

**CORRECTED MINUTES OF THE  
JOINT INFRASTRUCTURE AND GENERAL GOVERNMENT  
APPROPRIATIONS SUBCOMMITTEE MEETING  
TUESDAY, JANUARY 28, 2011, 8:00 A.M.  
Room 445, State Capitol**

Members Present: Sen. Stuart Adams, Co-Chair  
Rep. Gage Froerer, Co-Chair  
Sen. Lyle Hillyard  
Sen. David Hinkins  
Sen. Mark Madsen  
Sen. Karen Mayne  
Sen. Kevin Van Tassell  
Rep. Derek Brown  
Rep. David Butterfield  
Rep. Fred Cox

Rep. Janice Fisher  
Rep. Lynn Hemingway  
Rep. Neal Hendrickson  
Rep. Patrick Painter  
Rep. Evan Vickers

Members Excused: Rep. Carl Wimmer, House Vice-Chair  
Rep. Wayne Harper

Members Absent: Rep. Brad Dee

Staff Present: Mark Bleazard, Legislative Fiscal Analyst  
Gary Ricks, Legislative Fiscal Analyst  
Richard Amon, Legislative Fiscal Analyst  
Karen C. Allred, Secretary

Public Speakers Present: Patricia Smith-Mansfield, State Archivist, State Archives  
Steve Fletcher, Executive Director, Department of Technology  
Services (DTS)  
Kent Beers, Director, State Purchasing and General Services  
John Reidhead, Director of Finance, Department of Administrative  
Services (DAS)  
Sam Lee, Division Director, Fleet, DAS  
Tani Downing, Director, Risk Management  
Brian Spencer, Business Administration Manager, Risk Management  
Gregg Buxton, Director, Division of Facilities Construction  
Management (DFCM)  
Bruce Whittington, Assistant Director, DFCM  
Kent Peterson, Chief Operating Officer, Department of Technology  
Services

John Njord, Executive Director, Utah Department of Transportation  
Carlos Baceras, Deputy Director, Utah Department of Transportation

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

Co-Chair Froerer called the meeting to order at 8:04 A.M.

1. Call to Order/Approval of Minutes

There were no minutes to approve.

2. Federal Funds Review

Gary Ricks, Legislative Fiscal Analyst, explained to the subcommittee that there are two items the subcommittee needs to act on before the preparation of the Base Budget Bill. The two items are the Federal Funds for Agencies and the Internal Services Funds for the Department of Administrative Services and Department of Technology Services. The Department of Transportation is exempt from reporting federal funds for approval.

Rep. Hendrickson asked if fees were going to be included in the action for the base budget. Mr. Ricks said that fees are not included in the Base Budget Bill, but are in a subsequent appropriation act.

Rep. Cox asked if there is clarification in the information or the presentation that identifies why and for what federal funds are being used. Mr. Ricks replied that the presenters will discuss federal funds and be available to answer questions.

a. **Department of Administrative Services.** Kim Hood, Director, Department of Administrative Services (DAS) replied that DAS receives federal funds for the Archives only, and introduced Patricia Smith-Mansfield, State Archivist, Division of State Archives. Ms. Smith-Mansfield explained the federal grants that the Archives receives. The Microfiche Backlog Processing Grant was applied for and awarded. This grant is matched with volunteer time. The ARRA grant was awarded and has a match from local government. Archives has two grants with partnerships, one is with other regional partners and the other is with Arizona and other consortium participants.

b. **Dept. of Technology Services.** Steve Fletcher, Executive Director, Department of Technology Services (DTS) reported that there are \$750,000 from federal government used for AGRC. This is specifically targeted to build the data base and to collaborate with counties to help counties with mapping.

Co-Chair Froerer asked how the data is collected. Mr. Fletcher said it is collected at the county level and agencies collaborate together and pool the money for a fly over, collect information from an ariel view, anchor the information and use it to look at land plots and roads.

Rep. Hemingway asked how often this information updated. Mr. Fletcher said that the information is kept for the data base, and is very accurate, accurate up to 6 inches. AGRC is working on getting it more finite. Rep. Hemingway commented that blue stakes uses this, and asked if it could be used for public safety. Mr. Fletcher said that it is used to look at public lands, roads, and many other purposes and could be used for public safety.

Rep. Fisher commented on how very important and wonderful this program is, and that it uses an extremely talented pilot and grafting person.

Mr. Fletcher said Utah is a leader in this and there is very, very accurate data, the data is one of the best in the nation. This is provided as a service for any one who would like it.

### 3. **Internal Service Funds Review**

Gary Ricks directed the subcommittee to the information behind tab 2 in the budget books. The Base Budget Bill includes information on Internal Service Funds (ISF), Administrative Services and Technology Services. The internal funds that need to be reviewed by the subcommittee are the budgeted FTE amounts, Authorized Capital Outlay and Annual Revenue.

a. **Department of Administrative Services.** Ms. Hood said that the a representative of the individual departments will be discussing the Internal Service Funds in their departments. A handout was distributed showing the breakdown of the DAS departments and services.

Kent Beers, Director, State Purchasing and General Services, explained that ISF are budgeted for State Mail Services, State Printing, Cooperative Contracting which is in stage 1 of transitioning state purchasing into an internal service fund, and State Surplus Property. Last August the operation of Surplus Property was transferred from Fleet Services to Purchasing and General Services.

Co-Chair Froerer asked if the 62.5 FTE's shown in Purchasing includes the additional 6 shown in the totals for DAS. Mr. Beers responded that the additional 6 are shown in Fleet Operations. Six FTE's should be added to Purchasing and subtracted from Fleet on the handout that the subcommittee has.

John Reidhead, Director of Finance, DAS explained that because of internal reorganizations things are being discussed as they are today, but the Base Budget shows funding before the reorganizations. Mr. Reidhead said line items in the base budget will be shifting, but the total will the same. Mr. Ricks explained that the agency will request to make shifts in future meetings, but today the subcommittee needs to establish a base budget. His opinion is that it would be inappropriate to make the changes now.

Sam Lee, Division Director, Fleet Operations, explained that there are three programs in Fleet Operations. The largest is the Motor Pool program, which own and maintain 4,400 vehicles for the State. The State Fuel Network program owns and maintains a network of

fuel sites throughout the state, and runs the gas card program which allows agencies to purchase fuel. The State Travel program budgets for Full Time Equivalent (FTE) and Capital Outlay Authority.

Co-Chair Adams asked if all of the Motor Pool vehicles are being used, and what is done with vehicles that have run its useful life. Mr. Lee explained that there are monthly lease vehicles which are vehicles assigned to agencies permanently and are used at a high level. If they aren't being used, the agency has to turn them in. There are also vehicles maintained in a daily pool program within agencies. Enterprise Rent-A-Car company is used during high peak needs. The standard life of a vehicle is 105,000 miles or 12 years. When a vehicle reaches that point it is sent to surplus property and sold, and replaced with a new vehicle.

Sen. Mayne asked about an audit in Corrections for Fleet. Mr. Lee responded that he was not aware of a Fleet audit. Sen. Mayne asked if the administrators all have possession of a motor pool car and how the vehicles how are divided out, and if there is some type of record kept to make sure there is an appropriate number of vehicles assigned. Mr. Lee replied that the permanently assigned vehicles are assigned to an agency and the agency can use those assigned vehicles however they need. The Fleet division is constantly looking at the use record and whether the minimum standard is being met.

Rep. Painter asked what the budget number of \$25,565,000 represents. Mr. Lee responded that this number is depreciation, accident repair, fuel, and maintenance repair. Rep. Painter asked why depreciation is budgeted when cash is paid for the vehicle. Mr. Reidhead said the Internal Service Funds are run as a proprietary fund and the capital purchase is not part of the \$25 million and that vehicles are provided for State and Higher Education agencies. Mr. Lee said that the majority of Capital Outlay is for vehicle purchases and that total number of state vehicles is 7,300 and fleet operations owns and maintain 4,400 light duty fleet. UDOT owns and maintains heavy duty fleet and specialty vehicles. Higher Education is a mix of fleet owned vehicles and its own vehicles. Rep. Painter asked how much is budgeted for rental cars used. Mr. Lee replied that for FY2012 it is \$425,000.

Sen. VanTassell asked if the motor fuel and the fuel for the fuel sites is being double counted. Mr. Lee said it is two different programs. Fuel Network is the fuel going into all state owned fuel sites, and Fleet Operations budgets the fuel going into vehicles. Sen. Van Tassell asked if a vehicle can be fueled at a state site? Mr. Lee replied that a vehicle can be fueled at either a fuel site with a fuel card, or commercial sites and that the motor vehicle program is a customer of the fuel site. Mr. Reidhead commented that the Fuel Network is their own internal customer, and that there are also local government customers using fuel sites. Sen. Van Tassell said that this seems like a lot of bookkeeping to track fuel, and feels it open itself to misuses.

Tani Downing, Division Director, Risk Management explained to the subcommittee that Risk Management provides insurance for State property, buildings and vehicles, and liability insurance for State agencies, Higher Education, Public Education and Charter Schools. This division covers claims adjusting and staff that provide lost control services. The budget

covers mainly claims for losses that have occurred, premiums for excess coverage above what is self insured, administrative costs, FTE's and Capital Outlay Authority. The Workers Compensations line is a pass through to pay for Workers Compensation. The division would like to integrate with other groups to remove double data entry.

Sen. Hillyard asked if they have attorneys on staff for litigation, or refer to the Attorney Generals Office. Ms. Downing replied that they refer to the Attorney Generals Office. None of the staff with legal backgrounds operate as attorneys for the office. Sen. Hillyard said he assumes that the majority of claims are settled out of court. Ms. Downing responded that is what they try to do, and the majority are settled out of court, but some are not.

Rep. Fisher asked what efficiency savings is expected by integrating the process. Ms. Downing replied that the budgeted funding is for a business analysis that will need to be done to see if integration is even possible. Rep. Fisher asked about the insurance for charter schools. Ms. Downing said that the law allows charter schools and school districts to use risk funds. All districts use risk funds, but not all charter schools do.

Co-Chair Adams asked if the schools pay the fee associated with using risk funds, and asked for information on the self insurance. Ms. Downing responded that the schools do pay fees, and Brian Spencer, Business Administration Manager, Risk Management explained the self insurance claim limits and the excess carrier claim limits.

Gregg Buxton, Director, DFCM introduced Bruce Whittington, Assistant Director, DFCM. Mr. Whittington explained that the Division's Internal Service Funds provide maintenance and management services on a contract basis for state agencies throughout the state. There are 162 individual programs within the ISF. Annually the rates are compared with the rates of Bowman, which is a national association. The rates are well below published rates by Bowman.

Mr. Reidhead explained that the Purchasing Card Program will not be reflected in the base budget, The P-Card Program is moving from the Division of Purchasing to the Department of Finance.

**b. Department of Technology Services.** Mr. Fletcher introduced Kent Peterson, Chief Operating Officer, DTS. Mr. Fletcher explained that the ISF provides the operating funds for DTS. It allows to establish rates, based on the services demands for customers and agencies. The services provided reflect actual cost. Current revenue projected budgets may fluctuate during the year depending on projects accepted or cancelled. DTS provides 66 services, including network, desk top support, servers, email, application development, telephone, mobile radio and information security. The Legislature is required to approve the maximum operating FTE count for DTS. The Capital Outlay portion of budget for DTS is for projects such as infrastructure updates, data center consolidation, Richfield Back Up Center and remote desktop software. DTS has been set up with responsibility of providing IT services throughout the state.

Co-Chair Adams asked for clarification of the consolidation and how does the DTS insure quality control when the employees deal with so many different agencies. Mr. Fletcher responded that there are employees with application development skills and they stay with where they have expertise and are specific to an agency. Co-Chair Adams asked if there is feedback from agencies and if DTS responds to the feedback. Mr. Fletcher said a survey is done anytime a service is provided. The surveys have customer a satisfaction rating, and a service agreement. Co-Chair Adams asked if agencies are mandated to use DTS service or are they allowed to use private services. Mr. Fletcher said they mandated to use DTS to determine the best way to procure the services, and in partnership with the agency DTS makes sure it is done in the most effective way. If it is more effective, some services are outsourced.

Sen. Hillyard asked how the organization of DTS programs has saved time and money. Mr. Fletcher said that \$28 million has been saved in operating costs. They have become more productive and cost effective over the years. Sen. Hillyard encouraged DTS to look at places to expand their services. Mr. Fletcher said they will look and make sure there are no redundant services.

Sen. Van Tassell asked about the customer surveys and how DTS is rated. Mr. Peterson responded that customer surveys are tracked every month, and after every incident electronically, with a rating from 1-5, and DTS is currently tracking high 4 ratings. If there is bad feedback, they are tracked individually. There are also general surveys sent out. Mr. Fletcher commented that consulting with each agency and how agencies can be improved is one of the functions of DTS. Sen. Van Tassell recommended looking at all of government, and how services can be more efficient.

Rep. Butterfield commended DTS for doing service delivery surveys and asked if those surveys are administered internally, or are they contracted out. Mr. Peterson replied that the day to day surveys are internal, but have contracted surveys several years ago. Rep. Butterfield suggested looking at full array of government and how it can save time and money, and make sure the right metrics are being measured. Mr. Peterson said that they now have the infrastructure and ability to expand. Mr. Fletcher said that on an annual basis, they sit down with agencies and go over services provided and renew and resign service agreements.

**MOTION:** Co-Chair Adams moved to approve the following FY 2012 *Federal Funds Request Summary by Agency* report as provided under Tab 1 of the packet and direct the Analyst to include the budgeted federal funds amounts for the Department of Administrative Services and the Department of Technology Services in the Subcommittee's base budget appropriations act.

The motion passed unanimously.

**MOTION:** Co-Chair Adams moved to approve the following FY 2012 Budgeted FTE levels, Authorized Capital Outlay and Annual Revenue as provided under Tab 2 of the

packet of the Department of Administrative Services and the Department of Technology Services Funds and direct the Analyst to include these items in the Subcommittee's base budget appropriations act.

The motion passed unanimously.

4. Rate and Fees (Appropriated and ISFs)

Mr. Ricks explained to the subcommittee where the information on fees can be found, and that this subcommittee does have a lot of fees.

a. **Department of Transportation** --Mark Bleazard explained that agencies are required to look at the fees charged. The fees should cover cost and be fair to the public. Fees are required to have a public hearing, then brought before the committee for approval, and then fees are taken to the whole body of the Legislature and Governor for approval. The fees include the Outdoor Advertising fee, Department Wide fees for copies and computer run items, Tow Truck Driver Certification fee, Tramway fees, Access Management fees which are access to the highway for private properties, Airport Licensing Fees, Aircraft Fees, Encroachment fees, State Owned Ferry fees and Express Lane fees.

John Njord, Executive Director, Utah Department of Transportation, commented that Mr. Bleazard described the fee program very well, and turned to the subcommittee for questions.

Rep. Hemingway asked about the State Owned Ferry fee. Mr. Njord said there are customers that use the ferry, that live on both sides of Lake Powell. It is operated by Airmark, a private contractor, and the State is required to contract with them because they are the contractor within the national park. The fees are subsidized because the fees are not high enough to cover costs.

Co-Chair Adams asked what the maintenance costs are and the revenue split. Mr. Njord said he doesn't have the figures but will have to increase the subsidy to cover costs for year round service. During the summer it almost pays for itself, but in the winter it hardly gets used.

Co-Chair Adams noted that there were no increase on fees for UDOT.

b. **Department Administration Services.** Mr. Ricks explained to the subcommittee where to look for the information on the DAS fees. The DAS has some GRAMA fees, and there are fees in Archives, DFCM Administration, and the Division of Finances. There are some fee increases for the subcommittee to approve or deny and page seven shows the fees associated with the ISF.

Ms. Hood told the subcommittee that they have a list of rate impacts and fee increases and asked if the subcommittee had questions.

c. **Department Technology Services.** Mr. Ricks said the DTS being on page 19 no. 704 -- fees on the Geographic Reference Center, then ISF fees, no increase for the AGRC fees, there is a rate decrease on ISF fees.

Mr. Fletcher said the rates are looked at on an annual basis and do a rate survey to compare them to government and private entities providing similar services. The survey is available to anyone that would like to look at.

Sen. Van Tassell asked the chairs if there will be a chance to discuss the fees again. Co-Chair Froerer responded that fees will be discussed next week. Mr. Ricks said this information will be voted on in the last meeting. Co-Chair Froerer asked the subcommittee to review this information for the discussion next week.

5. Other Business/Adjourn.

Mr. Amon explained the annual five year plan for the capital budget was distributed to look at for discussion next week. It contains three big sections which are : the state funded requests for new buildings and the Building Board's ranking of those buildings, non-state funded requests, and Capital Improvement requests.

Mr. Amon gave an overview of what will be discussed in the next weeks meeting. The meetings will be held Tues. and Fri. morning in this room, two meetings the following week, and probably one more, possibly two the week after that. State funded development hearings will be Tuesday, the non-state funded hearings on Friday.

**MOTION:** Rep. Hendrickson moved to adjourn.

Co-Chair Froerer adjourned the meeting at 9:45 A.M.

Minutes were reported by Karen C. Allred, Senate Secretary

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Sen. Stuart Adams, Co-Chair

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Rep. Gage Froerer, Co-Chair