business Enterprise (MBE) participation for the department’s total procurement dollars. For many years, DGS consistently missed its intended target as the department had difficulty obtaining minority business participation with commodity procurements. Fiscal 2009 represents the first year that the department has met the 25% MBE participation objective without excluding commodity procurements from the calculation. DGS attributes this success to a number of factors such as a heightened review of procurements by the Procurement Review Group and the award of fairly high dollar value contracts to MBE prime contracts.

Exhibit 3
MBE Participation in Total Procurement Dollars
Fiscal 2007-2011



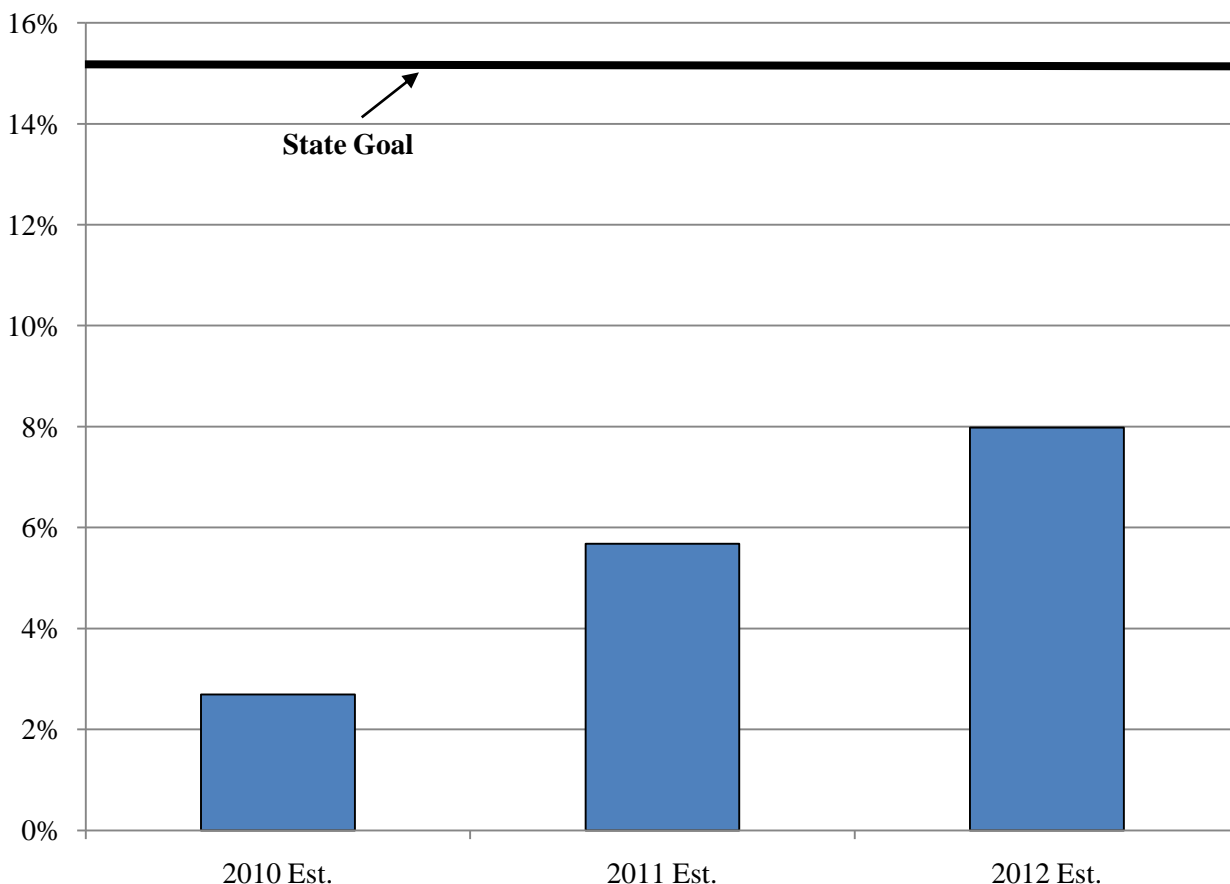
MBE: Minority Business Enterprise

Source: Department of General Services

Energy Performance and Conservation

The Maryland Office of Energy Performance and Conservation is tasked with implementing the EmPOWER Maryland Initiative, which is a State goal of achieving a 15% reduction in State government energy consumption by 2015. In an effort to comply with this objective, in fiscal 2008, DGS reorganized its staff to create an Office of Energy Performance and Conservation. As shown in **Exhibit 4**, the office recently began reporting its progress toward achieving this objective as part of its Managing for Results data. Utilizing a base figure of 13.03 Million British Thermal Units (MMBTUs) consumed, the office estimates that there will be a 2.9% reduction in statewide energy consumption by the conclusion of fiscal 2010. The data suggests that the office is well on its way to achieving this objective. **The department should comment on the feasibility of achieving annual estimated reduction levels.**

Exhibit 4
Energy Conservation
Fiscal 2010-2012



Source: Department of General Services

Fiscal 2010 Actions

Impact of Cost Containment

DGS was required to reduce the total budget by \$7,951,946 due to cost containment actions taken by the Board of Public Works (BPW) in fiscal 2010. Cost savings were primarily achieved by:

- reducing personnel expenditures (*e.g.*, abolishing positions, holding positions vacant, and implementing employee furloughs) (\$2,114,165);
- across-the-board reductions in areas such as telecommunications, travel, motor vehicle, and electricity expenditures (\$1,704,373);
- reducing utility expenses in light of anticipated savings from energy conservation efforts and performance contracts (\$1,315,245);
- reducing funding for janitorial, landscaping, and building maintenance expenditures at State facilities (\$985,766);
- reducing critical maintenance funding for statewide facilities (\$500,000);
- delaying the replacement of motor vehicles, security identification software, police uniforms, and the preparation of the Annapolis Region Master Plan (\$494,193);
- reducing various operating and equipment expenses (\$375,560);
- a fund swap, which allowed the department to use both reimbursable and special funds in lieu of general funds to finance operational expenditures associated with GovDeals as well as a management level position within the department's print shop (\$197,744);
- reducing funding for Navy Stadium Lot parking and the Annapolis shuttle service (\$164,900); and
- reducing contractual services budgeted for public school construction reviews in anticipation of grant funds from the Interagency Committee on School Construction (\$100,000).

Lease Space Privatization

Fiscal 2010 cost containment actions include anticipated savings of \$3 million, resulting from the privatization of lease management across the State. Under the plan, the State will receive a rebate based on commissions earned by the broker for each lease transaction. Additionally, the broker has been advised to achieve, at a minimum, a 10% reduction in the total cost of occupancy for lease

space. According to the department, the broker's rebate and rent reduction goal for fiscal 2010 is \$480,000. **The department should update the committees on the status of this initiative, including the projected cost savings of the lease space privatization initiative.**

Proposed Budget

As shown in **Exhibit 5**, the fiscal 2011 allowance increases by \$1,392,924, or 1.6%, when funds are adjusted for across-the-board reductions.

Calvert County Multi-service Center

According to the department, in 1995, the State entered into an agreement with Calvert County for the construction of a multi-service center. Pursuant to this agreement, the county issued debt to construct a multi-service center and in return, the State agreed to make biannual payments to the county for debt service, operations and maintenance, and administrative fees. Under the agreement, the county was to own and operate the facility for a 15-year period, and at the conclusion of that period, the State agreed to assume both management and ownership of the facility. The allowance reflects a net decrease of \$207,456 for expenditures associated with the State's assumption of the Calvert County Multi-service Center. The decline in expenditures is primarily due to a reduction in administrative and maintenance fees paid to the counties.

It should be noted that the department has indicated that there is a similar arrangement with St. Mary's County. The State is expected to assume management and ownership of this facility in fiscal 2012.

Rockville District Court

The allowance includes an additional \$391,503 in general funds to maintain and operate a nine-courtroom, four-hearing room District Court in Rockville. Previously, the District Court shared leased space with the circuit court in Montgomery County. Due to space constraints, the county asked the District Court to relocate so that it could expand into space that was occupied by the District Court. The new 94,512 net square foot facility will house the District Court and the supporting agencies (the Department of Public Safety and Correctional Services' Parole and Probation Intake Unit, the Office of the Public Defender, and DGS).

Exhibit 5
Proposed Budget
Department of General Services
(\$ in Thousands)

How Much It Grows:	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Reimb.</u> <u>Fund</u>	<u>Total</u>
2010 Working Appropriation	\$51,284	\$2,543	\$1,002	\$32,457	\$87,285
2011 Allowance	<u>54,466</u>	<u>3,799</u>	<u>1,035</u>	<u>30,430</u>	<u>89,731</u>
Amount Change	\$3,183	\$1,255	\$34	-\$2,026	\$2,445
Percent Change	6.2%	49.4%	3.3%	-6.2%	2.8%
 Contingent Reduction	 -\$934	 -\$3	 \$0	 -\$115	 -\$1,052
Adjusted Change	\$2,249	\$1,252	\$34	-\$2,142	\$1,393
Adjusted Percent Change	4.4%	49.2%	3.3%	-6.6%	1.6%

Where It Goes:

Personnel Expenses

Employee earnings (after reducing fiscal 2011 for furloughs)	\$29
Employee and retiree health insurance (after reducing fiscal 2011 for across-the-board reductions).....	183
Workers' compensation (after reducing fiscal 2011 for across-the-board reductions).....	403
Employees' retirement system	323
Department of General Services police retirement	317
Turnover adjustments.....	69
Unemployment compensation	50
Other adjustments	84

Other Changes

Decreased contractual employee salaries (after reducing fiscal 2011 for furloughs)	-17
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Print Shop Operations

Salaries for 15 contractual full-time equivalent positions.....	166
Equipment rental.....	156
New vehicle	18

State Assumption of Facilities

Rockville District Court.....	392
Calvert County Multi-service Center.....	-207

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Where It Goes:

Other Expenditures

Janitorial services.....	1,412
Energy performance contract payments.....	778
Reduced electricity expenses.....	-1,112
Reduced fuel expenses.....	-643
Reduced rent expenses.....	-303
12 motor vehicles.....	-237
Reduced equipment expenditures.....	-174
Lease payment to Treasurer for printing and duplication equipment.....	-133
Reduced communications expenses.....	-71
Reduced water sewage expenses.....	-37
Reduced travel expenses.....	-32
Other.....	-21
Total	\$1,393

Note: Numbers may not sum to total due to rounding.

Print Operations

In the fall of 2008, as a cost containment measure, the State began consolidating print shop operations statewide under DGS. Since that time, the number of print jobs and copy impressions performed by the department has increased significantly (see **Exhibit 6**). The fiscal 2011 allowance includes additional funding for equipment, motor vehicle, and contractual employee expenditures (\$340,734). While the 15 new contractual full-time equivalent positions are funded in the allowance as contractual positions, the current workload suggests that the work to be performed by these positions is of an ongoing nature and that these positions should therefore, be funded as permanent, full-time positions. **Accordingly, DLS recommends that the Department of Budget and Management fund these positions as regular full-time positions.**

Exhibit 6
Print Shop Workload
Calendar 2008-2009

	<u>2008</u>	<u>2009</u>	<u>Difference</u>	<u>Percent Difference</u>
Print orders	518	1,664	1,146	221%
Copy impressions	5,547,548	12,225,409	6,677,861	120%

Source: Department of General Services

Other Expenditures

Other notable changes in the budget include the following:

- ***Electricity Expenditures:*** The allowance for electricity expenditures declines by approximately \$1.1 million. According to the department, this reduction is primarily attributed to electricity savings resulting from energy performance contracts and the reverse auction that took place in May 2009.
- ***Janitorial Services Expenditures:*** The allowance includes an additional \$1.4 million in janitorial services expenditures. According to DGS, this increase is primarily attributed to the State's assumption of the Hyattsville and Towson multi-service centers in fiscal 2010.
- ***Energy Conservation Loan Repayments:*** The allowance includes an additional \$777,529 for energy conservation loan repayments. The department reports that there are currently 10 energy performance projects under construction with an additional 17 projects under development. The majority of this increase is being financed with Regional Greenhouse Initiative Funds.

Impact of Cost Containment

The fiscal 2011 budget reflects several across-the-board actions to be allocated by the Administration. This includes a combination of employee furloughs and government shut-down days similar to the plan adopted in fiscal 2010; a reduction in overtime based on accident leave management; streamlining of State operations; hiring freeze and attrition savings; a change in the injured workers' settlement policy and administrative costs; and a savings in health insurance to reflect a balance in that account. For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected actions relating to employee furloughs, health insurance, and the Injured Workers' Insurance Fund cost savings.

Issues

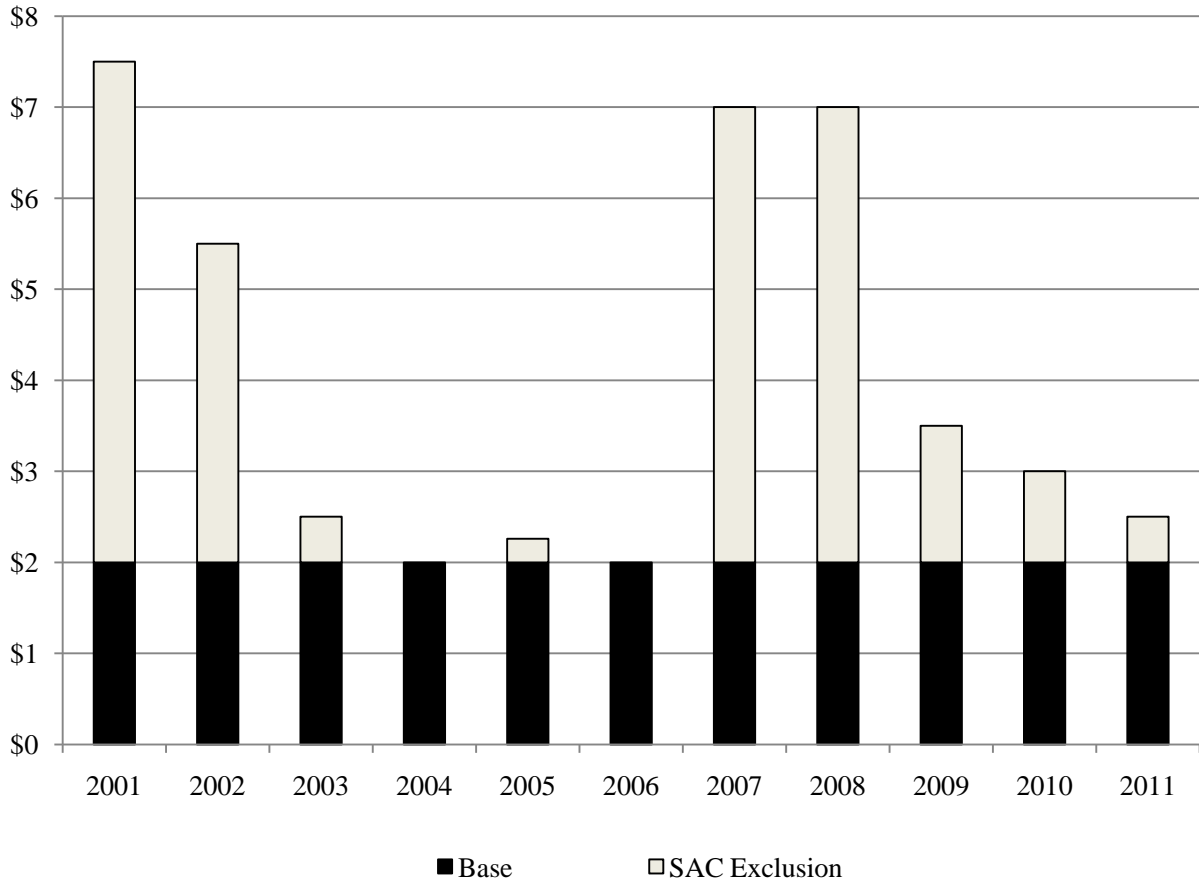
1. Facilities Maintenance and Renewal Program

Pursuant to Sections 4-407 and 4-408 of the State Finance and Procurement Article, the department is required to establish and supervise a comprehensive and continuing program of maintenance and repair of all public improvements. DGS' maintenance of State facilities efforts include both "critical maintenance" funded through the operating budget and "facilities renewal" funded through the capital budget. In recent years, budget shortfalls have caused the State to scale back on facilities maintenance and renewal funding. The lack of adequate funding has been a concern of the budget committees for many years as deferring critical maintenance eventually leads to increasing project costs and further deterioration of the State's assets.

Facility Maintenance Funding

Since 2000, operating spending by DGS on facilities maintenance projects above \$2.0 million has been excluded from the spending affordability calculation. Despite this exclusion, the Administration has only added \$22.8 million above the \$2.0 million exclusion since fiscal 2000 (see **Exhibit 7**). As shown in **Exhibits 8** and **9**, DGS reports growing critical maintenance and facilities renewal backlogs of \$37.2 million and \$97.0 million, respectively. It should also be noted that the critical maintenance backlog has been exacerbated by cost containment reductions that reduced the critical maintenance appropriation by \$500,000 in fiscal 2009 and 2010. The fiscal 2011 allowance for critical maintenance and facilities renewal is \$2.5 million and \$3.4 million, respectively.

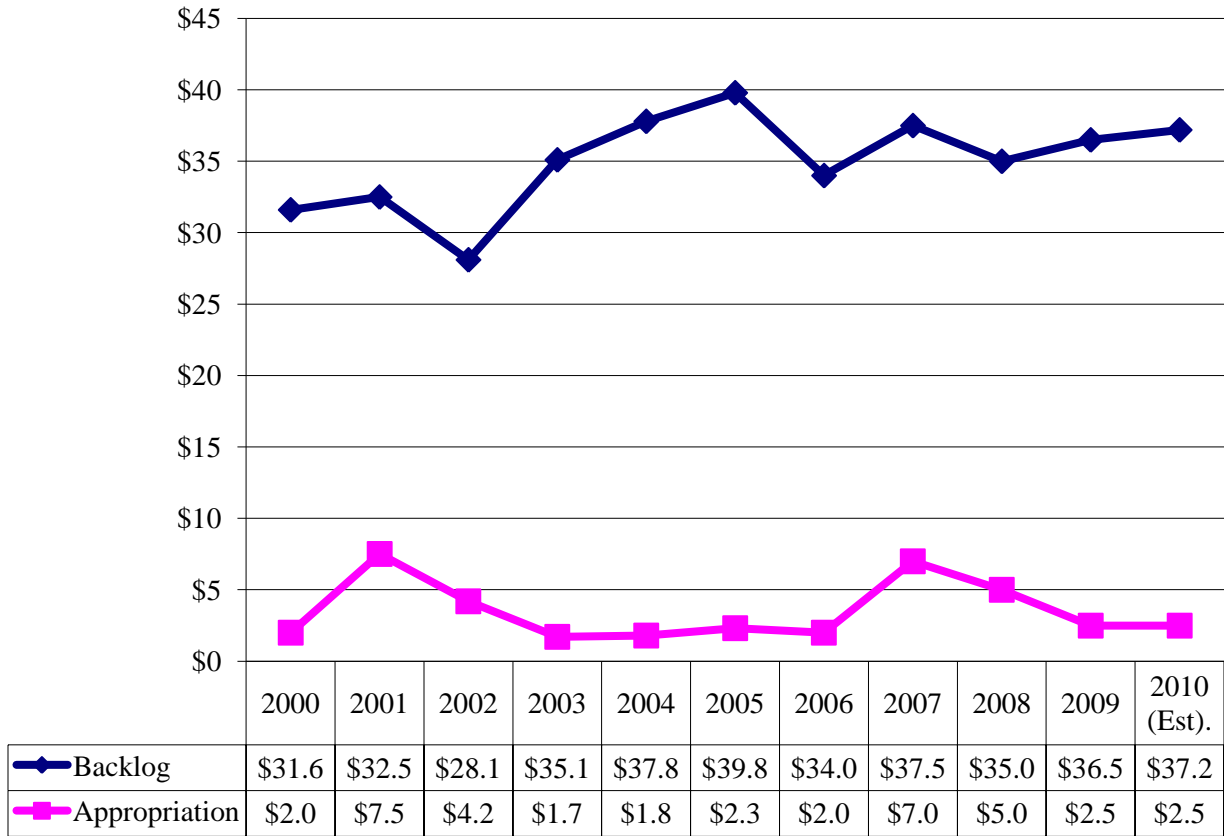
Exhibit 7
Spending Affordability Exclusion
Fiscal 2001-2011
(\$ in Millions)



SAC: Spending Affordability Committee

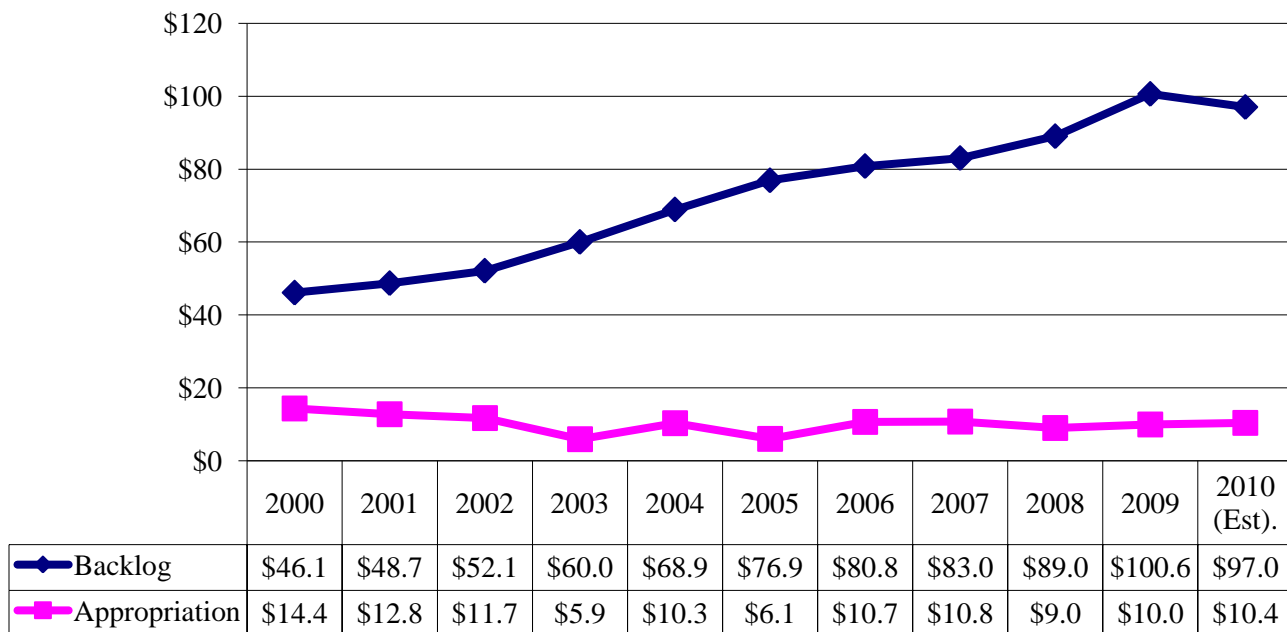
Source: Department of Legislative Services

Exhibit 8
Critical Maintenance Funding and Backlog
Fiscal 2000-2010
(\$ in Millions)



Source: Department of General Services

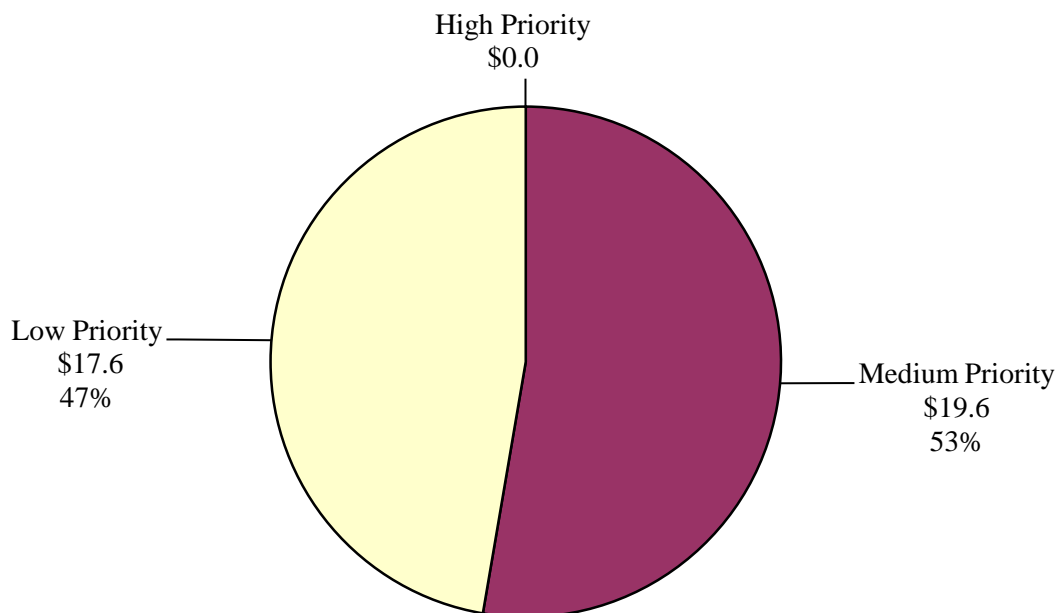
**Exhibit 9
Facilities Renewal Funding and Backlog
Fiscal 2000-2010
(\$ in Millions)**



Source: Department of General Services

Exhibit 10 provides further detail regarding the fiscal 2010 critical maintenance backlog for each classification of the department’s priority levels. As shown, approximately 53% of the critical maintenance backlog is classified as a medium level priority. Although these projects are considered to have a short-term impact on agencies’ mission capabilities, they are considered to have a high level of economic risk. **Appendix 4** provides a summary of the priority classification.

Exhibit 10
Fiscal 2010 Critical Maintenance Budget Request
(\$ in Millions)



<u>Priority Level</u>	<u>High</u>	<u>Medium</u>				<u>Low</u>			<u>Total</u>
	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>		
Estimate	\$0.0	\$0.0	\$0.7	\$18.9	\$11.7	\$2.2	\$3.7	\$37.2	
% of Total	0.0%	0.0%	1.7%	51.6%	32.2%	5.3%	9.9%	100.0%	
# of Projects	0	0	18	553	345	57	98	1,071	

Source: Department of General Services

Plan for Funding Maintenance

The 2009 *Joint Chairmen’s Report (JCR)* directed DGS to develop a plan for improving the State’s facility maintenance and renewal process, including a fee assessment mechanism for addressing the critical maintenance and facilities renewal backlogs. In December 2009, DGS submitted its report to the budget committees outlining its findings, summarized below.

Preventive Maintenance Operation Program

Prior to 1993, maintenance projects were generated by a DGS assessment team that thoroughly inspected all State facilities. The team was responsible for evaluating the facility maintenance program and the quality of the maintenance workflow. However, this program was eliminated in fiscal 1993 due to the State's fiscal crisis. Since that time, the department has utilized a Preventive Maintenance Operation (PMO) Program. Under this program, agencies are required to submit project justification reports to DGS annually. The PMO Program requires agencies to conduct their own assessments of facilities and equipment and to provide project justifications for items that need to be replaced. This information is then reviewed by DGS project managers, assigned a priority, and placed on an aggregate list of projects maintained by the department for future consideration. Critiques of the program include DGS' inability to make relative judgments about project priorities since it does not evaluate each project and that agency personnel are not always qualified to conduct such an assessment. DGS notes that agencies often submit incomplete reports which lead to poor maintenance tracking and identification and an increase in the number of emergency projects. In the absence of adequate assessment practices, it is virtually impossible to determine the true magnitude of the State's facilities maintenance backlog.

Facility Maintenance Staffing

DGS staff dedicated to both the critical maintenance and facilities renewal program totals 17 employees. The list of job duties for individual projects in many instances is similar to that of any large capital project and ranges from processing project requests, preparing architectural and engineering (A/E) bid packages, evaluating bid proposals, selection and procurement of A/E contracts, design review at various design development stages, review of construction contract bid documents and procurement of construction contractors, pre-construction meetings, project progression reports, evaluation of change order requests, inspection and determination of substantial completions, and various elements associated with project closeouts.

In addition to the department's critical maintenance and capital facilities renewal program, DGS staff also administers the Department of Natural Resources Program Open Space critical maintenance and capital development projects and the State's Asbestos Abatement and Underground Heating and Storage Tank Programs. Fourteen of the 17 positions are dedicated exclusively to project management, which results in a range of 14 to 30 projects per manager on an annual basis.

Fiscal 2010 Budgeted Staff Workload and Emergency Procurements

Based on prior experience, the department has noted that for each \$1.0 million of funding provided, the department is able to complete, on average, 30 critical maintenance projects and 3 facilities renewal projects. Fiscal 2010 funding for critical maintenance and facilities renewal projects totals \$2.5 million and \$10.4 million, respectively. Based on this level of funding, the budgeted workload for the critical maintenance and facilities renewal program is 72 and 31 projects, respectively.

While the average number of projects per manager ranges between 14 and 30 projects, emergency or unexpected projects also impact managers' workloads. Once approved by the Secretary of DGS, an emergency project requires the undivided attention of a project manager until completion, which often delays the completion of scheduled projects. According to the report, since fiscal 2007, the department has completed over 70 emergency projects totaling \$23.2 million.

Annual Funding Level Required to Reduce Facilities Maintenance and Renewal Backlogs

In determining the optimal amount of annual funding for critical maintenance and facilities renewal projects, the department reviewed facilities maintenance and renewal backlog data and annual funding amounts from fiscal 2003 through 2010. Based on this data, DGS determined that an annual appropriation of \$7 million would be required in order to address ongoing maintenance needs. In addition to this amount, an annual appropriation of \$3 million would be required to reduce the critical maintenance backlog down to a priority seven level in approximately seven years. With regard to facilities renewal projects, DGS reports that an annual appropriation of \$15 million would be sufficient to address ongoing facilities renewal projects. The department recommends that the State appropriate an additional \$6 million annually in an effort to reduce the facilities renewal backlog down to a priority eight level within approximately six years.

Based on current staffing levels, DGS reports that its staff could accommodate up to \$5 million in critical maintenance funding and \$15 million in facilities renewal funding. Additional staff would be required in the event that annual funding levels exceed these amounts. The fiscal 2011 allowance for critical maintenance and facilities renewal is \$2.5 million and \$3.4 million, respectively.

Backlog Reduction Strategies

In an effort to address the State's critical maintenance and facilities renewal needs, the department recommended the following alternatives:

- ***Establish an Independent Assessment Program:*** This alternative involves hiring a private facilities maintenance vendor to conduct a centralized assessment of the State's facilities. Although costly, this alternative has numerous benefits in that the State would have a computerized system with all of its facilities evaluated and a prioritized schedule from which the operating and capital budget requests could be prepared. DGS reports that this alternative would require an initial investment of \$8 million to \$10 million with annual system maintenance ranging between \$500,000 to \$1 million.
- ***Restore the DGS Assessment Team:*** This alternative would not only require the reinstatement of the assessment team but would also require that all DGS-managed facilities be inspected at least once every three years. According to DGS, restoring the assessment team would require eight additional maintenance engineers at a cost of approximately \$540,800.

- ***Establish a Dedicated Funding Source:*** This alternative entails adding a square foot assessment charge for critical maintenance to the current annual square footage rent calculation for each State-owned facility. Here, the goal would be to obtain, at a minimum, \$10 million annually to address ongoing critical maintenance and backlog needs. Similarly, for facilities renewal projects, the State should consider adding a surcharge to projects that are administered via the State’s general obligation bond program. The department recommends collecting at least \$21 million annually to fund planned projects and to address the backlog. In both instances, the annual surcharge would be reduced once the backlog has been reduced to a manageable level.

Draft Legislation

Although the JCR directed the department to prepare draft legislation establishing a fee assessment mechanism for addressing the critical maintenance and facilities renewal backlogs, DGS notes that the State’s critical maintenance and facilities renewal concerns can be addressed within the confines of the current budgetary structure. According to the report, proposing legislation would minimize the ability of DGS and the Department of Budget and Management to respond to the needs of the State in fiscally challenging times.

Budget Bill Language Recommended for Critical Maintenance Projects

DLS recommends that the State establish a dedicated funding source for critical and facilities maintenance. As previously mentioned, the State’s failure to provide adequate funding for its buildings and infrastructure has led to additional emergency procurements, growing maintenance and renewal backlogs, and increased pressure to seek out other, more costly alternatives such as public-private partnership financing.

The Department of Legislative Services recommends budget bill language restricting \$1 million until the department develops a proposal to add a square foot assessment charge for critical maintenance to the current annual square footage rent calculation for each State-owned facility beginning in fiscal 2012. At a minimum, the proposal should include a rental rate that would generate (1) \$10 million annually to address ongoing critical maintenance and backlog needs; (2) \$541,000 annually to restore the DGS assessment team; and (3) an amount to be determined by the department to initiate the purchase of a computerized maintenance management system. DLS also recommends that the budget committees add \$11.6 million to the general obligation bond program for facilities renewal projects in fiscal 2011.

2. Energy Conservation Efforts

Background

The State Building Energy Efficiency and Conservation Act of 2006 (Chapter 427 of 2006) required DGS and the Maryland Energy Administration (MEA) to develop energy use index and savings goals for every State agency. Chapter 427 of 2006 required that:

- DGS, in cooperation with MEA, set energy performance standards to reduce the average energy consumption in State buildings from the baseline fiscal 2005 level by 5% in fiscal 2009 and 10% in fiscal 2010;
- each agency conduct an analysis of the gas and electric consumption in each of the buildings under its jurisdiction and the cost of that consumption by December 31, 2007. The analysis was to be conducted under the direction of DGS and MEA and was to include an examination of methods to achieve energy cost savings; and
- each State agency upgrade its energy conservation plan, developed in consultation with DGS and MEA, to achieve the performance standards set by DGS no later than July 1, 2008.

Consistent with Chapter 427 objectives, Chapter 131 of 2008 established a State goal of achieving a 15% reduction in per capita electricity consumption and peak demand by the end of 2015. In an effort to comply with the objectives of Chapters 427 and 131, DGS reorganized its eight-person energy staff to create an Office of Energy Performance and Conservation. The office plans to reduce energy consumption in State facilities by focusing its efforts in four core areas: (1) facility upgrades; (2) a comprehensive electricity purchasing strategy; (3) renewable energy; and (4) the implementation of a new statewide utility database.

Facility Upgrades

Most of the State's energy-related facility upgrades are performed via an energy performance contract (EPC). An EPC is an agreement between the State and an Energy Service Company (ESCO) to make energy-efficient capital improvements. The type of energy saving upgrades typically made via an EPC include replacing or retrofitting boilers, furnaces, air conditioning units, windows, and lighting fixtures. EPCs, which are coordinated by DGS and financed through the State Treasurer's Office, typically consist of the following components: (1) an energy audit; (2) design; (3) construction; (4) maintenance; and (5) monitoring and verification.

Components one and two of an EPC include the selection of an ESCO by DGS from a list of pre-qualified ESCOs to perform an energy audit, technical study, and preliminary design to determine if retrofitting new capital equipment can provide energy savings. If a cost savings is projected, the project may be presented to the Board of Public Works for approval. If approved, the project will proceed to the construction phase where the ESCO selected will be required to implement the project; provide the funds necessary to cover the costs of the project; and guarantee the level of energy cost avoidance savings to be achieved through the financing period by the energy improvements. If the savings do not materialize, ESCOs are required to reimburse the State for any saving not achieved.

The department reports that there are currently 10 energy performance projects under construction with an additional 17 projects under development. The fiscal 2011 allowance includes approximately \$2.2 million for EPCs. **DGS should comment on its efforts to increase the use of EPCs. DGS should also comment on the department’s monitoring and verification of EPC cost savings.**

Electricity Purchasing Strategy

DGS has developed a statewide electricity purchasing strategy that encompasses all of State government, including the University System of Maryland. According to the department, approximately 70% of the State’s electricity load is managed via a portfolio manager. The manager is responsible for purchasing blocks of electricity throughout the year to supply the State with nearly one billion kilowatts of electricity annually over the next three fiscal years. The remaining 30% of the State’s electricity load will be purchased via a reverse energy auction. In a reverse auction, electricity suppliers place bids to satisfy the State’s energy needs. DGS anticipates that the aforementioned electricity purchasing strategy will leverage the State’s combined purchasing power resulting in cost savings to the State. **DGS should comment on the anticipated savings resulting from the statewide electricity purchasing strategy.**

Renewable Energy

One of the office’s newest initiatives pertains to renewable energy¹. In September 2008, BPW approved an indefinite quantity contract to develop and implement renewable energy project service, including solar, wind, and biomass. According to the department, the State plans to enter into long-term power purchasing agreements for renewable energy sources that would assist the State in reducing its consumption of fossil fuel energy. The department plans to assist other agencies such as the Maryland Port Administration in the coming months with developing request for proposals for renewable energy projects. **DGS should comment on the current status of its renewable energy efforts. DGS should also comment on the projected impact of this initiative on reducing energy consumption across the State.**

Utility Database

A key component of an effective energy consumption policy is the collection and analysis of energy usage data. In 2007, DGS assumed this responsibility and determined that the most cost-effective means to achieve timely, accurate, and complete data collection was to outsource the data collection to a vendor that specializes in providing a web-based utility data monitoring system. In November 2007, the Board of Public Works approved a multi-year utility management contract that would allow DGS to monitor State agency energy usage and costs. According to DGS, once fully implemented, the web-based database will enable the department to manage utility consumption, ensure the accuracy of utility billings, and implement energy reduction efforts for all State agencies.

¹ Renewable energy is energy that is generated from natural resources such as sunlight, wind, and rain.

The office reports that although the database is still incomplete, agencies now have the ability to monitor ongoing energy consumption and costs via the web-based system. To date, the database houses nearly 400,000 utility bills, covering approximately 15,000 utility accounts throughout the State. The office reports that the database is about 90% complete and that it is still in the process of reviewing the contents of the database to ensure that every billing account is assigned to the appropriate agency and facility for tracking purposes. Once all of the data has been entered, DGS reports that it will be able to assist agencies with developing energy conservation strategies and provide DLS and the budget committees with requested data regarding utility consumption and expenditures by agency.

It should be noted that while inputting electric utility data is currently the office's first priority, the office is also planning to include other utility types (*e.g.*, water, propane, and heating fuel) within the database. The fiscal 2011 allowance includes \$812,000 in contractual services for this purpose.

DLS recommends that DGS be prepared to provide the committees with an update on the implementation of the utility database, including any difficulties encountered with obtaining agency data.

3. Anticipated Cost Savings from Print Shop Consolidation Fail to Materialize

In the fall of 2008, as a cost containment measure, the State began consolidating print shop operations statewide under DGS. Since fiscal 2009, DGS' print shop workload has increased significantly, resulting in the need for an additional funding. As previously mentioned, the fiscal 2011 allowance includes additional funding for equipment, motor vehicle, and contractual employee expenditures (\$340,734). The fiscal 2011 allowance represents an increase of \$873,843, or 93%, as compared to fiscal 2008. By contrast, anticipated cost savings from the consolidation of print shop operations previously run by the Department of Labor, Licensing, and Regulation, the Department of Human Resources, and the Department of State Police total \$579,807. It should also be noted that the contractual increase of 15 full-time equivalent positions is equivalent to the number of positions abolished during the fiscal 2009 and 2010 cost containment efforts. Thus, the only savings resulting from the consolidation, if there were any, would be in the area of fringe benefits. **DGS should comment on the need for additional operating and contractual employee funding for its print shop operations.**

Recommended Actions

1. Add the following language:

Provided that a reduction of \$283,344 is made for employee turnover (comptroller subobject 0189). This reduction shall be allocated among the divisions according to the following fund types:

<u>Fund</u>	<u>Amount</u>
<u>General</u>	<u>\$273,766</u>
<u>Special</u>	<u>\$6,908</u>
<u>Federal</u>	<u>\$2,670</u>

Explanation: This action increases the Department of General Services’ fiscal 2011 turnover rate from 4.5% to 5.5%. The total reduction should be split as indicated above among general, special, and federal funds.

	<u>Amount Reduction</u>		<u>Position Reduction</u>
2. Delete 0.6 new contractual full-time equivalent positions in the Executive Direction Program. This action will continue cost containment measures taken by the Board of Public Works.	\$ 34,026	GF	
3. Delete three long-term vacancies in the Office of the Facilities Security. The number of thefts at Department of General Services managed facilities has continued to trend downward.	206,353	GF	3.0
<ul style="list-style-type: none"> • administrator II (position number 0766455) • program manager IV (position number 005975) • police officer manager (position number 006020) 			

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|----|---|--------|----|
| 4. | Reduce allowance for cell phone expenditures based on the fiscal 2010 working appropriation plus inflation. The department should reprioritize the issuance of cell phones and blackberries amongst its employees. This reduction shall be allocated among the divisions. | 9,000 | GF |
| 5. | Reduce allowance for janitorial services based on fiscal 2009 actual expenditures plus inflation. The department should continue to identify ways to limit the amount of janitorial expenses. | 80,000 | GF |
| 6. | Delete 2.5 new contractual full-time equivalent positions. The department has yet to identify the nature of these positions. | 72,600 | SF |
| 7. | Add the following language to the general fund appropriation: | | |

Further provided that \$1,000,000 of this appropriation made for the purpose of facilities planning, design, and construction may not be expended until the Department of General Services (DGS) submits a report to the budget committees outlining a proposal to fund critical maintenance projects. The report shall include a proposal to add a square foot assessment charge for critical maintenance to the current annual square footage rent calculation for each State-owned facility beginning in fiscal 2012. For critical maintenance projects, the proposal shall include a rental rate that would generate:

- (1) \$10 million annually to address ongoing critical maintenance and backlog needs;
- (2) \$541,000 annually to restore the DGS assessment team; and
- (3) an amount to be determined by DGS to initiate the purchase of a computerized maintenance management system.

The report shall be submitted by November 1, 2010, and the budget committees shall have 45 days to review and comment. Funds restricted pending the receipt of the report may not be transferred by budget amendment or otherwise to any other purpose, and shall revert to the general fund in the report is not submitted to the budget committees.

Explanation: The budget committees are concerned that the demand for State facility maintenance and renewal funding far exceeds the State’s capacity under the current funding structure to adequately support these programs and ensure that the State’s assets are properly maintained. This language restricts the expenditure of funds until the Department of General Services (DGS) develops a proposal to fund critical maintenance and facilities renewal projects. The proposal shall entail adding a square foot assessment charge to the current annual square footage rent calculation for each State-owned facility beginning in fiscal 2012.

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The Department of Legislative Services also recommends that the budget committees add \$11.6 million to the general obligation bond program for facilities renewal projects in fiscal 2011.

Information Request	Author	Due Date	
Facility maintenance funding proposal	DGS	November 1, 2010	
Total Reductions		\$ 401,979	3.0
Total General Fund Reductions		\$ 329,379	
Total Special Fund Reductions		\$ 72,600	

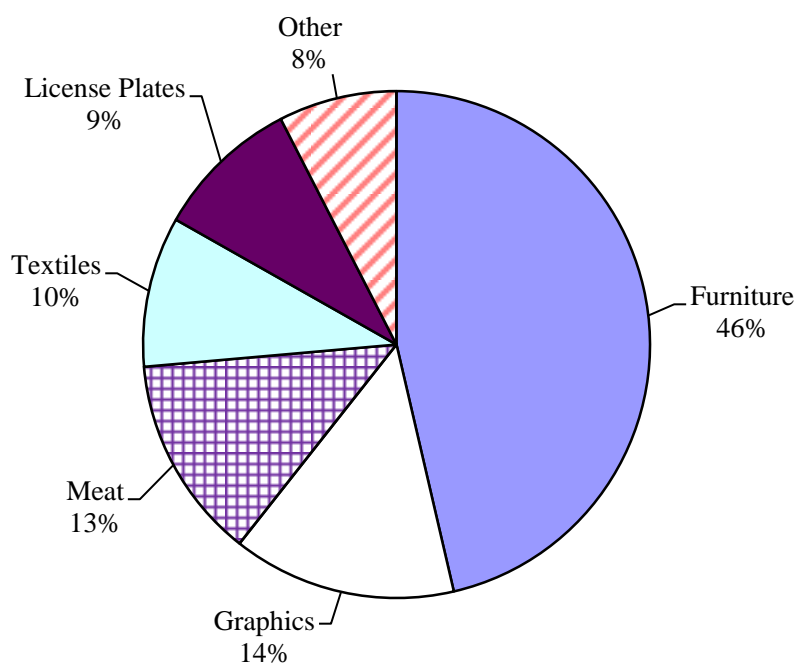
Updates

1. Report on Maryland Correctional Enterprises and Blind Industries and Services of Maryland Procurement Activities

The 2008 JCR directed DGS to utilize Maryland Correctional Enterprises (MCE) and Blind Industries and Services of Maryland (BISM) for as much of its procurement needs as possible. DGS was also required to submit a report on its procurement activities for fiscal 2008, and if applicable, an explanation as to why MCE and BISM were not used in certain procurements.

According to the report, fiscal 2009 sales for MCE and BISM totaled \$52.9 million and \$6.4 million, respectively. As shown in **Exhibit 11**, approximately 46%, or \$24.5 million, of MCE's sales involved furniture. As shown in **Exhibit 12**, approximately 58%, or \$3.7 million, of BISM's sales involved trash liners and toiletry products.

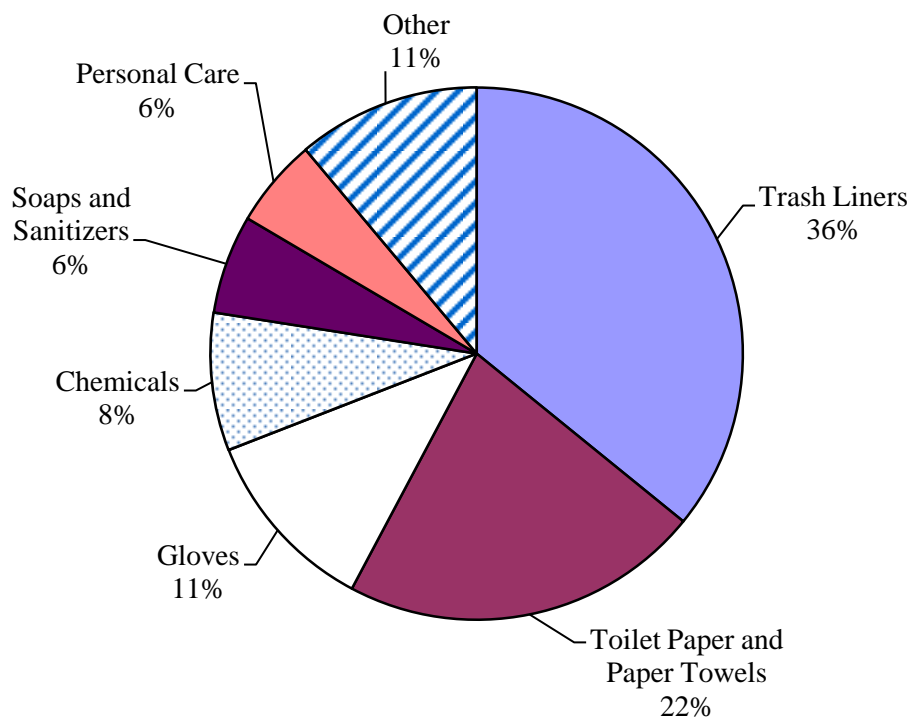
Exhibit 11
Maryland Correctional Enterprises
Percentage Distribution of Sales by Category
Fiscal 2009



“Other” constitutes brushes, handles, dust pans, picture frames, corrugated cartons, as well as services such as data entry and mail distribution.

Source: Department of General Services

Exhibit 12
Blind Industries Services of Maryland
Percentage Distribution of Sales by Category
Fiscal 2009



“Other” constitutes laundry, mops, textiles, floor pads, paper, pads, and air fresheners.

Source: Department of General Services

According to the report, DGS used BISM for all of BISM’s offerings. However, the department noted that certain small procurements may have been inappropriately purchased by individual agencies under their independent procurement authority. Generally, agencies have the autonomy to procure commodities that cost less than \$25,000 without consultation by the department. According to the department, each agency is required to obtain a waiver from MCE for all product offerings that are made by MCE but purchased from another vendor. According to the report, MCE waivers for goods not purchased from MCE totaled approximately \$3.9 million in fiscal 2009. With regard to BISM items, the department was unable to ascertain whether BISM was used for all of its available offerings. According to the department, BISM was unable to provide this information and currently, eMaryland Marketplace is unable to provide this type of data.

Current and Prior Year Budgets

Current and Prior Year Budgets Department of General Services (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2009					
Legislative Appropriation	\$58,697	\$1,204	\$961	\$30,371	\$91,233
Deficiency Appropriation	1,722	0	0	0	1,722
Budget Amendments	1,098	287	0	1,482	2,867
Cost Containment	-6,233	-9	-3	0	-6,245
Reversions and Cancellations	0	-299	0	-1,826	-2,125
Actual Expenditures	\$55,284	\$1,183	\$958	\$30,027	\$87,452
Fiscal 2010					
Legislative Appropriation	\$59,174	\$2,605	\$1,002	\$29,937	\$92,718
Cost Containment	-7,890	-62	0	0	-7,952
Budget Amendments	0	0	0	2,520	2,520
Working Appropriation	\$51,284	\$2,543	\$1,002	\$32,457	\$87,286

Note: Numbers may not sum to total due to rounding.

Fiscal 2009

In fiscal 2009, the total budget for the Department of General Services decreased by \$3.8 million. The general fund appropriation decreased by a net \$3.4 million due to a \$2.8 million increase in funding and a \$6.2 million reduction in expenditures due to cost containment actions taken by BPW.

The general fund appropriation increased by \$2.8 million due to the following:

- a deficiency appropriation for utility and contractual services expenditures (\$1.7 million);
- a \$649,000 cost-of-living adjustment (COLA) that was centrally budgeted in the Department of Budget and Management;
- a salary reclassification for DGS engineers (\$342,000);
- an increase in funding for Annapolis garage rent (\$148,000); and
- a reduction in telecommunications expenditures due to a realignment of statewide communications expenses (\$40,000).

The general fund appropriation decreased by \$6.2 million due to the following cost containment actions:

- the abolition of 46 vacant police officer, maintenance, and administrative positions (\$2.1 million);
- across-the-board reductions in areas such as health insurance, travel, and Other Post Employment Benefits (\$1 million);
- a reduction in energy performance contract expenditures (\$922,000) as well as personnel expenditures within the Energy Services Division (\$100,000) due to the receipt of Regional Greenhouse Initiative funding;
- a reduction in personnel expenditures achieved by holding positions vacant and the implementation of employee furloughs (\$964,000);
- a reduction in funding for janitorial service contracts at State facilities (\$600,000); and
- a reduction in critical maintenance funds for statewide facilities (\$500,000).

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The special fund appropriation increased by \$287,000. This increase was due to (1) an increase in funding for facility equipment and improvements at the Annapolis and Crownsville facilities (\$175,000); (2) an increase in funding for personnel expenses financed with Regional Greenhouse Initiative funds (\$100,000); and (3) a COLA (\$11,602). The special fund appropriation decreased by \$9,170 due to cost containment actions taken by BPW. Cost savings were achieved by implementing employee furloughs and reducing health insurance expenditures. Lastly, there was a special fund cancellation of \$299,205 due to the closure of the surplus property warehouse.

The department's federal fund appropriation decreased by \$3,095 due to an across-the-board reduction in health insurance.

The department's reimbursable fund appropriation increased by \$1.5 million above the fiscal 2009 legislative appropriation. This increase was due to an October 2008 cost containment action that consolidated several of the State's print shop operations under DGS. Additionally, there was a reimbursable fund cancellation of approximately \$1.8 million. The cancellation was primarily due to less than expected rental income and an overestimate of debt and administrative payments for the Hyattsville, Towson, St. Mary's, and Calvert County multi-service centers.

Fiscal 2010

The fiscal 2010 total budget for the department decreased by a net \$5.4 million. The general fund appropriation decreased by approximately \$7.9 million due to the following cost containment actions:

- a \$2.1 million reduction in personnel expenditures achieved by abolishing positions, holding positions vacant, and implementing employee furloughs;
- across-the-board reductions in areas such as telecommunications, travel, motor vehicle, and electricity expenditures (\$1,704,373);
- a reduction in utility expenses due to anticipated savings from energy conservation efforts and performance contracts (\$1,315,245);
- a reduction in janitorial, landscaping, and building maintenance expenditures at State facilities (\$985,766);
- a reduction in critical maintenance funding for statewide facilities (\$500,000);
- a delay in the replacement of motor vehicles, security identification software, police uniforms, and the preparation of the Annapolis Region Master Plan (\$494,193);
- a reduction in various operating and equipment expenses (\$375,560);

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- a fund swap, which allowed the department to use both reimbursable and special funds in lieu of general funds to finance operational expenditures associated with GovDeals as well as a management level position within the department's print shop (\$197,744);
- a reduction in funding for Navy Stadium Lot parking and the Annapolis shuttle service (\$164,900); and
- a reduction in contractual services budgeted for public school construction reviews in anticipation of a grant from the Interagency Committee on School Construction (\$100,000).

The special fund appropriation decreased by \$62,049 due to employee furloughs and the abolition of a program manager.

Lastly, the reimbursable fund appropriation increased by \$2,519,890 due to the following:

- additional funding received by the department as a result of cost containment actions that consolidated several of the State's print shop operations under DGS (\$828,355);
- additional contractual services and contractual employee funding for expenditures related to the implementation of the statewide utility database and energy financing and project management (\$282,063);
- increased facilities operations and maintenance costs at the St. Mary's County Office Building (\$467,481);
- an increase in funding for reimbursable lease management (\$762,915);
- the receipt of grant funds from the Governor's Office of Crime Control and Prevention for body armor and license plate readers (\$51,488); and
- the receipt of grant funds from the State of Maryland Interagency Committee on School Construction for costs associated with the technical design and review of public school construction projects (\$127,588).

**Object/Fund Difference Report
Department of General Services**

<u>Object/Fund</u>	<u>FY09 Actual</u>	<u>FY10 Working Appropriation</u>	<u>FY11 Allowance</u>	<u>FY10 - FY11 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	611.00	593.00	593.00	0	0%
02 Contractual	14.94	27.25	45.05	17.80	65.3%
Total Positions	625.94	620.25	638.05	17.80	2.9%
Objects					
01 Salaries and Wages	\$ 38,870,668	\$ 38,026,630	\$ 41,845,804	\$ 3,819,174	10.0%
02 Technical and Spec. Fees	739,653	1,518,811	1,729,732	210,921	13.9%
03 Communication	1,035,914	1,167,984	1,097,198	-70,786	-6.1%
04 Travel	31,334	40,893	9,103	-31,790	-77.7%
06 Fuel and Utilities	15,801,250	17,126,513	16,124,374	-1,002,139	-5.9%
07 Motor Vehicles	850,214	828,830	722,030	-106,800	-12.9%
08 Contractual Services	16,984,613	17,046,968	16,892,633	-154,335	-0.9%
09 Supplies and Materials	1,387,061	1,056,479	1,277,430	220,951	20.9%
10 Equipment – Replacement	280,992	133,555	45,390	-88,165	-66.0%
11 Equipment – Additional	105,480	86,236	0	-86,236	-100.0%
12 Grants, Subsidies, and Contributions	367,000	367,000	367,000	0	0%
13 Fixed Charges	3,768,959	4,074,013	3,805,909	-268,104	-6.6%
14 Land and Structures	7,227,273	5,811,560	5,813,995	2,435	0%
Total Objects	\$ 87,450,411	\$ 87,285,472	\$ 89,730,598	\$ 2,445,126	2.8%
Funds					
01 General Fund	\$ 55,283,775	\$ 51,283,674	\$ 54,466,390	\$ 3,182,716	6.2%
03 Special Fund	1,182,190	2,543,444	3,798,776	1,255,332	49.4%
05 Federal Fund	957,535	1,001,837	1,035,381	33,544	3.3%
09 Reimbursable Fund	30,026,911	32,456,517	30,430,051	-2,026,466	-6.2%
Total Funds	\$ 87,450,411	\$ 87,285,472	\$ 89,730,598	\$ 2,445,126	2.8%

Note: The fiscal 2010 appropriation does not include deficiencies.

**Fiscal Summary
Department of General Services**

<u>Program/Unit</u>	<u>FY09 Actual</u>	<u>FY10 Wrk Approp</u>	<u>FY11 Allowance</u>	<u>Change</u>	<u>FY10 - FY11 % Change</u>
01 Executive Direction	\$ 1,560,214	\$ 1,489,734	\$ 1,511,698	\$ 21,964	1.5%
02 Administration	2,932,682	3,016,558	3,500,557	483,999	16.0%
01 Facilities Security	11,758,897	11,897,903	12,037,428	139,525	1.2%
01 Facilities Operation and Maintenance	40,473,293	41,824,171	43,611,886	1,787,715	4.3%
04 Saratoga State Center – Capital Appropriation	100,000	100,000	100,000	0	0%
05 Reimbursable Lease Management	7,723,307	6,309,232	5,616,122	-693,110	-11.0%
07 Parking Facilities	1,692,866	1,833,890	1,749,866	-84,024	-4.6%
01 Procurement and Logistics	7,515,305	7,223,229	7,747,701	524,472	7.3%
01 Real Estate Management	2,406,358	2,397,791	2,527,814	130,023	5.4%
01 Facilities Planning, Design and Construction	11,287,489	11,192,964	11,327,526	134,562	1.2%
Total Expenditures	\$ 87,450,411	\$ 87,285,472	\$ 89,730,598	\$ 2,445,126	2.8%
General Fund	\$ 55,283,775	\$ 51,283,674	\$ 54,466,390	\$ 3,182,716	6.2%
Special Fund	1,182,190	2,543,444	3,798,776	1,255,332	49.4%
Federal Fund	957,535	1,001,837	1,035,381	33,544	3.3%
Total Appropriations	\$ 57,423,500	\$ 54,828,955	\$ 59,300,547	\$ 4,471,592	8.2%
Reimbursable Fund	\$ 30,026,911	\$ 32,456,517	\$ 30,430,051	-\$ 2,026,466	-6.2%
Total Funds	\$ 87,450,411	\$ 87,285,472	\$ 89,730,598	\$ 2,445,126	2.8%

Note: The fiscal 2010 appropriation does not include deficiencies.

Priority Classes

The prioritization process used by the Department of General Services attempts to identify the consequences of not funding projects based on the following priority classification:

Highest Level: Serious prolonged impact of facility mission:

1. High risk of litigation from failure to provide a mandated service.
2. High risk of cessation of a mandated service.
3. High risk of reduction of a mandated service.

Mid Level: Short-term impact on mission capability but very high level of economic risk:

4. Fineable code violations, serious life safety issues.
5. Destruction of related assets.
6. Accelerated deterioration of the asset, end of normal life expectancy.

Low Level: No impact on mission capability and low economic risk associated with:

7. Restoring an asset to its design effectiveness.
8. Restoring an asset to design efficiency.
9. Improving an asset above its original design effectiveness.