

Recommendation Summary

BASS - BDS024

State of Washington
Recommendation Summary

Agency: **179 Department of Enterprise Services**

9:25:09AM
10/14/2016

Dollars in Thousands

	FY2 FTEs	General Fund State	Other Funds	Total Funds
2015-17 Current Biennium Total				
Total Carry Forward Level				
Percent Change from Current Biennium				
Carry Forward plus Workload Changes				
Percent Change from Current Biennium				
M2 8U Utility Rate Adjustments			409	409
Total Maintenance Level			409	409
Percent Change from Current Biennium				
Subtotal - Performance Level Changes	0.0			
2015-17 Total Proposed Budget			409	409
Percent Change from Current Biennium				

M2 8U Utility Rate Adjustments

The Department of Enterprise Services (DES) partners with the Washington State Patrol (WSP) and Kone Inc. to provide critical security and elevator maintenance services to the Capitol Campus. This decision package requests additional funding to fully cover the cost of the WSP contract in Fiscal year 17. This decision package also requests one time funding of \$171,000 to recover the costs of extraordinary elevator repairs that occurred in Fiscal year 16.

Decision Package

M2-8U Campus Utilities and Contracts

2017 Supplemental Budget Decision Package

Agency: 179 - Department of Enterprise Services

Decision Package Code/Title: 8U - Campus Utilities and Contracts

Budget Period: 2015-17

Budget Level: M2 - Inflation and Other Rate Changes

Agency Recommendation Summary Text:

The Department of Enterprise Services (DES) partners with the Washington State Patrol (WSP) and Kone Inc. to provide critical security and elevator maintenance services to the Capitol Campus. This decision package requests additional funding to fully cover the cost of the WSP contract in Fiscal year 17. This decision package also requests one time funding of \$171,000 to recover the costs of extraordinary elevator repairs that occurred in Fiscal year 16.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2016	FY 2017	FY 2018	FY 2019
045-6 State Vehicle Parking Account – Non-Appropriated		\$10,000		
422-6 Enterprise Services Account – Non-Appropriated		\$399,000		
Total Cost	\$0	\$409,000	\$0	\$0
Staffing	FY 2016	FY 2017	FY 2018	FY 2019
FTEs	0	0	0	0
Revenue	FY 2016	FY 2017	FY 2018	FY 2019
045 - State Vehicle Parking Account – 0402 Income From Property		\$10,000		
422 - Enterprise Services Account – 0402 Income From Property		\$399,000		
Object of Expenditure	\$0	\$409,000	\$0	\$0
E – Goods\Other Services		\$409,000		

Package Description

DES has the responsibility to provide a safe and secure Capitol Campus with facilities that meet customer agency needs. DES partners with the Washington State Patrol (WSP), and Kone Inc. to provide critical security and elevator maintenance services. This decision package requests funding to align 15-17 revenue with the actual expenses incurred.

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service. Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

Decision Package expenditure, FTE and revenue assumptions, calculations and details: Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

DES is requesting additional revenue to support the increase to the WSP contract in Fiscal Year 17, and one time extraordinary repairs to Capitol Campus elevators.

The increases to the Washington State Patrol contract are related primarily to the compensation adjustment WSP received in the supplemental 16 budget.

The increases to the Kone contract are related to major repairs that were necessary to get the elevators compliant with Labor & Industry code requirements. In some cases, major repairs were necessary to get the elevators to a working condition. These costs are over and above the base contractual amount. The table below provides a summary of the repairs.

The agency is requesting additional revenue in the amount of \$409,000 for the 15-17 biennium. Currently, these services are funded through the Central Service Billing Model (CSBM) by the following fees:

- o Campus Rent(Utilities)
- o Campus Rent (Parking)
- o Public and Historic Fee

For facilities outside the CSBM, revenue is collected through negotiated tenant rent.

The table below shows the gap between the current funding and the actual costs to provide services in the 15-17 biennium.

Utility Vendor	15-17 Contract	15-17 Expenses	Difference
Washington State Patrol	\$2,960,420	\$3,198,240	\$237,820
Elevator Repairs	\$0	\$171,410	\$171,410
Total	\$2,960,420	\$3,369,650	\$409,230

The table below is a summary of the extraordinary elevator repairs that occurred in Fiscal Year 16.

Building	Cost of repair/major maintenance	Description
Highway License	\$8,028	Removal of non compliant addition to elevator car top per L&I.
Highway License	\$1,117	Replaced failed intercom.
Old Capitol	\$2,505	Replacement of hoist way rail alignment.
Plaza Garage	\$6,123	Install new cartop station on top of elevator per L&I inspection report.
Tacoma Rhodes	\$6,751	Install additional software to eliminate continuous cycling of doors.
Cherberg	\$14,834	Replacement of Rope Gripper to meet L&I code.
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Labor & Industries	\$1,939	Fire testing-required after hours at overtime rates.
North Cascades	\$20,657	Install new hydraulic power unit.
Tacoma Rhodes	\$4,350	Install new flooring, ceramic tiles had cracked.
Legislative	\$38,669	Install 4 new governors, tail sheaves and governors ropes to control elevator speed.
Highway License	\$3,356	Replace damaged car gate edge on the freight elevator.
OB2	\$1,939	Fire testing-required after hours at overtime rates.
Old Capitol	\$14,624	Replace ruptured valve.
Highway License	\$5,940	Install hand rails on car top per L&I inspection report.
Highway License	\$5,940	Install hand rails on car top per L&I inspection report.
Highway License	\$5,940	Install hand rails on car top per L&I inspection report.
	\$157,546	
	13,864	Estimated Taxes (8.8%)
TOTALS:	\$171,410	

The table below breaks out the utility and campus contract increases by fee. It also displays the incremental impact to each fee.

Funding Sources for WSP and Elevator Maintenance Contracts by Line of Business

Contractor	Central Service Billing Model			Fee for Service		Total
	On Campus Office-Utilities & Contracts	PHF	Parking (1)	Off Campus Office	Parking-Employee & Other(1)	
WSP	\$ 52,368	\$ 139,315	\$ 9,533	\$ 2,806	\$ 33,798	\$ 237,820
Elevator	\$ 96,916	\$ 37,831		\$ 36,663		\$ 171,410
Grand Total	\$ 149,284	\$ 177,146	\$ 9,533	\$ 39,469	\$ 33,798	\$ 409,230

Notes: (1) Parking is distributed between the CSB 22% and Fee for Service 78% based on the current participation of Revenues.

Rate Impacts by Contract and Line of Business

Unit Factor/ Allocation Basis	Central Service Billing Model			Fee for Service	
	On Campus Office-Utilities & Contracts	PHF	Parking (1)	Off Campus Office	Parking-Employee & Other(1)
	Occupied RSF	Thurston County FTE	Occupied RSF	Occupied RSF	Parking Stall
Total Units	1,775,898	23,124	1,775,898		
2015-17 Rate per Unit as of Supplemental 2016	\$ 4.40	\$ 189.32	\$ 0.42	Varies (2)	Varies (3)
Incremental Increase in Unit Cost					
WSP	\$ 0.03	\$ 6.02	\$ 0.01		
Elevator	\$ 0.05	\$ 1.64	\$ -		
Increase Incremental Rate	\$ 0.08	\$ 7.66	\$ 0.01		
2015-17 Adjusted Rate for Supplemental 2017	\$ 4.48	\$ 196.98	\$ 0.43		

Notes: (1) Parking is distributed between the CSB 22% and Fee for Service 78% based on the current participation of Revenues.

(2) Off Campus Rental Rates are negotiated and typically based on Market Rates within the location of the Office Facility. Adjustments to these rates will have to be negotiated with client agencies in DES Off Campus Facilities.

(3) Parking stalls, have a variety of rates including; Zoned, Assigned, Agency Assigned, Metered Parking, & Motorcycle. Adjustments to these rates will have to be reviewed with affected stakeholders.

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.

The Washington State Patrol (WSP) provides essential security services to the Capitol Campus. These life safety services are necessary to ensure the safety and security of state employees and visitors to the Capitol Campus. Kone Incorporated (Kone) provides essential elevator and conveyance services for 83 elevators on the Capitol Campus to ensure elevators in all state owned facilities are L&I compliant and fully functional.

Performance Measure detail: B017 – Housing State Government

Fully describe and quantify expected impacts on state residents and specific populations served.

This request would ensure state employees and visitors of the Capitol Campus have a safe, fully operational campus in which they can conduct necessary state business.

This package will continue to support 8 WSP troopers on the Capitol Campus. Troopers provide critical daily enforcement support to the Capitol Campus.

Kone, Inc. provides necessary elevator maintenance and repair services to the Capitol Campus. In the past year there have been 27 elevator entrapments, 98 stuck elevators and 242 elevator repairs. Adequate funding is needed to properly maintain the elevators and significantly reduce the number of malfunctions, breakdowns, and unplanned repairs.

What are other important connections or impacts related to this proposal? Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	Identify:
Other local gov't impacts?	Yes	Identify: City of Olympia will receive funding for the fire protection on the Capitol Campus.
Tribal gov't impacts?	No	Identify:
Other state agency impacts?	Yes	Identify: Capitol campus tenants receive the benefit of these services
Responds to specific task force, report, mandate or exec order?	No	Identify:
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	No	Identify:
Capital Budget Impacts?	No	Identify:
Is change required to existing statutes, rules or contracts?	No	Identify:
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

What alternatives were explored by the agency and why was this option chosen?

WSP is required by RCW 43.43.035 and 43.43.037 to provide security to the Governor and Legislature. DES has an inter-agency agreement (IAA) with the Washington State Patrol for Capitol Campus security.

RCW 70.87.060 requires DES to have an appointed agent (a contractor) to ensure elevators are in safe working order and that proper maintenance and testing is completed during the time the LNI operating permit is effective.

What are the consequences of not funding this request?

If these contracts are not fully funded a reduction to these critical services would occur possibly resulting in the following consequences:

A reduction to the WSP contract could result in decreased security to the campus. The likely outcome is an increase in crime such as vandalism, graffiti, thefts, increased vagrancy and homeless camping. Costs incurred as a result of these potential outcomes could be substantial for clean up, repairs and replacement, shifting the costs to the maintenance and operations budgets. Reduced campus security also poses potential monetary risks to the state in the form of lawsuits should such events occur.

The Kone elevator contract keeps campus elevator and conveyance systems in service and compliant with state codes. Inadequate funding of this contract could result in entrapments, breakdowns and fines from the Department of Labor & Industries. Elevator closures would force employees and visitors to use auxiliary means of ingress and egress such as stair towers throughout the campus facilities, which would create compliance issues with barrier free code requirements. In addition, elevators that are not properly calibrated and synchronized can cause injuries, which could result in lawsuits to the state. A reduction of the Kone contract is not a realistic option and would require that other activities such as maintenance and operations for the buildings on the campus be reduced to pay for the contract. The older the equipment gets the more maintenance is required to keep them operational and the increased risk of failure. The costs to maintain elevators will increase as time goes by due to their wear and age.

How has or can the agency address the issue or need in its current appropriation level?

Other supporting materials: Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

- No 
- Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)