

**MINUTES OF THE
JOINT CAPITAL FACILITIES & GOVERNMENT OPERATIONS
APPROPRIATIONS SUBCOMMITTEE MEETING
THURSDAY, SEPTEMBER 25, 2008, 9:30 A.M.
Room 450 State Capitol**

Members Present: Sen. Scott K. Jenkins, Committee Co-Chair
Rep. Kevin Garn, Committee Co-Chair
Sen. Mike Dmitrich
Sen. Darin Peterson
Rep. DeMar “Bud” Bowman
Rep. Rebecca Chavez-Houck
Rep. Janice M. Fisher
Rep. Fred R. Hunsaker
Rep. Gordon Snow
Rep. Brian Monsen
Rep. Bradley A. Winn

Members Excused: Rep. Stephen Clark

Members Absent: Sen. Sheldon Killpack

Staff Present: Steven Allred, Fiscal Analyst
Richard Amon, Fiscal Analyst
Mary Andrus, Committee Secretary

Public Speakers Present: Kim Hood, Executive Director, Department of Administrative Services
John Reidhead, Director/CFO, DAS, Finance
Margaret Chambers, Director, Fleet Operations
Gregg Buxton, Director, DFCM
Kent Beers, Asst. Director, DFCM
Dave Hart, Capitol Preservation Board
Jean Mills-Barber, Deputy Director, DHRM
Robert Thompson, Director, CSRB
Steve Fletcher, Executive Director, DTS
Dennis Goreham, DTS

A list of visitors and a copy of handouts are filed with the Subcommittee minutes.

Co-Chair Jenkins called the meeting to order at 10:55 a.m.
Representative Brian Monsen was introduced by Co-Chair Jenkins.

1. Approval of Minutes

MOTION: Representative Fred Hunsaker moved to approve the minutes of the February 7, 2008 meeting.

The motion passed unanimously with Sen. Killpack and Rep. S. Clark absent at the time of the voting.

2. Capital Facilities and Government Operations Agency Budgets Handouts

Steven Allred, LFA, reviewed the handouts, "History of Capital Budget Line Items," "Legislatively Approved Capital Budget - 2008 Session," and "Potential Budget Adjustments in Capital Budget," with the committee.

Richard Amon, LFA, reviewed the first page of the handout dealing with the five agencies that are part of this committee: Department of Administrative Services, Capitol Preservation Board, Department of Human Resource Management, Career Service Review Board, and Department of Technology Services. He also went over the handouts, "Capital Facilities and Government Operations Previous Years' Building Blocks" and "3% Agency Budget Reductions."

3. Administrative Services

Kim Hood, Administrative Director Department of Administrative Services, addressed the committee and expressed appreciation to the committee for addressing these issues early. The 3% cuts presented today are primarily in current expense, travel and data processing.

Rep. Winn asked if the cuts would hamper keeping people employed and wondered if it would be wiser to make keeping people a priority. Director Hood responded that the 3% cut would be across the board by division.

Rep. Garn remarked that with the 3% cut the elimination of 2 FTE's would be positions that are not yet filled. Dir. Hood responded that a 4% cut would mean one more job would be cut that has not been filled yet.

John Reidhead, Director/CFO, DAS, Finance, addressed the committee. He expressed that the department is trying to manage overtime and cut back on incentives, travel, and current expenses.

Rep. Hunsaker asked whether the 3% turnover savings, DFCM administration and purchasing were one-time. Mr. Reidhead replied that there is a little turnover savings for this year. DFCM will cut a project manager. Purchasing will be hurt the worst.

Rep. Snow asked if Mr. Reidhead would address the additional 1% cut. Mr. Reidhead responded that they have not finalized the 4% level. They would have that information this afternoon.

Senator Jenkins asked about the 12,000 hours of DAS overtime mentioned and wondered if hiring more employees would be more cost effective. Dir. Hood reported that with budget cuts, efficiency could go down. Sen. Jenkins suggested that during the next legislative session, the department could come up with a proposal that would allow for more employees while keeping the budget the same. Rep. Snow asked if the new 4-day work week would increase the overtime. Dir. Hood reported that the 4/10's can be more efficient in some areas, especially in construction sites.

Rep. Hunsaker asked if the non-lapsing balance of \$5.4 million is a combination of all administrative services. Mr. Reidhead reported that it was just the Division of Finance. Their total budget is around \$12 million. There are no major projects planned with non-lapsing balances as of now. Some purchases and projects might have to be delayed. Rep. Garn suggested that they look at the list of projects to decide which have the most priority and give the committee a number and let the committee present them to the Legislature.

Mr. Reidhead proposed that they keep money for a vehicle for DFCM and take \$21,000 out of the Executive Director's Office.

Senator Peterson asked for an update on \$1.3 million allocated for the purchase of hybrid vehicles and whether this was one time money. Margaret Chambers, Lead Operations Director, reported that it was one time money and all of the vehicles have been ordered.

4. Division of Facilities Construction and Management (DFCM)

D. Gregg Buxton, Director, Division of Facilities Construction Management, addressed the committee. Rep. Winn asked what the division preference would be if given a choice of taking a 4% cut now, or 3% cut now and a 1% cut later. Mr. Buxton stated that the division will be losing an FTE through this process. Rep. Hunsaker asked about the reduction in ARI and what is our deferred maintenance. Kent Beers, Assistant Director, DFCM, reported that right now the deferred maintenance is about \$1.4 billion over the next 10 years; \$550 million for the current year. No life safety projects will go unfunded.

Rep. Chavez-Houck asked if delaying projects would increase costs. Mr. Beers responded that with a delay of from 2 to 6 month the current inflation factor is around 10%. There will be some inflation associated with the delay.

Mr. Beers addressed the \$500,000 appropriated last year for the Multi Agency Office Building. DEQ is now in the other half of the building along with DHS. It will take \$2.5 million to complete the shelled space in the building. He suggested that if the \$500,000 is needed to balance budget, it is available. If it is used, that would mean that to complete the shelled space in the building \$3 million would be needed. He asked for guidance from the committee.

5. Capitol Preservation Board

David Hart, Executive Director, Capitol Preservation Board, addressed the committee. The board is in agreement with the 3% cut. They will cut back in some of the custodial and utility areas, wireless systems, and the audio systems. Concerning the 4% cut, they would like to have that ability to determine those cuts. He is concerned about making cuts from the dining services. He believes they can meet the 4% cut from the maintenance area and some from the dining area.

6. Department of Human Resource Management

Jean Mills-Barber, Deputy Director, Department of Human Resource Management, spoke before the committee. The cuts the department will be making will come from their current expenses. The reductions will be in the amount of \$114,700, which will represent the 3% reduction. The reductions will come from the areas of educational reimbursement, travel, office supplies, and cash and non-cash rewards. The additional 1% would come from personnel. They might be able to do it from current expenses.

7. Career Service Review Board

Robert Thompson, Administrator, Career Service Review Board, spoke to the committee. He represents a 2 person office. The majority of the budget goes for salary in this office. About \$30,000 is appropriated for hearing officers. \$5,000 has been appropriated for training of hearing officers. This money can be deferred if necessary.

Rep. Winn asked if there are personnel changes, will there be legal problems involved. Mr. Thompson reported that when a department goes through a reduction in force due to budget cuts it is easier than determining termination for cause. All of these departments represented today have the same procedure.

8. Department of Technology Services

Stephen Fletcher, Executive Director, DTS, spoke to the committee. DTS has two units that are

appropriated: the CIO's office and the Office of AGRC. The CIO's office is a small office. The 3% cut will be taken out of current expenses. That will reduce the educational benefits and training. Another 4% would be taken out of current expenses.

Dennis Goreham reported that AGRC is a mixture of appropriated funds and internal service funds. The 3% will be absorbed from the appropriated side.

Co-Chair Jenkins directed the committee to come back this afternoon to hear motions. Rep. Garn stated that the Legislature is going in the direction of the 4% cut.

MOTION: On motion of Rep. Winn, the committee recessed until 2:30 p.m.

AFTERNOON SESSION

Co-Chair Jenkins called the meeting to order at 2:45 p.m.
Co-Chair Jenkins entertained the following motions from Co-Chair Garn:

MOTION:

Rep. Garn moved that the committee approve the 3% agency budget reductions as contained in the sheet entitled "3% Agency Budget Reductions" found in the subcommittee packet.

The motion passed unanimously.

MOTION:

Rep. Garn moved that the committee approve the one time budget reductions as contained in the sheet entitled "3% Agency Budget Reductions" under the heading "One time Nonlapsing Balance Reductions - LFA Analyst Recommendation" found in the subcommittee packet with the following exception:

- that the \$21,000 reduction to the DFCM Administration line item for a vehicle associated with the project manager position be deleted and that a \$21,000 reduction be made instead to the Executive Director line item in Administrative Services in the Parental Defense program.

The motion passed unanimously.

MOTION:

Rep. Garn moved that the committee approve the budget adjustments as contained in the sheet entitled "Potential Budget Adjustments in Capital Budget" found in the subcommittee with the following exception:

- that the \$500,000 increase to the Project Reserve Fund be deleted and that the \$500,000 increase to the Contingency Reserve Fund be instead increased to \$1,000,000.

The motion passed unanimously.

MOTION:

Rep. Garn moved that the committee approve the additional 1% agency budget reductions as contained in the sheet “Additional 1% LFA Analyst Recommendation” found in the subcommittee packet.

- Note that the \$12,000 reduction to Human Resource Management should be labeled “1% reduction in Current Expense” rather than “1% reduction in Personnel.”

The motion passed unanimously.

Rep. Fisher asked that a copy of the changes to agency budgets be available to the committee.

Co-Chair Jenkins adjourned the meeting at 2:50 p.m.

The minutes were reported by Mary Andrus.

Sen. Scott K. Jenkins
Committee Co-Chair

Rep. Kevin Garn
Committee Co-Chair