# Performance Report



## Department of Administration

1996

# 1996 Agency Performance Report
# Department of Administration

EXECUTIVE SUMMARY



## AGENCY MISSION

The Department of Administration's mission is to provide business management and administrative services that improve the productivity and quality of Minnesota government.

## AGENCY GOALS

The Department of Administration (Admin) has adopted the following key goals, which reflect agency priorities, to provide clear direction and guide the department's operations:

- Provide quality goods and services in a timely, cost-effective manner to simplify government operations.
- Satisfy the needs of customers for quality and services within statutory requirements.
- Provide a statewide design and structure for effectively utilizing the resources of information technology by government and citizens.
- Maximize the use of the state's financial resources for capital investments by providing long-term planning, construction oversight and facility management.

Together, Admin's agency mission and goals provide the essential foundation for the specific program (division) goals and objectives, which become the basis for the performance measures contained in the report.

This report focuses on the major programs of the department; specifically, those activities essential to and consistent with its mission. Accordingly, it does not include every Admin program or responsibility. Some functions were not considered for inclusion because Admin's primary role is to provide administrative support (e.g., Council on Developmental Disabilities, Office on Citizenship and Volunteer Services). Others are excluded because they represent agencywide administrative functions that support all Admin operations (e.g., fiscal services, human resources). Refer to the Appendix.

The department is organized into six programs (bureaus). Management activities (divisions) located within these bureaus perform Admin's responsibilities. Included in the full report are these programs and management activities:

1. Operations Management Bureau
   - Communications.Media Division
   - Materials Management Division
   - Travel Management Division
   - Risk Management Division
2. Intertechnologies Group
   - Intertech
3. Facilities Management Bureau
   - Plant Management Division
   - Division of State Building Construction
   - Building Code and Standards Division
   - Real Estate Management Division
4. Information Policy Office
   - Information Strategies and Planning
   - Public Information Policy Analysis
5. Administrative Management Bureau
   - State Employee Assistance Program
6. Management Analysis Division

## REVENUE SOURCES

Admin's budget has multiple revenue sources. These figures represent all department activities, which are more than the activities included in the performance report. Not included are items such as public broadcasting grants, in-lieu-of rent, or capital budget allocations.

| | |
|---|---|
| Revolving Funds | 72.6% |
| General Fund | 8.6% |
| Agency Funds | 7.8% |
| Special Revenue Funds | 8.3% |
| Federal and Gift Funds | 2.7% |

## EXPENDITURES AND STAFFING

The six Admin programs/bureaus in order of their respective share of the department's total budget:

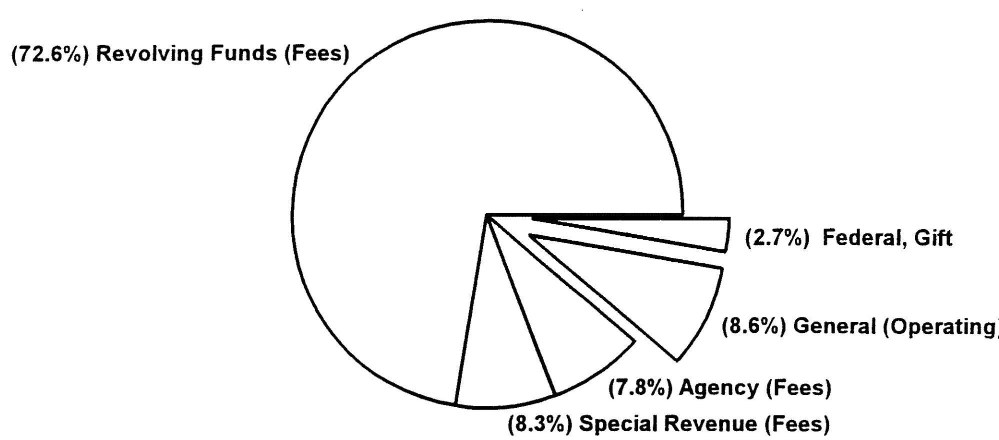
| | |
|---|---|
| Intertechnologies Group | 45.8% |
| Operations Management Bureau | 28.6% |
| Facilities Management Bureau | 18.7% |
| Administrative Management Bureau | 4.4% |
| Information Policy Office | 1.4% |
| Management Analysis Division | 1.1% |

These percentages portray respective agency program budget shares at the end of F.Y. 1996. Program budgets, not expenditures, are used to compute these percentages. Figures that appear in the agency summary and expenditure summary sections of the report include all activities within each Admin bureau, whether or not the activities are included in the performance report.

## GOALS, OBJECTIVES AND MEASURES

The program goals, objectives and measures included in the report provide a record of state government performance as delivered through Admin services. The full report contains at least one useful, relevant performance measure for each program area. Programs selected for this summary represent key agency responsibilities, which, in addition to their conformance with the agency mission, typically correspond to areas within the department having significant budget authority and/or relatively greater numbers of personnel. Although what follows is only a partial list of the goals, objectives and measures included in the full report, the examples highlighted in this summary permit a sufficient and reliable overview of program performance.

**DEPARTMENT OF ADMINISTRATION**
**FISCAL YEAR 1996 BUDGET**



## OPERATIONS MANAGEMENT BUREAU

### ■ COMMUNICATIONS.MEDIA DIVISION

Printing and Copy Center Requisitions

| | |
|---|---|
| 1995 | 807/month |
| 1996 | 905/month |

***Goal***

Provide quality, cost-effective central printing, duplicating and mail services for state agencies.

***Objective***

Maintain pricing for printing jobs at least 5% below the average private sector price for comparable products and services.

***Measure***

Private/State Rate Percentage Differential

| | |
|---|---|
| 1993 | 33.0% |
| 1994 | 28.0% |
| 1995 | 20.0% |
| 1996 | 12.9% |
| 1997 | 5.0% estimate |
| 1998 | 5.0% estimate |

The measure shows the difference between average pricing for PrintComm jobs compared to jobs produced by private sector printing firms. Price comparison is one method of demonstrating cost-effective service and product delivery. Differentials currently show a favorable public/private price comparison.

### ■ MATERIALS MANAGEMENT DIVISION

Central Purchasing Purchase Orders

| | |
|---|---|
| 1995 | 5,925 |
| 1996 | 6,728 |

Value of Direct Acquisition Purchases

| | |
|---|---|
| 1995 | $75,287,000 |
| 1996 | $79,344,000 |

Value of Purchases from Contracts

| | |
|---|---|
| 1995 | $230,157,000 |
| 1996 | $238,200,000 |

***Goal***

Provide the greatest value to state and local government through efficient acquisition of products and services.

***Objective 1***

Maintain annually a purchase order processing time of under 19 days.

***Measure***

Average Purchase Order Processing Time

| | |
|---|---|
| 1993 | 19.9 days |
| 1994 | 19.6 |
| 1995 | 19.6 |
| 1996 | 19.0 |
| 1997 | 19.0 estimate |
| 1998 | 18.5 estimate |

The measure shows the total number of working days required to process all purchase orders, divided by the annual total of orders. Turnaround time evaluates the efficiency and effectiveness of direct acquisition purchasing services. Over time, purchase order processing time has decreased.

***Objective 2***

Generate savings accruing to agencies as a result of centralized acquisition services.

***Measure***

Agency Savings (in millions)

| | | |
|---|---|---|
| 1992 | Direct | $4.9 |
| | Contract | $45 |
| 1993 | Direct | $3.9 |
| | Contract | $47.5 |
| 1994 | Direct | $5.1 |
| | Contract | $55.3 |
| 1995 | Direct | $5.0 |
| | Contract | $50.0 |
| 1996 | Direct | $5.0 |
| | Contract | $50.0 |

The savings are calculated as the total of the differences between actual purchase price and market price. The result is a direct measure of how central purchasing provides monetary value to customer agencies.

***Objective 3***

Increase percentage of on-time product delivery as requested by agencies.

***Measure***

Percentage of On-Time Delivery

| | |
|---|---|
| 1993 | 84.0% |
| 1994 | 79.6% |
| 1995 | 84.0% |
| 1996 | 85.0% |
| 1997 | 87.0% target |
| 1998 | 89.0% target |

On-time delivery is the percentage of total orders delivered at or before the requested delivery date divided by total orders delivered. The measure evaluates the efficiency and effectiveness of purchasing services. On-time delivery allows agencies to better manage their inventories.

## ■ Travel Management Division

| Miles Traveled | |
|---|---|
| 1995 | 23,807,000 |
| 1996 | 25,785,000 |

| Number of Vehicles | |
|---|---|
| 1995 | 1,527 |
| 1996 | 1,579 |

| Miles Per Vehicle | |
|---|---|
| 1995 | 15,594 |
| 1996 | 16,330 |

| Daily Reservations | |
|---|---|
| 1995 | 6,257 |
| 1996 | 5,933 |

***Goal***

Save the state money by providing employees with safe, efficient and cost-effective transportation and travel services to conduct official business.

***Objective***

Maintain monthly rates at least 50% below private sector pricing for comparable vehicles and services.

***Measure***

| State/Private Rate Percentage Differential | |
|---|---|
| 1994 | 50.2% |
| 1995 | 53.5% |
| 1996 | 62.8% |
| 1997 | 59.6% estimate |
| 1998 | 60.2% estimate |

The data represent comparisons between state rates for vehicles traveling 1,200 miles and the comparable cost to rent a private sector vehicle. The percentage difference between state and private sector rates is significant in part due to vehicle life-cycle and operating environment differences (e.g., division vehicles remain in service for approximately 4 years compared to 18 months in private sector fleets).

## ■ Risk Management Division

***Goal***

Develop and maintain the risk management fund as a low-cost alternative to the purchase of conventional insurance.

***Objective 1***

Assure that 1 year after a policy year ends the reserves to pay claims in the risk management fund for that year are at least 90% of the actual amount required to pay claims for that year.

***Measure***

| Comparative Reserve Ratio | |
|---|---|
| 1993 | 115% |
| 1994 | 109% |
| 1995 | 95% |

The figures show the ratio of reserves 1 year after the end of the policy year to the reserves at the end of the most recent year. Reserves are measures of liabilities against the risk management fund. These liabilities must be estimated as reliably as possible so the fund maintains its capacity to pay claims and not be overfunded.

***Objective 2***

Maintain an annual operating expense ratio at least 15 percentage points less than the industry average.

***Measure***

| Operating Expense / Earned Premium Ratio | |
|---|---|
| 1993 | 6.8% |
| 1994 | 11.8% |
| 1995 | 10.6% |
| 1996 | 5.2% |

This is the ratio the industry terms as the total underwriting expense. The industry average underwriting expense ratio was 30% in 1995. This measure indicates the effectiveness of the division's management of its operating expenses compared to the industry average. Its purpose is to show the cost savings in premiums charged by the risk management fund. The division has achieved its goal in each of the past four years.

# INTERTECHNOLOGIES GROUP

## ■ InterTech

| Megabytes of Disc Storage Per Month | |
|---|---|
| 1995 | 870,852 |
| 1996 | 1,328,121 |

| Tape Cartridges Used Per Month | |
|---|---|
| 1995 | 67,256 |
| 1996 | 77,400 |

| MNet Community Router Connections | |
|---|---|
| 1995 | 1,129 |
| 1996 | 12,378 |

| Electronic Mail Hub Customers | |
|---|---|
| 1995 | 3,268 |
| 1996 | 8,672 |

| Long Distance (Voice) Minutes Per Year | |
|---|---|
| 1995 | 57,731,849 |
| 1996 | 58,210,851 |

***Goal 1***

Operate quality, cost-effective information and telecommunications services, including management, consultation and design services.

***Objective***

Hold flat or reduce aggregate rates each year.

***Measure***

| Percent Aggregate Rate Reduction | |
|---|---|
| 1993 | 13% |
| 1994 | 9% |
| 1995 | 13% |
| 1996 | 13% |
| 1997 | 7% estimate |
| 1998 | 2% estimate |

The percent rate reductions shown are based on InterTech's aggregate rates for transport, storage and processing services. Rate reductions are indications of the program's competitive stance with alternate providers. InterTech has reduced rates for 9 consecutive years.

***Goal 2***

Manage the intertechnologies revolving fund such that agencies pay only for the cost of services used, including reasonable overhead costs, and maintain a competitive position with regard to alternative providers.

***Objective***

Demonstrate cost-effective use of resources required to deliver services to customers.

***Measure 1***

| Revolving Fund Revenue Per Employee | |
|---|---|
| 1994 | $197,354 |
| 1995 | $220,715 |
| 1996 | $239,585 |
| 1997 | $252,203 estimate |
| 1998 | $259,793 estimate |

The per employee revenue figure is achieved by dividing revolving fund revenue by the average number of employees during the fiscal year. The measure illustrates how staff resources have been leveraged as revolving fund activity has increased and while keeping pace with the information technology needs of customers. Growth in InterTech business volume is measured by the increase in annual revenue. Despite annual rate reductions, revenue has increased. Athough the unit price of service has decreased, services delivered have increased while the number of staff has stayed essentially the same. The service portfolio has expanded and diversified, particularly since the advent of MNet, the state's data and video telecommunications network.

***Measure 2***

| Average Cost Per MIPS | |
|---|---|
| 1993 | $66,126 |
| 1994 | $60,398 |
| 1995 | $30,838 |
| 1996 | $21,190 |
| 1997 | $23,914 estimate |
| 1998 | $19,480 estimate |

MIPS is computer processing capacity expressed in millions of instructions per second. The number of MIPS available is an indication of the amount of processing workload handled at InterTech's computer center. Cost per MIPS is a standard industry measure of a data center's performance. Acquisition of additional processing capacity are matched to customers' estimated workload volumes; excess capacity is kept to a minimum. Program processing capacity has increased during the period. Hardware and software expenditures have been leveraged to keep up with the constant growth and maintain workload volumes, but remain relatively steady.

## FACILITIES MANAGEMENT BUREAU

- **PLANT MANAGEMENT DIVISION**

| Square Feet of Maintained Building Space | |
|---|---|
| 1995 | 2,390,000 |
| 1996 | 2,390,000 |

***Goal 1***

Efficiently operate and maintain buildings and grounds under Plant Management's custodial control.

***Objective***

Control the projected operating cost increases at or below the rate of inflation.

***Measure***

| Lease Rate Projected Increase | |
|---|---|
| 1994 | 3.2% |
| 1995 | 1.3% |
| 1996 | 1.9% |
| 1997 | 2.3% |
| 1998 | 5.2% |

Lease rates are based on the square footage costs for space leased under the custodial control of the division. Rates reflect operating, maintenance, salary, utility, insurance, bond interest, depreciation and other expenses. Historically, rate increases have been below the rate of inflation. Rates will increase in F.Y. 1998 due to the inclusion of catastrophic insurance coverage and increases in statewide indirect costs associated with the MAPS system.

***Goal 2***

Improve the use of energy in state-owned and wholly leased buildings.

***Objective***

Reduce energy consumption in state-owned and wholly leased buildings.

***Measure***

Electric Energy Use Reduction

| | |
|---|---|
| 1994 | 3.36 kwh/sq. ft. |
| 1995 | 3.28 |
| 1996 | 3.64 |
| 1997 | 3.43 estimate |
| 1998 | 3.32 estimate |

The savings are expressed as the cumulative reduction of energy use (kilowatt hours-kwh) per square foot of measured space. The joint state of Minnesota/Northern States Power energy retrofit program has enabled the retrofit of over 14 million square feet of buildings.

## ■ Building Construction Division

Professional/Technical Service Contracts

| | |
|---|---|
| 1995 | 550 |
| 1996 | 800 |

***Goal***

Provide quality, cost-effective professional architectural and engineering services that are frequently required by government agencies that operate and maintain buildings.

***Objective***

Provide in-house professional/technical consulting services for hourly rates averaging at least 50% less than private sector rates.

***Measure***

State/Private Rate Percentage Differential

| | | |
|---|---|---|
| 1994 | Architect | 65% less |
| | Drafting | 49% less |
| | Roof Design | 82% less |
| 1995 | Architect | 65% |
| | Drafting | 49% |
| | Roof Design | 82% |
| 1996 | Architect | 66% |
| | Drafting | 49% |
| | Roof Design | 82% |
| 1997 | Architect | 66% |
| | Drafting | 49% |
| | Roof Design | 82% |
| 1998 | Architect | 66% estimate |
| | Drafting | 48% estimate |
| | Roof Design | 82% estimate |

The percentages show differences between division rates and private rates for various services.

## ■ Building Codes and Standards

Plan Reviews

| | |
|---|---|
| 1995 | 350 |
| 1996 | 307 |

Seminar Attendees

| | |
|---|---|
| 1995 | 613 |
| 1996 | 1,147 |

***Goal 1***

Provide effective enforcement of the State Building Code (SBC) for plan reviews, inspections and consumer complaints of buildings, state-licensed facilities, elevators, manufactured structures and modular buildings.

***Objective***

Complete 80% of projects reviewed for compliance within 30 days of submittal.

***Measure***

Plan Reviews Completed In 30 Days

| | |
|---|---|
| 1995 | 82% |
| 1996 | 74% |
| 1997 | 80% estimate |
| 1998 | 80% estimate |

The division performs plan reviews and inspections, or may contract with other municipalities enforcing the SBC, to ensure that building projects are designed and built to minimum safety standards. Reviews are completed in a timely manner to allow projects to start and complete on schedule.

***Goal 2***

Ensure uniform application of the SBC by providing effective training, education and assistance to building officials, design professionals, contractors and others associated with the construction industry.

***Objective***

Obtain a 90% or greater approval rating of education and training seminar programs.

***Measure***

Customer Satisfaction Percentage

| | |
|---|---|
| 1994 | 99% |
| 1995 | 94% |
| 1996 | 92% |

Seminars are prepared and presented twice a year at 11 different sites, and given to building officials, design professionals and members of the construction industry. Because codes are increasingly technical, continuing education is critical in order to maintain uniform application.

**SUMMARY**

As stated in the introduction, the complete performance report includes goals, objectives and measures for Admin's major programs and activities. This summary report highlights only a portion of the department's overall responsibilities. Measures for activites not referenced in this summary, as well as the explanatory sections for all performance measures, appear in their entirety in the complete report. The specific programs and activities not referenced in this summary and described in the full report include:

Real Estate Management
 (Facilities Management Bureau)
Information Policy Office
 Information Strategies and Planning
 Public Information Policy Analysis
Employee Assistance Program
 (Administrative Management Bureau)
Management Analysis

# AGENCY PERFORMANCE REPORT

## 1996

## ADMINISTRATION
## DEPT

**Final Format** **Prepared : November 26, 1996**

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# AGENCY : ADMINISTRATION DEPT

## MISSION

Provide business management and administrative services that improve the productivity and quality of Minnesota government.

## GOALS

- Provide quality goods and services in a cost-effective, timely manner to simplify government operations.

- Satisfy the needs of customers for quality and services within statutory requirements.

- Provide a statewide design and structure for effectively utilizing the resources of information technology by governement and citizens.

- Maximize the use of the state's financial resources for capital investments by providing long-term planning, construction oversight and facility management.

## EXPENDITURES AND STAFFING

| Program | F.Y.1996 Expenditures ($ in Thousands) | Percent of Total | FTE Staff Positions | Percent of Total |
|---|---|---|---|---|
| OPERATIONS MANAGEMENT | $41,576 | 28.76% | 199 | 23.76% |
| INTERTECHNOLOGIES GROUP | $67,896 | 46.97% | 240 | 28.71% |
| FACILITIES MANAGEMENT | $26,128 | 18.07% | 300 | 35.85% |
| ADMINISTRATIVE MANAGEMENT | $5,170 | 3.58% | 45 | 5.40% |
| INFORMATION POLICY OFFICE | $2,053 | 1.42% | 24 | 2.88% |
| MANAGEMENT ANALYSIS | $1,731 | 1.20% | 28 | 3.40% |
| Total | $144,554 | 100.00% | 836 | 100.00% |

## ORGANIZATION

The Department of Administration (Admin) is organized into six programs/bureaus: 1) Operations Management Bureau; 2) InterTechnologies Group; 3) Facilities Management Bureau; 4) Administrative Management Bureau; 5) Information Policy Office; and 6) Management Analysis Division.

Admin's budget has multiple revenue sources: 1) 72.6% revolving funds; 2) 8.6% general fund; 3) 8.3% special revenue funds; 4) 7.8% agency funds; and 5) 2.7% federal and gift funds.

Although this agency primarily serves other state departments and agencies, it also provides limited services to local government. In 1994, the department recieved broad statutory authorization to serve all political subdivisions, including legislative and judicial branch agencies, the University of Minnesota and federal government agencies.

STRATEGIC AND OPERATING CRITERIA

In 1992, the department undertook a major strategic planning effort to redefine its mission in order to better serve government agencies. With the input of department employees, legislators and state and local government customers, Admin examined virtually every activity to determine which enterprises best fit the department's new mission. Admin now uses five criteria to determine which departmental enterprises should be continued, which should be curtailed, which should be developed and expanded, and which should be targeted for quality or productivity improvement. The criteria include:

+ The enterprise's primary customers should be state or local government agencies.

+ The enterprise's products and services must improve customers' quality and productivity.

+ The enterprise must be financially sound. For fee-based enterprises, this means the enterprise is able to generate sufficient cash for operations. For programs and activities supported by direct legislative appropriations, this means that there are sufficient funds to provide quality products and services.

+ Admin must be the best strategic "fit."

+ The enterprise meets a legislative mandate that is relevant and appropriate.

About 85% of the department's operations are fee-based. Examples include data processing, printing, vehicle rental and the sale of office supplies. The remaining 15% are statewide management, oversight or leadership activities supported by direct legislative appropriations, federal grants and gifts. These include information management, management consulting, building construction, purchasing and contracting.

Admin has adopted a broad strategy of introducing greater competitive market forces into the department as a means of improving customer service, increasing business discipline, and enhancing quality and productivity in its fee-based enterprises. Strategically, this has resulted in the following operational criteria:

+ Admin will only offer products and services in demand by its customers.

+ Admin will offer a product or service only when it is the best provider; that is, when Admin meets customers' quality requirements at the lowest cost. Included in Admin's definition of quality are statutorily-mandated social policy standards relating to the environment, energy efficiency, security and safety.

+ Whenever possible, customers will not be mandated to use Admin products and services. Admin will impose "monopoly" requirements only when it saves money statewide.

+ Whenever possible and feasible, Admin will charge fees for its products and services. General fund appropriations should only be used to support statewide management, oversight, or leadership activities.

Using these strategic planning and competitive market criteria, Admin has determined that its primary enterprises are:

1) Information Management: Computer operations; data services; telecommunications.

2) Information Policy: Data and technology policies, standares, and guidelines; information planning and governement data practices.

3) Facilities Management: Building construction; building maintenance and ground services; energy management; resource recovery services; delivery and moving services; parking services; leasing and property management; building codes and standards.

4) Operations Management: Contracting and purchasing services; sale of office supplies; sale of surplus property; printing services; sale of state documents; mailing services; micrographic and records storage services; risk management; travel management.

5) Management Consulting: Consultant services to state agencies, the governor, the legislature, and local units of government.

6) Administrative Services: Statewide employee assistance; departmental fiscal and personnel services; grants administration; administrative support to small programs and agencies.

## WAYS TO IMPROVE PROGRAM OUTCOMES

To further carry out the mission of the department and improve the efficiency of agency and government operations, Admin recommends these appropriate changes in law:

+ Reform state purchasing and contracting laws to ensure the best investment of state dollars value in the goods and services it acquires.

+ Revise information technology and telecommunications law so that the state can better adapt to rapidly changing technology and access the marketplace using electronic commerce.

+ Revise the laws governing state acquisition and financing of state facilities to enhance project delivery options.

+ Provide a financial mechanism to address unfunded costs of deferred building maintenance.

+ Simplify, streamline, consolidate and clarify laws governing government data practices.

+ Eliminate numerous statutory paperwork requirements, including unnecessary reports.

+ Examine existing statutory boards, commissions, councils, task forces and other government entities to consolidate similar or redundant activities and eliminate unnecessary oversight functions.

## EMPLOYEE PARTICIPATION

The introduction to the 1996 agency performance report (APR) was given on August 8 at a two-hour management team meeting. This group represents all department division directors and the six program/bureau chiefs. The purpose of this meeting was to inform key department staff about changes from the 1994 report and receive the external timetable for the 1996 report. Directors and bureau chiefs were given draft Finance Department instructions, comments on the 1994 report from the Office of the Legislative Auditor (OLA), and were invited as a follow-up to participate in performance measurement training and review sessions using Management Analysis Division resources on an as-needed basis. The final instructions along with the internal timetable were distributed the following week.

Each division provided a first draft of its report to the bureau chief and APR Coordinator by the first week of October for initial entry into the PERFORMs system. After each division draft was reviewed and edited by the division director and bureau chief, it was considered ready for Worker Participation Committee review and comment.

The worker committee was assigned the task of reviewing each division section of the report. Both technical and substantive issues relating to goals, objectives and measures were considered in its analysis. The committee utilized not only the report instructions and OLA comments in making its comments, but also performance measurement materials provided by the OLA and the Management Analysis Division. Upon review of each division's report, the APR Coordinator summarized the committee comments and forwarded them to the respective program manager/division director. Program managers, division directors and bureau chiefs used those comments to modify their submissions prior to final editing and compilation into the department's final report.

Date : November 26, 1996

# Agency Expenditure Summary

F.Y. 1996

| NAME | (in thousands $) | % of $ | FTE | % of FT |
|---|---|---|---|---|
| AGENCY: ADMINISTRATION DEPT | $144,554 | 100.0% | 836 | 100.0% |
| PROGRAM: OPERATIONS MANAGEMENT | $41,576 | 28.8% | 199 | 23.8% |
| MACT: COMMUNICATIONS.MEDIA | $19,092 | 13.2% | 97 | 11.6% |
| MACT: MATERIALS MANAGEMENT | $10,679 | 7.4% | 73 | 8.8% |
| MACT: RISK MANAGEMENT | $4,608 | 3.2% | 5 | 0.6% |
| MACT: TRAVEL MANAGEMENT | $6,885 | 4.8% | 20 | 2.4% |
| PROGRAM: INTERTECHNOLOGIES GROUP | $67,896 | 47.0% | 240 | 28.7% |
| MACT: INTERTECH | $60,797 | 42.1% | 237 | 28.4% |
| PROGRAM: FACILITIES MANAGEMENT | $26,128 | 18.1% | 300 | 35.8% |
| MACT: BUILDING CODE | $1,956 | 1.4% | 26 | 3.2% |
| MACT: BUILDING CONSTRUCTION | $4,586 | 3.2% | 29 | 3.5% |
| MACT: PLANT MANAGEMENT | $19,200 | 13.3% | 239 | 28.5% |
| MACT: REAL ESTATE MANAGEMENT | $386 | 0.3% | 5 | 0.6% |
| PROGRAM: INFORMATION POLICY OFFICE | $2,053 | 1.4% | 24 | 2.9% |
| MACT: INFO STRATEGIES AND PLANNING | $1,303 | 0.9% | 13 | 1.6% |
| MACT: PUBLIC INFO POLICY ANALYSIS | $280 | 0.2% | 5 | 0.6% |
| PROGRAM: ADMINISTRATIVE MANAGEMENT | $5,170 | 3.6% | 45 | 5.4% |
| MACT: STATE EMPLOYEE ASSISTANCE PROG | $364 | 0.3% | 7 | 0.8% |
| PROGRAM: MANAGEMENT ANALYSIS | $1,731 | 1.2% | 28 | 3.4% |
| MACT: MANAGEMENT ANALYSIS | $1,731 | 1.2% | 28 | 3.4% |

**Agency** : ADMINISTRATION DEPT

**Program** : OPERATIONS MANAGEMENT

**EXPENDITURES AND STAFFING :**

| | ($ in Thousands) | Percent of Department |
|---|---|---|
| Total Expenditure | $41,576 | 28.76% |
| From Special Revenue Funds | $32 | |
| From Agency Funds | $9,743 | |
| General | $3,305 | |
| Revolving | $24,379 | |
| Revenue Funds | $4,107 | |
| From Gift Funds | $10 | |
| Number of FTE Staff: | 199 | 23.76% |

**Agency** : ADMINISTRATION DEPT

**Program** : OPERATIONS MANAGEMENT

**BACT** : COMMUNICATIONS.MEDIA

**MACT** : COMMUNICATIONS.MEDIA

## EXPENDITURES AND STAFFING :

| | ($ in Thousands) | Percent of Department |
|---|---|---|
| Total Expenditure | $19,092 | 13.21% |
| From Agency Funds | $9,601 | |
| General | $519 | |
| Revolving | $6,295 | |
| Revenue Funds | $2,677 | |
| Number of FTE Staff: | 97 | 11.56% |

## GOALS :

- Provide quality, cost-effective central duplicating, printing and mail services for state agencies. (M.S. 16B.49; 16B.50)

- Provide quality, cost-effective document conversion services and products for state agencies and operate a records center. (M.S. 16B.51)

- Sell official reports, documents and other publications at market rates. (M.S. 16B.51)

## DESCRIPTION OF SERVICES :

The Communications.Media program provides a number of services and products in support of the department's mission and to assist state agencies in their daily operations. Providing these from a centralized program can increase delivery efficiencies of the products and services and reduce associated costs. The specific products and services are grouped in the following operations:

The PrintComm Operation includes a medium-size, full-service print shop as well as 2 satellite copy centers. The copy centers are located within the Capitol Complex and offer fast turn-around using xerographic equipment. As a full-service print shop, the operation can provide design, typesetting and electronic output services. The print shop produces multi-colored printing, cutting, folding, and a variety of other finishing options with an emphasis on "environmentally-friendly" printing.

The MailComm Operation offers full-service mailing support to all state agencies. This includes metering and processing outgoing federal mail, sorting and delivering federal and state interoffice mail, and expert consulting on achieving cost-savings with the appropriate postal programs. In addition, the operation also offers mailing services for volume mailings that include: inserting documents, addressing envelopes by applying computer labels, and presorting mail and packaging mail ("bulk mail") to achieve postal savings.

Document Communications provides document management services to state and local government. Services include conversion of documents to microfilm or compact disk, systems consulting, and secure warehouse storage of files or electronic back-ups. Services also include on-site consultations and cost estimates.

The Retail and Editorial Services Unit (REComm) provides a centralized distribution point for state agency documents, reports, publications and other products that are sold to the public at market rates through the Minnesota bookstore and the mailing list service. The bookstore also serves as a publishing house within state government. A portion of the price of the product can be remitted to the state agency that produced the item. This unit publishes the State Register and State Register Contract Supplement. The State Register is the official weekly publication of the State of Minnesota and contains all rulemaking activity, official notices, executive orders of the governor, requests for proposal on professional and technical consulting contracts, commissioner orders, and meeting notices. The State Register Contract Supplement contains commodity bid information.

## BACKGROUND INFORMATION :

**MEASURE TYPES: ACTIVITIES (A), EFFICIENCY (E), OUTPUT (O), OUTCOMES (OC), OTHER DATA (OD), UNIT COSTS (UC), WORKLOAD (W)**

**DATA BASED ON: CALENDAR YEAR (CY), FISCAL YEAR (FY), FEDERAL FISCAL YEAR (FFY), BIENNIUM YEARS (BY)**

| Type | Based | Measure | 1994-95 | 1995-96 |
|---|---|---|---|---|
| A | FY | Printing and copy center requisitions | 807/mo | 905/mo |
| W | FY | Pieces of mail processed (000) | 27,918 | 27,638 |
| W | FY | Paper documents converted to other media (000) | 9,800 | 7,400 |
| OD | FY | Boxes stored in records center | 33,400 | 36,900 |
| A | FY | Walk-in and mail-order customers | 26,710 | 26,017 |
| W | FY | Incoming phone calls | 57,294 | 58,373 |
| OD | FY | Agency items sold in bookstore | 540 | 575 |

## PROGRAM DRIVERS :

The geographical distribution of state agency operations, combined with the increased demands for faster delivery of products and services, increases the difficulty of providing satisfactory centralized and cost-effective support. This is especially significant for the MailComm Operation.

State agencies have increasing autonomy to decide where to purchase their products and services. They are not required to utilize the centralized state operations for printing, addressing, inserting and records storage. If the centralized operations cannot provide services and products to state agencies that meet these agencies' requirements for value and cost-effectiveness, then the centralized operations should cease to exist. This thrust to have government operations, specifically centralized services, operate more like a business is an appropriate one for the activities of the Comm.Media program. However, the challenge is one of running an efficient, competitive business within the state bureaucratic structure.

Reductions in agencies' budgets can result in agencies re-prioritizing their spending needs. This might mean that agencies decide to spend less to purchase the products and services provided by this program.

Continuing and rapid advances in technology have an impact on all aspects of this program. Information technology advances in electronic access to government information will affect the printing, mailing and bookstore operations. Digital processing of information and computer networking will affect printing, mailing and microfilming. Strategies to incorporate technology advances must include careful evaluation of customer needs, investment costs, and employee training and skill issues.

**Goal 1** : Provide quality, cost-effective central duplicating, printing and mail services for state agencies.

**Objective 1** : Maintain pricing for printing jobs that is at least 5% below the average of private sector pricing for comparable products.

**Measure 1** : State rate compared to private sector rate on comparable products.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Percentage Rate Differential** | | | | | | |
| **Actual** | 33.0% | 28.0% | 20.0% | 12.9% | 5.0e% | 5e% |

**DEFINITION :**

PrintComm produces a variety of printing jobs. This measure compares the average pricing for jobs produced at PrintComm to the average pricing for jobs produced by private sector printing companies.

**RATIONALE :**

To meet the program purpose, the printing services must be cost-effective. Comparing prices to those of private sector companies demonstrates the cost-effectiveness.

**DATA SOURCE :**

Benchmarking will be conducted with the assistance of an outside, objective entity. These comparisons will be done by creating a package of printing specifications for each job type, sending one or more of those specifications to representative private printing companies, and asking those companies for a price quote. At the same time, PrintComm will generate a price quote using its standard pricing policy and practices.

**DISCUSSION OF PAST PERFORMANCE :**

A printing operation requires periodic investments in new equipment, processes and employee training in order to meet customer requirements for faster delivery and improved quality products. In F.Y. 1995, PrintComm began to implement its strategic plans for equipment replacement and technology investments. Implementation continues into F.Y. 1997 with the near-term impact of reducing the margin between PrintComm prices and those of the outside, private sector.

**PLAN TO ACHIEVE TARGETS :**

Plans include: continued implementation of equipment and technologies strategies; close management of expenses; efforts to maximize the capacity of the operation through marketing and pricing incentives; and, ongoing improvements in processes and productity.

**OTHER FACTORS AFFECTING PERFORMANCE :**

PrintComm prices are dependent upon achieving certain volumes of work as projected by production capacity planning. If the customers reduce the amount of work they choose to have done at this operation, the pricing on jobs may need to be increased to offset the reduction in the number of jobs produced.

**Goal 1** : Provide quality, cost-effective central duplicating, printing and mail services for state agencies.

**Objective 2** : At least 90% of all paper purchased for printing jobs will be recycled and have a minimum 10% post-consumer waste content.

**Measure 1** : Percent recycled paper purchased.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Purchase Percentage** | | | | | | |
| **Actual** | 74% | 81.5% | 93.8% | 94.13% | 94e% | 94e% |

**DEFINITION :**

PrintComm purchases paper to be used in producing its printing jobs. In support of the environmental printing statutes (M.S. 16B.122), PrintComm has attempted to increase the number of jobs which are printed on recycled paper which has a minimum of 10% post-consumer waste.

**RATIONALE :**

This measure is an indication of PrintComm's success in supporting the statutes. Support for the environmental printing statutes is important to improving the quality of state operations.

**DATA SOURCE :**

Monthly reviews and annual statistics of PrintComm's paper purchase orders are utilized to measure this percentage.

**DISCUSSION OF PAST PERFORMANCE :**

PrintComm's continued efforts to educate customers about the environmental printing statutes and the customers' increased desires to support those statutes have resulted in significant improvements in this measure. In addition, more paper vendors are able to offer recycled paper choices that meet printing customers' requirements for appearance and price.

**PLAN TO ACHIEVE TARGETS :**

The operation will continue with its approach to educate and influence customers to choose recycled paper.

**OTHER FACTORS AFFECTING PERFORMANCE :**

State agencies can justify exemption from statute which requires compliance when "practicable."

**Goal 1** : Provide quality, cost-effective central duplicating, printing and mail services for state agencies.

**Objective 3** : Achieve annually a 95% or better of same-day processing turnaround on first-class mail.

**Measure 1** : Percentage of first-class mail processed on the day received.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Same-Day Processing Percentage** | | | | | | |
| **Actual** | | 98.4% | 97.6% | 97.8% | 95e% | 95e% |

**DEFINITION :**

First class mail not processed the same day will be measured.

**RATIONALE :**

The rationale is to measure service and dependability.

**DATA SOURCE :**

The operation tracks on a daily basis the amount of mail that is not processed the same day.

**DISCUSSION OF PAST PERFORMANCE :**

This was not an activity that was measured prior to F.Y. 1994, and the percentage reflects performance only for the period of November 1993 through June 1994.

The operation has been successful in managing its resources in order to achieve a higher-than-targeted rate on this measure.

**PLAN TO ACHIEVE TARGETS :**

Processing the daily mail to achieve this target performance requires ongoing monitoring of workload throughout the day. As needed, the manager of the operation will adjust resources to ensure that the target is met. This requires teamwork and continued cross-training of MailComm employees.

**OTHER FACTORS AFFECTING PERFORMANCE :**

It is difficult for the MailComm Operation to predict daily mail volumes. Sudden increases of workload could occur at a time when it is not possible to marshal adequate resources to get the mail processed before day's end.

**Goal 2** : Provide quality, cost-effective document conversion services and products for state agencies and operate a records center.

**Objective 1** : Maintain pricing for document conversion products and services that is at least 5% below the average of private sector pricing for comparable products and services.

**Measure 1** : Comparison of private sector rate to state rate.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Percentage Rate Differential** | | | | | | |
| **Actual** | | | | | (8)e% | (5)e% |

**DEFINITION :**

DocuComm provides a variety of products and services relating to document conversion and management. This measure will compare DocuComm pricing to the average pricing in the outside, private sector for comparable products and services.

**RATIONALE :**

To meet the program purpose, the operation must be cost-effective. Comparing prices to those of private sector companies demonstrates cost-effectiveness.

**DATA SOURCE :**

Benchmarking will be conducted with the assistance of an outside, objective entity. These comparisons will be done by creating a package of specifications representing typical products and services delivered by the operation. The specifications will be provided to outside, private-sector companies to obtain price quotes. At the same time, DocuComm will generate a price quote using its standard pricing policy and practices.

**DISCUSSION OF PAST PERFORMANCE :**

DocuComm is currently engaged in a major operational transformation. A key factor driving the need for this transformation is technology. In the past, DocuComm's main document conversion technology was microfilm. This is an old technology which no longer meets the needs of many customers who require electronic access to various types of information converted from a variety of hard-copy formats. As a result, DocuComm is implementing a strategic technology migration that will enable it to meet the current and emerging needs of customers.

While completing this transformation, the operation is making key investments in equipment and employee training. During this time, the comparison to private sector pricing is unfavorable.

**PLAN TO ACHIEVE TARGETS :**

Once the transformation is completed, the new technology will be in place, and the employees will have been trained to utilize it effectively and productively. This will position the operation to lower its prices.

## OTHER FACTORS AFFECTING PERFORMANCE :

Achieving and maintaining competitive pricing requires that certain volumes of work be sustained to match projected available capacity. If customers reduce the amount of work they choose to have done at this operation, the pricing on products may need to be increased to offset the reduction in work volume.

**Goal 3** : Sell official reports, documents and other publications at market rates.

**Objective 1** : Increase by 5% annually the number of state agency products acquired for distribution.

**Measure 1** : Number of new state agency products acquired.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **New Products** | | | | | | |
| **Actual** | 35 | 42 | 44 | 47 | 49e | 51e |

**DEFINITION :**

The number of state agency products that are carried at REComm is tracked on an annual basis. Because the unit's primary mission is to sell government products, it is important that new products be added each year so that the expanded inventory and new markets can support production and administrative costs associated with the unit. Product expansion also supports the initiative of providing the public with cost-effective, "one-stop shopping" for state products and information.

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**DISCUSSION OF PAST PERFORMANCE :**

Performance in past years on this measure has been good. Efforts by the REComm Operation to market their service to state agencies have been successful.

**PLAN TO ACHIEVE TARGETS :**

As with previous years, the REComm Operation will continue its marketing efforts, utilizing direct contact with agencies as well as other communication vehicles to promote its ability to effectively serve agency publishing and distribution needs.

## OTHER FACTORS AFFECTING PERFORMANCE :

State agencies' financial ability to produce materials for distribution and sale to the public is a factor beyond the control of the REComm Operation.

**Agency** : ADMINISTRATION DEPT

**Program** : OPERATIONS MANAGEMENT

**BACT** : MATERIALS MANAGEMENT

**MACT** : MATERIALS MANAGEMENT

## EXPENDITURES AND STAFFING :

| | ($ in Thousands) | Percent of Department |
|---|---|---|
| Total Expenditure | $10,679 | 7.39% |
| General | $2,500 | |
| Revolving | $6,884 | |
| Revenue Funds | $1,295 | |
| Number of FTE Staff: | 73 | 8.76% |

## GOALS :

- Provide the greatest value to state and local government through efficient acquisition of products and services. (M.S. 16B.04, subd. 2; 16B.09, subds. 1, 5)

- Achieve social and environmental goals through acquisition of products and services for state and local government. (M.S. 16B.121; 16B.19)

- Provide services that meet customer expectations. (M.S. 16B.28; 16B.29)

- Provide customers with responsible and cost-effective surplus property disposition services. (M.S. 16B.28; 16B.29)

## DESCRIPTION OF SERVICES :

The materials management division (MMD) provides responsible material and service acquisition and property disposition through professional, timely and worthwhile services meeting customer expectations. The division's services include: purchasing, small business procurement, cooperative purchasing program for political subdivisions, central stores, environmental purchasing, state and federal surplus property management, and professional and technical service contract management. Added to the responsibilities of MMD in F.Y. 1996 has been the management of the functional aspects of the procurement components of the Minnesota Accounting and Procurement System (MAPS).

MAPS became operational for F.Y. 1996. For the first time, the state has a picture of most of its public procurement activity that takes place within the state.

Expenditures for F.Y. 1996: $836,147,525. These are expenditures generated by the procurement component only; it does not include interagency transfers or interagency payments (i.e., payment of state and local sales taxes).

Order documents issued: 511,079
 Average order: $1,636
Payment documents issued: 758,345
 Average payment: $1,103

This data may take MMD and state agencies some time to digest; however, it does reflect substantially more volume than was estimated in building MAPS. Historically, MMD reported on 6,000 or 7,000 purchase orders that were processed for agencies. Nevertheless, even with these preliminary figures, the relationship reflected makes sense. Agencies order all kinds of commodities and services for a year and pay for them monthly or as they are provided. Therefore, it is logical to find that there are more payments than orders.

**BACKGROUND INFORMATION :**

**MEASURE TYPES: ACTIVITIES (A), EFFICIENCY (E), OUTPUT (O), OUTCOMES (OC), OTHER DATA (OD), UNIT COSTS (UC), WORKLOAD (W)**

**DATA BASED ON: CALENDAR YEAR (CY), FISCAL YEAR (FY), FEDERAL FISCAL YEAR (FFY), BIENNIUM YEARS (BY)**

| Type | Based | Measure | 1994-95 | 1995-96 |
|---|---|---|---|---|
| W | FY | Purchase orders placed thru central purchasing | 5,925 | 6,728 |
| A | FY | Value of direct acquisition purchase (000) | $75,287 | $79,344 |
| A | FY | Value of purchases from contracts (000) | $230,157 | $238,200 |
| W | FY | Commodity contracts | 1,364 | 1,312 |
| W | FY | Certified targeted group (TG) and/or economically disadvantaged (ED) vendors | 1,246 | 1,294 |
| W | FY | Construction dollars awarded to TG and/or ED vendors | 15.5% | 20.1% |
| A | FY | Members in cooperative purchasing program | 297 | 318 |
| A | FY | Surplus dollar savings thru cost avoidance (000) | $8,377 | $8,206 |
| A | FY | Central Stores sales (000) | $7,267 | $7,163 |

**PROGRAM DRIVERS :**

The division provides services primarily to other state agencies to enable them to purchase materials and services, then dispose of them at the end of their life cycle.

MMD is committed to providing quality services to its customers and has customer service as the centerpiece of its mission. At the same time, the division is responsible for providing the greatest value to these customers by assuring that products and services are acquired from the lowest responsible bidder meeting specifications and also for using state purchasing power to achieve social and environmental goals. These responsibilities sometimes present challenging situations.

The division has continued to reduce general fund costs in a number of areas including reducing printing and mailing costs through the use of a voice fax system, holding positions vacant, allocating costs more appropriately to non-general funds, and recovering the costs of administering certain contracts through fees.

A multi-agency procurement reform project initiated by MMD will enable the division to redirect resources in order to improve its services and provide more authority to its customers. Division improvements resullting from this project include:

1) establishment of a customer feedback process within the division's quality and customer service unit; and

2) redirection of resources to provide for a greater emphasis on training state agencies. This will support increased delegation of certain purchasing and other materials management responsibilities to agencies, as supported by the statewide systems project.

A pilot project entered into with the Department of Transportation was initiated to study alternative methods with which to streamline the purchasing process. The primary purpose of the project is to examine other ways of doing business that would allow government purchasing to work better at less cost.

## OTHER FACTORS AFFECTING PERFORMANCE :

Purchase order processing time is affected by the number of requests in hand and number of professional staff available to apply that workload. The division has delegated the authority for making purchases under $1,500 to state agencies. This will increase pressure to extend processing time because the remaining purchases (those over $1,500) tend to be more complex and time-consuming. Correct usage of the new purchasing system will help improve processing time for agencies with extended authority by reducing the time-consuming administrative tasks associated with the purchasing process.

**Goal** 1 : Provide the greatest value to state and local government through efficient acquisition of products and services.

**Objective** 2 : Generate savings accruing to agencies as a result of centralized acquisition services.

**Measure 1** : Savings to agencies (in millions).

| | F.Y.1992 | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 |
|---|---|---|---|---|---|---|
| **Direct Acquisition** | | | | | | |
| **Actual** | $4.9 | $3.9 | $5.1 | $5.0 | $5.0 | |
| **Target** | $4.9 | $4.0 | $4.5 | $4.7 | $4.9 | $5.0 |
| **Contracts** | | | | | | |
| **Actual** | $45.0 | $47.5 | $55.3 | $50.0 | $50.0 | |
| **Target** | $45.0 | $50.0 | $50.0 | $50.0 | $50.0 | $50.0 |

**DEFINITION :**

Savings are calculated as the sum of the differences between actual purchase price and market price. Direct acquisition savings are calculated by subtracting the actual amount of the purchase from the estimated amount, which is usually supplied by the customer (agency). Contract savings are calculated by comparing the total estimated purchase from a contract with the estimated amount that would have been spent had the purchase not been made from a contract.

**RATIONALE :**

This is a direct measure of how central purchasing provides monetary value to customer agencies.

**DATA SOURCE :**

Compiled using PC-based system.

**DISCUSSION OF PAST PERFORMANCE :**

Until recently, it was difficult to measure performance of this area. The focus has been on sharpening the measurment techniques. Savings have also increased over the past seven to eight years due to the development of long-term multi-item purchase contracts that generally provide better pricing than single-item acquisition purchasing.

**PLAN TO ACHIEVE TARGETS :**

Analyze more complete data out of new purchase system (MAPS) for opportunities to structure additional value-added long-term contracts.

**OTHER FACTORS AFFECTING PERFORMANCE :**

The total volume of purchasing done within a specified period may vary. There may be greater or lesser savings depending on the product mix in a specified period.

**Goal 1** : Provide the greatest value to state and local government through efficient acquisition of products and services.

**Objective 3** : Increase percentage of on-time product delivery as requested by agencies.

**Measure 1** : On-time product delivery percentage.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **On-time Delivery** | | | | | | |
| **Actual** | 84.0% | 79.6% | 84.0% | 85.0% | | |
| **Target** | 80.0% | 80.0% | 82.0% | 83.0% | 87.0% | 89.0% |

**DEFINITION :**

On-time delivery is calculated as the number of orders delivered at or before the time requested by the agency divided by the total number of orders delivered.

**RATIONALE :**

This measure evaluates the efficiency and effectiveness of Administration's purchasing services. On-time delivery provides agencies with needed goods and services in a timely manner, allowing agencies to better manage their inventory and providing them with a consistent response on which to rely.

**DATA SOURCE :**

PC-based management report.

**DISCUSSION OF PAST PERFORMANCE :**

Transition from former PALS system to current MAPS system had a "learning curve" problem that resulted in 1994 decrease in actual performance.

**PLAN TO ACHIEVE TARGETS :**

Better communicate normal lead time (based on type of product ordered) to customers.

**OTHER FACTORS AFFECTING PERFORMANCE :**

Fluctuation in the availability of products in the market.

**Goal 2** : Achieve social and environmental goals through acquisition of products and services for state and local government.

**Objective 1** : Maintain the number of dollars spent on environmentally responsible products and services.

**Measure 1** : Agency spending on environmentally responsible products and services (in millions).

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Direct Acquisition** | | | | | | |
| **Actual** | $17.0 | $19.2 | $15.0 | $16.0 | | |
| **Target** | $11.0 | $12.0 | $13.0 | $15.0 | $17.0 | $18.0 |
| **Contracts** | | | | | | |
| **Actual** | $8.5 | $21.0 | $22.0 | $23.0 | | |
| **Target** | $7.0 | $8.0 | $9.0 | $20.0 | $24.0 | $25.0 |

**DEFINITION :**

Amount spent by state agencies on products and services that meet certain criteria of environmental responsibility (e.g., contain recycled materials, remanufactured, rebuilt or reusable, waste reducing, recyclable, less (or non-) toxic, or more efficient when compared to a previously used product).

**RATIONALE :**

Environmentally responsible purchasing is required by Minnesota Statutes, sections 15A.15 and 16B.121, and chapters 122 and 123.

**DATA SOURCE :**

Data is compiled manually from Admin records.

**DISCUSSION OF PAST PERFORMANCE :**

Factors affecting past performance are: product availability, product quality, and agency acceptance of environmentally responsible purchasing. All three areas have improved over time.

**PLAN TO ACHIEVE TARGETS :**

Use of joint purchasing agreements with other states and jurisdictions (where appropriate) to increase purchasing power and seek lower prices on recycled content products. Educational efforts to promote purchasing for waste reduction and pollution prevention.

**OTHER FACTORS AFFECTING PERFORMANCE :**

Admin provides purchase and contracting services to agencies but does not make final buying decisions for them. The goal for direct acquisition purchasing is affected by the delegation to agencies for certain purchases.

**Goal 3** : Provide services that meet customer expectations.
**Objective 1** : Decrease Central Stores' average order fill turn-around time.

**Measure 1** : Central Stores' average order fill turn-around time (in working days).

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Working Days** | | | | | | |
| **Actual** | 2 | 2 | 1.5 | 1.5 | | |
| **Target** | 3 | 2 | 1.5 | 1.5 | 1.5 | 1.5 |

**DEFINITION :**

Days are measured from the date the order is received to the date shipped.

**RATIONALE :**

This measure directly evaluates the efficiency and effectiveness of Central Stores' distribution services. Quick turn-around provides agencies with needed goods in a timely manner, allowing them to better manage their inventory and providing them with a consistent response on which to rely.

**DATA SOURCE :**

Management reports.

**DISCUSSION OF PAST PERFORMANCE :**

Changing warehouse layout to provide easy access to frequently ordered products, as well as undertaking other technological improvements, have improved performance on this measure to a customer level. The goal of this activity is to seek additional methods of efficiency.

**PLAN TO ACHIEVE TARGETS :**

Use of electronic ordering with direct links to suppliers will allow Central Stores to maintain or decrease order turn-around time.

**OTHER FACTORS AFFECTING PERFORMANCE :**

Product availability, timely delivery services and sufficient staff to meet cyclical sales volume can affect average order fill turn-around time.

**Goal 4** : Provide customers with responsible and cost-effective surplus property disposition services.

**Objective 1** : Increase by 5% the total return of revenue to state agencies and local units of government through surplus property sales.

**Measure 1** : Revenues received by state agencies and local units of government through surplus property sales (in thousands).

| | C.Y.1993 | C.Y.1994 | C.Y.1995 | C.Y.1996 | C.Y.1997 | C.Y.1998 |
|---|---|---|---|---|---|---|
| **Revenue Received** | | | | | | |
| **Actual** | $2,996 | $3,182 | $3,541 | $3,073 | | |
| **Target** | $2,263 | $3,146 | $3,341 | $3,718 | $3,904 | $4,099 |
| **Percent Increase** | | | | | | |
| **Actual** | | 6.2% | 11.3% | (13.2)% | | |
| **Target** | | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |

**DEFINITION :**

Revenues equal annual auction revenue less 7% (administrative fee).

**RATIONALE :**

Auction revenue (less administrative cost) is returned to the customer agencies.

**DATA SOURCE :**

Surplus Services management report.

**DISCUSSION OF PAST PERFORMANCE :**

Increases due to more participants, better advertising and increased value of property offered.

**PLAN TO ACHIEVE TARGETS :**

Continue actions mentioned above. Also, broaden participation by local government.

**OTHER FACTORS AFFECTING PERFORMANCE :**

Performance is affected by the degree of public participation, the availability of property to be sold and the need to have more auctions in Greater Minnesota.

**Agency** : ADMINISTRATION DEPT

**Program** : OPERATIONS MANAGEMENT

**BACT** : RISK MANAGEMENT

**MACT** : RISK MANAGEMENT

**EXPENDITURES AND STAFFING :**

| | ($ in Thousands) | Percent of Department |
|---|---|---|
| Total Expenditure | $4,608 | 3.19% |
| Revolving | $4,608 | |
| Number of FTE Staff: | 5 | 0.63% |

**GOAL :**

- Develop and maintain the risk management fund as a low-cost alternative to the purchase of conventional insurance. (M.S. 16B.85)

**DESCRIPTION OF SERVICES :**

The Risk Management Division provides insurance and risk management services to state agencies. Accordingly, it is responsible for developing and operating the state's risk and insurance management program to minimize the exposure to financial loss and provide the most economical funding alternatives. It operates the state's risk management fund, which provides self-insurance for state agencies for property and casualty coverages including property, boiler and machinery, inland marine, crime, general liability, automobile liability, automobile physical damage and other insurance coverages requested by state agencies. The division also maintains the state's risk management information system, administers property-casualty programs for purchased insurance, and works closely with all units of state government as a consultant on their risk and insurance management needs.

**PROGRAM DRIVERS :**

Economic and social factors have historically had an inflationary impact on the following costs associated with property-casualty losses: medical and health care costs, automobile repair costs and legal expenses.

Property-casualty losses are random events that provide a challenge to the division in maintaining the fiscal integrity of the risk management fund.

Market conditions in the commercial excess/reinsurance marketplace affect the total cost of risk involved in operating the risk management fund. Commercial excess/reinsurance is purchased by the division to protect the financial stability of the risk management fund.

**Goal 1** : Develop and maintain the risk management fund as a low-cost alternative to the purchase of conventional insurance.

**Objective 1** : Assure that one year after a policy year ends the reserves to pay claims in the risk management fund for that year are at least 90% of the actual amount required to pay claims for that year.

**Measure 1** : Ratio of reserves one year after the end of the policy year to the reserves at the end of the most recent policy year.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Percent > Actual** | | | | | | |
| **Target** | >90% | >90% | >90% | >90% | >90% | >90% |
| **Department Ratio** | | | | | | |
| **Actual** | 115% | 109% | 95% | | | |

**DEFINITION :**

When a claim occurs, an estimate is made as to what that claim will ultimately cost. This amount is then reserved for the payment of that claim. As additional information is obtained, the reserve is revised with the new information. When the claim is settled and closed, the ultimate (actual) cost of the claim becomes known. It may take several years for this to happen with some claims. Because the ultimate reserves are not known until the policy period has closed, we report the reserves most recently available, which is June 30, 1996. Policy years that are less than 2 years old cannot be measured because not enough time has elapsed to differentiate the numerator and denominator.

**RATIONALE :**

The reserves are measures of liabilities against the risk management fund. These liabilities need to be estimated as reliably as possible so that the risk management fund maintains its capacity to pay claims while not being over funded. Reliable reserve estimates are also required to develop accurate rate packages.

**DATA SOURCE :**

Advisory committee quarterly reports.

**DISCUSSION OF PAST PERFORMANCE :**

Fiscal years 1992 - 1995 reflect conservative reserve philosophy as the actual performance exceeds the desired performance in those years. Favorable claims settlements have resulted in a decrease in reserves in those years.

**PLAN TO ACHIEVE TARGETS :**

The claim reserves will continue to be audited on a quarterly basis to ensure that the objective will be met in the future.

**Goal 1** : Develop and maintain the risk management fund as a low-cost alternative to the purchase of conventional insurance.

**Objective 2** : Maintain a combined loss and expense ratio of 100% or less for each policy year.

**Measure 1** : Ratio of incurred losses and expenses to premiums earned including investment earnings.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Department Ratio** | | | | | | |
| **Actual** | 72e% | 98e% | 137e% | 39e% | | |
| **Target** | 100% | 100% | 100% | 100% | 100% | 100% |

**DEFINITION :**

This is the ratio of incurred losses, loss adjustment expenses, legal expenses, and operating expenses to premiums earned including investment earnings. The ratio is a standard measure in the insurance industry to measure underwriting profit. Actual figures are expressed as estimates because insufficient time has elapsed to guarantee the resolution of all outstanding claims.

**RATIONALE :**

Although the risk management division does not make a profit, this measure indicates our performance in maintaining the financial integrity of the fund. It indicates that the premiums collected plus the investment earnings on those premiums are sufficient to pay claims that come due.

**DATA SOURCE :**

Risk management information system.

**DISCUSSION OF PAST PERFORMANCE :**

F.Y. 1992, F.Y. 1994 and F.Y. 1995 had multiple severe accidents resulting in higher reserves and/or claim payments. Resolution of these accidents will influence the actual loss ratio.

**PLAN TO ACHIEVE TARGETS :**

These accidents illustrate the fact that the risk management fund must continue to be managed conservatively so that it has sufficient reserves to cover the occasional severe accident(s) in a year.

In years when the loss ratio is under 100%, consideration will be given for reimbursement to the participating agencies in the form of a dividend. Dividends are declared 36 months after the end of the policy year at the earliest and are paid back over a 4-year period. The effect of dividend payments is to raise the loss ratio in those years for which dividends are paid. These loss ratios will eventually approach 100%.

**Goal 1** : Develop and maintain the risk management fund as a low-cost alternative to the purchase of conventional insurance.

**Objective 3** : Maintain an annual operating expense ratio at least 15 percentage points less than the industry average.

**Measure 1** : Ratio of annual operating expenses to earned premium.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Industry Average Ratio Benchmark** | 30.1% | 30.1% | 30.0% | 30.0% | 30.0% | 30.0% |
| **Percentage < Industry Target** | <15.2% | <15.2% | <15.1% | <15.1% | <15.1% | <15.1% |
| **Department Ratio Actual** | 6.8% | 11.8% | 10.6% | 5.2% | | |

**DEFINITION :**

This is the ratio that the industry terms as the total underwriting expense, which includes the following: commissions, brokerage and operating expenses such as salary, rent and equipment. Best's Aggregates & Averages--Property/Casualty published an industry average underwriting expense ratio of 30% in 1995.

**RATIONALE :**

The industry average premium charged must include an allowance of 30% for underwriting expenses. This measure indicates the effectiveness of the division's management of its operating expenses compared to the industry average, which ultimately shows the cost savings in premiums charged by the risk management fund.

**DATA SOURCE :**

Risk management information system.

**DISCUSSION OF PAST PERFORMANCE :**

As illustrated above, the division has achieved this goal each year. The reduction of cost reflected in the division's actual performance ratio has been achieved through the elimination of costs such as commissions, brokerage profit, taxes and efficient management of other operating expenses.

**PLAN TO ACHIEVE TARGETS :**

The division will continue this trend by maintaining or improving the current standard of management techniques relating to operating expenses.

## DISCUSSION OF PAST PERFORMANCE :

The declining expense savings represented in this measurement is a result of the escalation of vehicle acquisition and operating costs relative to the state's static reimbursement rate of 27 cents per mile. It is anticipated that the state's mileage reimbursement rate will be increased as part of the collective bargaining process. This would provide a state reimbursement rate closer to the federal Internal Revenue Service standard business rate, which was increased in F.Y. 1996 to 31 cents per mile for business travel.

The figures below represent measures of projected (estimated) expense savings if the state reimbursement rate is increased beginning in F.Y. 1998 to match the current federal reimbursement rate of 31 cents per mile.

F.Y. 1998 10.2% below
F.Y. 1999 6.5% below

## PLAN TO ACHIEVE TARGETS :

To achieve its objective, TMD will attempt to maintain rental rate stability and value through the analysis of costs, improvement of operating efficiencies, and the utilization and availability of division vehicles.

**Agency** : ADMINISTRATION DEPT

**Program** : INTERTECHNOLOGIES GROUP

**EXPENDITURES AND STAFFING :**

| | ($ in Thousands) | Percent of Department |
|---|---|---|
| Total Expenditure | $67,896 | 46.97% |
| From Special Revenue Funds | $7,099 | |
| General | $570 | |
| Revolving | $60,226 | |
| From Gift Funds | $1 | |
| Number of FTE Staff: | 240 | 28.71% |

**Agency** : ADMINISTRATION DEPT

**Program** : INTERTECHNOLOGIES GROUP

**BACT** : INTERTECHNOLOGIES

**MACT** : INTERTECH

**EXPENDITURES AND STAFFING :**

| | ($ in Thousands) | Percent of Department |
|---|---|---|
| Total Expenditure | $60,797 | 42.06% |
| General | $570 | |
| Revolving | $60,226 | |
| From Gift Funds | $1 | |
| Number of FTE Staff: | 237 | 28.35% |

**GOALS :**

- Operate quality, cost-effective information and telecommunications services, including management, consultation and design services. (M.S. 16B.48, subd. 3)

- Manage the intertechnologies revolving fund such that agencies pay only for the cost of services used, including reasonable overhead costs, and to maintain a competitive position with regard to alternative providers. (M.S. 16B.48, subd. 4)

**DESCRIPTION OF SERVICES :**

The InterTechnologies Group's services include computer processing, data storage, telecommunications and 9-1-1. Over 90% of these services are delivered on a fee-for-service basis. The 9-1-1 activity is supported through a special revenue fund. The telephone communications center receives a small general fund appropriation to support the staff responsible for answering and directing telephone calls made to the state's general information number.

As the information technology industry has evolved, distinctions between "data processing" and "telecommunications" activities have blurred. In recent years, InterTech has begun categorizing its services as "transport," "storage" and "processing," but emphasizes that even these categories are increasingly integrated. The merger of technology tools is reflected in both the organization and the management of InterTech. For example, the current InterTechnologies revolving fund was, until 1994, two separate funds for telecommunications and computer processing. The InterTech Help Desk, which historically supported data processing activities, is now called the Network Operations Center. In addition to its role as the first point of contact for problems involving data processing applications, the Center is also responsible for diagnosing and managing the performance of MNet, the telecommunications network used for data and video.

InterTech is a primary source of information technology services for public sector entities. These services are key mechanisms by which government agencies deliver public assistance and public safety programs to Minnesota's citizens. For example, law enforcement officers communicate with both state and federal colleagues by means of MNet. Public assistance offices in Minnesota's counties access eligibility and benefit information stored on computers located at InterTech.

The majority of InterTech's computer processing business is transacted with the departments of Human Services, Revenue, Public Safety, Transportation, Finance and Employee Relations. The agencies with the greatest utilization of telecommunications services are MnSCU and the departments of Natural Resources, Human Services, Public Safety and Transportation.

## BACKGROUND INFORMATION :

**MEASURE TYPES: ACTIVITIES (A), EFFICIENCY (E), OUTPUT (O), OUTCOMES (OC), OTHER DATA (OD), UNIT COSTS (UC), WORKLOAD (W)**

**DATA BASED ON: CALENDAR YEAR (CY), FISCAL YEAR (FY), FEDERAL FISCAL YEAR (FFY), BIENNIUM YEARS (BY)**

| Type | Based | Measure | 1994-95 | 1995-96 |
|---|---|---|---|---|
| A | FY | Voice--Long Distance Minutes/year | 57,731,849 | 58,210,851 |
| A | FY | Switchboard Operator Calls/year | 195,135 | 180,106 |
| A | FY | Conference Calls Connected/year | 3,476 | 3,583 |
| A | FY | Video Sites Operable | 347 | 761 |
| A | FY | Video Conferences Held | 1,904*e | 4,928e |
| A | FY | Video Hours | 13,061*e | 30,839e |
| A | FY | Avg. Megabytes of Disk Storage/month | 870,852 | 1,328,121 |
| A | FY | Number of Tape Cartridges Used/month | 67,256 | 77,400 |
| A | FY | MNet Community Router Connections | 1,129 | 12,378 |
| A | FY | Electronic Mail Hub Customers | 3,268 | 8,672 |

## PROGRAM DRIVERS :

* Video statistics are available beginning in October 1994. Figures for the months of July, August and September in F.Y. 1995 are estimates.

The InterTechnologies Group favorably impacts state government's overall investment in information technology by aggregating agencies' technology requirements, and then "buying in bulk" for lower prices. In addition, InterTech adds value through its knowledge of government operations and its ability to supply customers with the services they require. Because information technology is a keenly competitive and rapidly changing business, InterTech must manage its business carefully; otherwise state agencies may seek alternative sources of supply.

Until recently, aspects of state government's organizational and financial structures have discouraged collaboration among departments. However, several collaborative projects are now successfully illustrating the benefits of combining resources to achieve technological goals. An example is the Telecommunications Collaboration Project. One of the project's goals is to establish consolidated network connections for government agencies to each county seat in Minnesota. The pilot phase of the project, which is already complete, has demonstrated that collaboration will eliminate redundant, unnecessary infrastructure, will improve access to government information, and will reduce the overall cost of connectivity. Given the success of projects like this, it is likely that InterTech and its customer agencies will increasingly share resources, workload and associated risks to expand the communications infrastructure.

**Goal 1** : Operate quality, cost-effective information and telecommunications services, including management, consultation and design services.

**Objective 1** : Hold flat or reduce aggregate rates each fiscal year.

**Measure 1** : Percent aggregate rate reduction.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Percent Reduction** | | | | | | |
| **Actual** | 13% | 9% | 13% | 13% | 7e% | 2e% |

**DEFINITION :**

The percent reductions shown are based on InterTech's aggregate rates for transport, storage and processing services.

**RATIONALE :**

Rate reductions are indications of InterTech's competitive stance with alternate providers. Throughout the industry, rates decline as automation reaches new levels of sophistication and capability.

In managing the revolving fund, InterTech particularly scrutinizes its rate structure because customers are free to take their business to other providers if a thorough comparison of costs and benefits indicates this is in the state's best interest. Such decisions should be made cautiously, because independent benchmarking services have pointed out the difficulty of comparing specific costs in computer processing environments. When conducting an analysis, a benchmark service organization ensures that costs are consistent.

**DATA SOURCE :**

InterTech publishes an annual rate package. Rates are recalculated each fiscal year using volume information from customers to establish resource requirements. The complete rate package is reviewed and approved by the commissioners of Administration and Finance before being incorporated into InterTech's billing system. Comparative industry figures are available from benchmarking sources such as Nolan/Norton and Gartner Group.

**DISCUSSION OF PAST PERFORMANCE :**

InterTech has reduced rates for 9 consecutive years, which included 2 reductions in F.Y. 1992.

**PLAN TO ACHIEVE TARGETS :**

InterTech's rates are developed by evaluating customers' volume projections and determining the resources (and associated costs) necessary to produce customers' projected workloads. At one time, actual volumes significantly exceeded customer projections, resulting in substantial imbalance in the revolving fund. This is particularly likely to happen when new application systems are installed for operation. As applications mature and stabilize, volume projections become more reliable. More recently, however, greater cooperation between InterTech and its customers has improved the accuracy of volume projections and budgets, ensuring a more predictable fund flow and a stable service environment.

**Goal 2** : Manage the intertechnologies revolving fund such that agencies pay only for the cost of services used, including reasonable overhead costs, and to maintain a competitive position with regard to alternative providers.

**Objective 1** : Demonstrate cost-efficient use of resources required to deliver service to customers.

**Measure 1** : Revolving fund revenue earned per employee.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Revolving Fund Revenue** | | | | | | |
| **Actual** | | $50,719,931 | $57,827,282 | $59,896,209 | $65,068,278e | $69,364,656e |
| **Average Annual Employees** | | | | | | |
| **Actual** | | 257 | 262 | 250 | 258e | 267e |
| **Revenue Per Employee** | | | | | | |
| **Actual** | | $197,354 | $220,715 | $239,585 | $252,203e | $259,793e |

**DEFINITION :**

InterTech's revenue per employee figure is achieved by dividing the revolving fund revenue by the average number of employees who are on staff during that fiscal year. The measure illustrates how staff resources have been leveraged as revolving fund activity has increased.

**RATIONALE :**

The growth in the volume of business conducted at InterTech is measured by the increase in annual revenue; and it must be noted that revenue has increased despite annual rate reductions (see Goal number 1, above). Put another way, the price per unit of service has decreased, the amount of units delivered has increased and the number of employees producing the units of service has essentially stayed the same.

In addition, InterTech's portfolio of services has expanded - and diversified - particularly since the advent of MNet the state's data and video telecommunications network. Effective management of staff resources and the utilization of technical tools where possible have allowed InterTech to keep staffing levels relatively stable while producing a significantly greater volume of business.

**DATA SOURCE :**

Staffing levels are obtained from organization charts produced bi-monthly by InterTech. Revenue figures are available from InterTech's monthly financial statements.

**DISCUSSION OF PAST PERFORMANCE :**

InterTech has effectively leveraged its staff resources while keeping pace with the information technology needs of customers. The number of employees has remained virtually constant during InterTech's implementation of such systems as MAXIS for DHS, and the finance/HR/payroll systems developed by the Statewide Systems Project. Most recently, InterTech staff have managed the implementation and early stages of growth of the MNet network.

## PLAN TO ACHIEVE TARGETS :

During F.Y. 1994-1996, InterTech operated with an average of 17 vacant positions. The numbers above anticipate that the organization will continue to carry approximately the same number of vacancies in the coming biennium, and will add positions as well. Historically, InterTech has had difficulty competing for qualified job applicants. This is due to the competitive market for people with particular skill sets, and to the relatively low state salaries awarded technical positions. The Department of Employee Relations has recently taken steps to improve the state's ability to recruit and hire qualified technical staff; salary scales have also been adjusted somewhat.

**Goal 2** : Manage the intertechnologies revolving fund such that agencies pay only for the cost of services used, including reasonable overhead costs, and to maintain a competitive position with regard to alternative providers.

**Objective 1** : Demonstrate cost-efficient use of resources required to deliver service to customers.

**Measure 2** : Computer processing capacity expressed in millions of instructions per second (MIPS).

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **MIPS** | | | | | | |
| **Actual** | 250 | 370 | 500 | 780 | 895 | 1060e |
| **Hardware & Software Investment** | | | | | | |
| **Actual** | $16,531,000 | $22,347,000 | $15,419,000 | $16,528,000 | $21,403,000 | $20,648,000e |
| **Average Cost Per MIPS** | | | | | | |
| **Actual** | $66,126 | $60,398 | $30,838 | $21,190 | $23,914 | $19,480e |

**DEFINITION :**

The number of MIPS available is an indication of the amount of processing workload handled at InterTech's computer center. Dollars invested in hardware and software have remained relatively constant during the period. Cost per MIPS is a standard industry measure of a data center's performance.

**RATIONALE :**

Acquisitions of additional processing capacity are matched to customers' estimated workload volumes; excess capacity is kept to a minimum. Processing capacity at InterTech has increased during the period. Hardware and software expenditures have been leveraged to keep up with the constant growth and maintain workload volumes, but remain relatively steady.

**DATA SOURCE :**

InterTech internal reports and external benchmark studies.

**DISCUSSION OF PAST PERFORMANCE :**

To verify its performance, InterTech has conducted benchmark studies, using independent consulting firms. Using 1990 - 91 data, Peat Marwick determined that InterTech's costs were above the Nolan/Norton benchmark. In 1994, Waypoint Associates determined that InterTech's costs were as much as 15% below those of comparable data centers, using Nolan/Norton data. A study of both data center and network activities is currently underway by Compass America, Inc. Findings and recommendations are not available for the 1996 performance plan.

**Agency** : ADMINISTRATION DEPT

**Program** : FACILITIES MANAGEMENT

**EXPENDITURES AND STAFFING :**

| | ($ in Thousands) | Percent of Department |
|---|---|---|
| Total Expenditure | $26,128 | 18.07% |
| From Federal Funds | $276 | |
| From Special Revenue Funds | $3,779 | |
| General | $3,627 | |
| Revolving | $16,361 | |
| From Gift Funds | $2,085 | |
| Number of FTE Staff: | 300 | 35.85% |

equipment while maintaining safeguards to health and safety.

The division handles plan review, inspections and consumer complaints for all public buildings, state licensed facilities, elevators, manufactured structures and modular buildings. The plan reviews and inspections are performed by division staff, contract inspectors or by the certified building officials of those municipalities who have contracted with the division to provide services.

To obtain uniform application of the SBC, the division provides training, education and assistance to building officials, design professionals, contractors and others associated with the construction industry. Training seminars are conducted in various locations throughout the state. The division maintains uniform administration and enforcement of the SBC by monitoring jurisdictions who adopt the SBC. Monitoring visits verify that correct adoption procedures, staffing, certifications and administrative procedures are followed.

**BACKGROUND INFORMATION :**

**MEASURE TYPES: ACTIVITIES (A), EFFICIENCY (E), OUTPUT (O), OUTCOMES (OC), OTHER DATA (OD), UNIT COSTS (UC), WORKLOAD (W)**

**DATA BASED ON: CALENDAR YEAR (CY), FISCAL YEAR (FY), FEDERAL FISCAL YEAR (FFY), BIENNIUM YEARS (BY)**

| Type | Based | Measure | 1994-95 | 1995-96 |
|---|---|---|---|---|
| W | FY | Code Adoption | 4 | 2 |
| A | FY | Permits (elevators) | 579 | 490 |
| W | FY | Plan Reviews | 350 | 307 |
| A | FY | Consumer Complaints | 90 | 90 |
| W | FY | Consumer Complaints Closed | 86 | 86 |
| W | FY | Seminars (attendees) | 613 | 1,147 |
| W | FY | Meetings/Visits | N/A | 436 |
| W | FY | Inquiries (calls/letters) | N/A | 22,340 |
| A | FY | Municipalities adopting state building code | 34 | 24 |
| OD | FY | Manufactured homes sited in state/year | 3,774 | 3,691 |

**PROGRAM DRIVERS :**

As construction techniques, new materials and new methods of construction continue to change, the model codes change to address the new concepts. New model codes and federal mandates such as Americans with Disabilities Act (ADA) require greater expertise and in more fields for the division to meet the daily requests from the construction industry for interpretation and equivalencies. Legislative initiatives to increase staff are needed to assist the division in responding to accessibility questions, reduce inspection time on all permits issued and enable the division to provide continuing education needs of the construction industry.

**Goal 1** : Effectively promulgate, administer and enforce the set of construction standards known as the Minnesota State Building Code.

**Objective 1** : Update Minnesota State Building Code to meet the needs of the building industry by adopting latest model building codes within 12 months of publication.

**Measure 1** : Codes and rules are updated every 3 years.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Electric Rules** | | | | | | |
| **Actual** | | Y | | | Ye | |
| **Elevator Rules** | | | | | | |
| **Actual** | | Y | | | Ye | |
| **Certification Rules** | | | | | | |
| **Actual** | | | Y | | | Ye |
| **Plumbing Rules** | | | | | | |
| **Actual** | | | Y | | | Ye |
| **Mechanical Rules** | | | | | | |
| **Actual** | | | Y | | | Ye |
| **Building Rules** | | | | | | |
| **Actual** | | | Y | | | Ye |
| **Accessibility Rules** | | | | | | |
| **Actual** | | | | Y | | |
| **Modular Bldg Rules** | | | | | | |
| **Actual** | | | | Y | | |

**DEFINITION :**

Model building codes are updated and published on 3-year change cycle. The division sets up ad hoc committees to review model codes and recommend amendments to carry out federal and state legislative mandates, state agency licensing requirements and meet geographic needs peculiar to Minnesota. Adopting the latest model codes enables owners, design professionals, contractors and the general public to use the most current methods of construction, new materials and the latest technological equipment and still maintain minimum safeguards to health and safety.

**DISCUSSION OF PAST PERFORMANCE :**

The division has maintained a history of adoption of model codes enabling the construction industry to meet minimum safety standards in creating affordable construction projects.

**PLAN TO ACHIEVE TARGETS :**

The division attends code change hearings and meets with ad hoc committees to review proposed changes to model codes as soon as they are available.

## OTHER FACTORS AFFECTING PERFORMANCE :

Currently 3 national model codes are joining to form a single international code council. This unification may delay the adoption cycle due to varying publication dates and approval by a unified council.

**Goal 2** : Provide effective enforcement of the State Building Code (SBC) for plan reviews, inspections and consumer complaints of buildings, state-licensed facilities, elevators, manufactured structures and modular buildings.

**Objective 1** : Complete 80% of projects reviewed for compliance within 30 days of submittal.

**Measure 1** : Percent of project plan reviews completed within 30 days.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Plans Reviewed** | | | | | | |
| **Actual** | | 387 | 350 | 307 | 310e | 320e |
| **Reviews w/i 30 Days** | | | | | | |
| **Actual** | | | 287 | 227 | 248e | 256e |
| **Percent of Plans Reviewed w/i 30 Days** | | | | | | |
| **Actual** | | | 82% | 74% | 80e% | 80e% |

**DEFINITION :**

The building code division performs plan reviews and inspections, or contracts with other municipalities enforcing the SBC, to ensure that building projects are designed and built to meet minimum safety standards.

**RATIONALE :**

Plan reviews of projects are completed in a timely manner to allow construction projects to start and complete on schedule.

**DISCUSSION OF PAST PERFORMANCE :**

The division has used in-house staff and contract inspectors, and has contracted with municipalities for inspections of public buildings and state-licensed facilities.

**PLAN TO ACHIEVE TARGETS :**

A budget initiative to appropriate existing special revenue funds to the division will allow the division to add 4 full-time regional employees to perform inspections instead of hiring contract inspectors.

**OTHER FACTORS AFFECTING PERFORMANCE :**

Project workload, increased state funding, construction industry surges in activity and severe weather may affect performance annually or seasonally.

**Goal 2** : Provide effective enforcement of the State Building Code (SBC) for plan reviews, inspections and consumer complaints of buildings, state-licensed facilities, elevators, manufactured structures and modular buildings.

**Objective 2** : Reduce response time for elevator inspection requests to 3 weeks or less by F.Y. 1998.

**Measure 1** : Elevator inspection backlog (in weeks).

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Elevator Inspectors** | | | | | | |
| **Actual** | | 2 | 2 | 3 | 3e | 5e |
| **Elevator Inspections** | | | | | | |
| **Actual** | | 610 | 720 | 874 | 900e | 1,300e |
| **Elevator Permits** | | | | | | |
| **Actual** | | 486 | 579 | 490 | 500e | 500e |
| **Open Permits** | | | | | | |
| **Actual** | | | | 1,491 | 1,600e | 1,200e |
| **Inspection Backlog (weeks)** | | | | | | |
| **Actual** | | 8 | 8 | 6 | 6e | 3e |

**DEFINITION :**

The division performs inspections based on current staffing levels. Open permits are permits for installations for which a conditional operating permit has been issued or authorized. Final operating permits have not been issued because corrective actions taken by owner/contractor have not been verified by inspection staff.

**DATA SOURCE :**

Division records.

**DISCUSSION OF PAST PERFORMANCE :**

The division workload for inspecting elevators and other lift devices has continued to increase while staffing level has stayed the same. Current elevator inspections require a 6-week lead time from the date of the request.

**PLAN TO ACHIEVE TARGETS :**

The division legislative and budget initiatives would establish full use of division revenues adding 2 elevator inspector positions to reduce the backlog of inspections and keep current on future requests.

**OTHER FACTORS AFFECTING PERFORMANCE :**

The Americans with Disabilities Act (ADA) has increased the number of new and remodeled elevator or lift devices, which has increased workload.

**Goal 2** : Provide effective enforcement of the State Building Code (SBC) for plan reviews, inspections and consumer complaints of buildings, state-licensed facilities, elevators, manufactured structures and modular buildings.

**Objective 3** : Close out 90% of manufactured home consumer complaints received by division.

**Measure 1** : Percentage of closed consumer complaints.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Complaints Filed** | | | | | | |
| **Actual** | | 104 | 90 | 100 | 110e | |
| **Complaints Closed** | | | | | | |
| **Actual** | | 126 | 86 | 86 | 90e | |
| **Percent of Complaints Closed Out** | | | | | | |
| **Actual** | | 121% | 95% | 90% | 90e% | 90e% |

**DEFINITION :**

Percentage of closed written consumer complaints of those filed with division, discussed with owner, manufacturer, dealer or installer, and corrections made.

**DATA SOURCE :**

The division maintains a complete file on all written complaints. Each file has complaint forms, phone correspondence and corrective measures to resolve issues.

**DISCUSSION OF PAST PERFORMANCE :**

The division continues to maintain a consumer complaint program and maintain contracts with manufacturers, dealers and installers to ensure safe use of manufactured housing in the state of Minnesota.

**PLAN TO ACHIEVE TARGETS :**

The division has upgraded its computer system to assist staff in completing complaint program.

**OTHER FACTORS AFFECTING PERFORMANCE :**

Each year more manufactured homes are sited in Minnesota which will increase consumer complaints. Of the 87 Minnesota counties, 70 are not enforcing manufactured home rules. If counties were enforcing manufactured home rules, complaints about installations would increase.

**Goal 4** : Maintain uniform administration and enforcement of the State Building Code (SBC) and accessibility code in jurisdictions adopting the code.

**Objective 2** : Monitor municipalities enforcing the SBC or accessibility code twice each year.

**Measure 1** : Staff visits to code enforcement municipalities.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Enforcement Municipalities** | | | | | | |
| **Actual** | | 392 | 412 | 436 | 460e | 610e |
| **Monitor Visits** | | | | | | |
| **Actual** | | 825 | 863 | 852 | | |
| **Target** | | 784 | 824 | 872 | 920 | 1,220 |

**RATIONALE :**

The activity of monitoring code enforcement municipalities verifies uniform administration and application of the SBC and accessibility code.

**DATA SOURCE :**

Division records.

**DISCUSSION OF PAST PERFORMANCE :**

The division staff monitor code enforcement municipalities and verify code adoption, fees, forms, procedures and staff to workload ratios.

**PLAN TO ACHIEVE TARGETS :**

Division budget initiatives to appropriate special revenue funds to add staff will allow time to monitor municipalities.

**OTHER FACTORS AFFECTING PERFORMANCE :**

Numbers of municipalities may decrease if cities and counties join together for purposes of enforcement of the SBC or accessibility code.

**Agency** : ADMINISTRATION DEPT

**Program** : FACILITIES MANAGEMENT

**BACT** : BUILDING CONSTRUCTION

**MACT** : BUILDING CONSTRUCTION

**EXPENDITURES AND STAFFING :**

| | ($ in Thousands) | Percent of Department |
|---|---|---|
| Total Expenditure | $4,586 | 3.17% |
| From Federal Funds | $276 | |
| From Special Revenue Funds | $211 | |
| General | $2,014 | |
| From Gift Funds | $2,085 | |
| Number of FTE Staff: | 29 | 3.52% |

**GOAL :**

- Provide quality, cost-effective professional architectural and engineering services that are frequently required by government agencies that operate and maintain buildings. (M.S. 16B.30 - M.S. 16B.33)

**DESCRIPTION OF SERVICES :**

The Division of State Building Construction (DSBC) provides long-term statewide, comprehensive services in creating buildings that meet design and user requirements to house state agency programs and public activities. A disciplined process has been created to accommodate legislative and executive requirements.

The division works in partnership with the Department of Finance and state agencies in accordance with the following principles:

- Identify long-term agency strategic goals and evaluate related capital budget plans.

- Plan (predesign), design, and construct building solutions according to legislative and executive priorities matched against limited debt capacity.

- Balance the need to maintain and reuse existing assets with the need for new facilities.

These programs are managed by professional and technical staff who establish criteria, evaluate alternatives, collect and manage building data, allocate resources to approved projects, design and administer projects through construction and measure the results against the projects, original scope, cost, and schedule.

Building Construction also provides in-house consultant and design services that creates timely solutions to a wide array of building-related emergencies and conditions that frequently threaten life safety, health, and the operational function of state programs. The division employs a team of experienced architects, engineers, drafting technicians, and support staff who are well-versed in building operations, maintenance, remodeling, and repair. To help relieve its growing workload, the division has executed more than 800 master professional and technical services contracts which are available to all state agencies and local units of government for quick response to both emergency and other specific needs. Situations most frequently experienced include building accessibility (Americans with Disabilities Act), hazardous materials abatement, utility failures, indoor air quality, pollution control, boiler plant operations, electrical, structural, roof, and other building component failures.

The Building Construction Division also provides administrative services for the State Designer Selection Board (M.S. 16B.33), contract management for both design and construction contracts, and serves as a resource for information and response to issues that affect the design and construction industry of Minnesota.

A new activity is being initiated to collect project information for the development of a state project history system. The data will be used to predict costs and schedules for future projects of a similar nature. Over a period of years, this data will provide better cost estimates and cash flow projections to the economic advantage of the state.

Although project schedules and budgets have generally been met successfully, no comparative measurements are retrievable. Automated databases and the new statewide accounting system will provide better opportunities to measure cost and time performance in the future. The new system that was introduced in F.Y. 1996 has yet to provide what the division needs to properly track costs on construction projects. DSBC cannot afford the time to generate data manually and keep a separate database on costs if the system cannot be modified.

**BACKGROUND INFORMATION :**

**MEASURE TYPES: ACTIVITIES (A), EFFICIENCY (E), OUTPUT (O), OUTCOMES (OC), OTHER DATA (OD), UNIT COSTS (UC), WORKLOAD (W)**

**DATA BASED ON: CALENDAR YEAR (CY), FISCAL YEAR (FY), FEDERAL FISCAL YEAR (FFY), BIENNIUM YEARS (BY)**

| Type | Based | Measure | 1994-95 | 1995-96 |
|---|---|---|---|---|
| W | FY | Number of Invoices Processed | 3,410 | 2,664 |
| A | FY | Master Professional/Technical Service Contracts | 550 | 800 |
| A | FY | Facility Audit Surveys | 4,012 | 95 |
| W | FY | CAPRA Applications Reviewed | 317 | 141 |
| W | FY | CAPRA Projects Funded | 65 | 24 |
| W | FY | Predesign Seminars Conducted For Public & Private Sector Customers | 5 | 8 |

| | | | | |
|---|---|---|---|---|
| W | FY | Capital Budget Requests Reviewed | 40 | 152 |
| W | FY | Facility Management Consulting Projects to Assist State Agencies | 3 | 2 |
| A | FY | Cumulative Percentage of Facility Audits Completed | 93% | 95% |

**PROGRAM DRIVERS :**

The state's building infrastructure has grown from approximately 23 million square feet to approximately 80 million square feet in the last forty years. This represents billions of dollars in capital assets that must be operated and maintained to achieve maximum value from these investments and to provide healthy environments for state program functions.

During this period of expansion that gave preference to new construction a serious backlog of building deficiencies developed from revenue shortages and inconsistent maintenance programs. The state's deferred maintenance and renewal backlog is estimated to be approximately $1.5 billion and is referred to as the "capital iceberg."

To combat this trend, the past three biennia the Legislature has supported the creation and development of a long-term capital asset management program (Laws of 1991, Chapter 345, Article 1, Section 17). This program has been developed in partnership with the Departments of Administration and Finance. It promotes a philosophy of stewardship in making informed investment decisions and effectively managing the state's capital assets.

Key elements of the capital budget process include:

*Statewide building inventory and classification system of conditions and program suitability (Laws of 1990, Chapter 610, Article 1, section 41, subd. 6(a))
*Agency strategic operations plan
*Predesign planning principles
*Renewal of existing assets (Laws of 1990, Chapter 610, Article 1, section 34 (16A.32))
*Alternatives to new construction.

The 1994 and 1996 legislative sessions have yielded the largest capital bonding appropriations ever and greatly increased the number of smaller building renewal-type projects in an attempt to curtail the deferred maintenance of the state's building infrastructure and to also satisfy the demands for new construction to support expanding state programs.

Other program drivers that have impacted the Building Construction Division include both federal and state legislation that places more regulatory controls for building accessibility, life safety, health, environmental protection, historic reservation, and energy conservation in public buildings. Major programs that are managed by DSBC include:

*Americans with Disabilities Act (ADA)
*Hazardous Materials Abatement - asbestos, underground storage tank removal, lead
*Indoor Air Quality

**Goal 1** : Provide quality, cost-effective professional architectural and engineering services that are frequently required by government agencies that operate and maintain buildings.

**Objective 1** : Provide in-house professional/technical consulting services for hourly rates averaging at least 50% less than the private sector.

**Measure 1** : Percentage difference of hourly rates between DSBC and private consultants.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Architect** | | | | | | |
| **Actual** | | 65% | 65% | 66% | 66% | 66e% |
| **Engineer** | | | | | | |
| **Actual** | | 65% | 65% | 64% | 65% | 65e% |
| **Drafting** | | | | | | |
| **Actual** | | 49% | 49% | 49% | 49% | 48e% |
| **Roof Design** | | | | | | |
| **Actual** | | 82% | 82% | 82% | 82% | 82e% |
| **Interior Design** | | | | | | |
| **Actual** | | 69% | 69% | 70% | 70% | 69e% |

**DEFINITION :**

The percentage difference is the ratio of the private consultant's typical hourly rate less the corresponding DSBC hourly cost to the consultant's hourly rate.

**RATIONALE :**

An accurate cost comparison is based on factual data. The data available to DSBC are the hourly fees from consultants and DSBC's payroll costs. The payroll cost for the above calculations is the highest step of the state employees' range.

**DATA SOURCE :**

That data source for consultant's hourly fee is an average taken from documents submitted by consultants in the current master professional/technical services contract file. DSBC's payroll is taken from the manual of the particular bargaining unit involved. In all cases, the highest range is selected.

**Goal 1** : Provide quality, cost-effective professional architectural and engineering services that are frequently required by government agencies that operate and maintain buildings.

**Objective 2** : Provide in-house full project design services for less than 30% of that charged by the private sector.

**Measure 1** : Compare private consultant and DSCB in-house small project construction fee.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Private Consultant Fee** | | | | | | |
| **Actual** | | 12% | 12% | 12% | 12% | 12e% |
| **DSBC In-house Fee** | | | | | | |
| **Actual** | | 3% | 3% | 3% | 3% | 3e% |
| **Percent Difference** | | | | | | |
| **Actual** | | 75% | 75% | 75% | 75% | 75e% |

**DEFINITION :**

Consultants are paid by either hourly rates or by a percentage of the actual project construction costs. This data shows consultant fee payments as a percentage of total project construction cost.

Small projects are defined as those projects that typically range in cost up to $350,000, or are typically categorized as preservation or renewal of an existing asset. These projects include reroofing, boiler replacements, tuckpointing, window replacements, building demolition, hazardous materials abatement, new electric generator, mechanical system replacements, electrical distribution systems, parking lots and minor building remodelings.

**RATIONALE :**

The workload in Building Construction consists of a wide variety of projects and services, many of which can be accomplished more efficiently and economically with in-house staff. Building Construction must hire consultants when workload exceeds staff hours to accomplish this work in order to meet the time requirements of the client/agency. Measures of both hourly and percentage costs show that Building Construction costs are substantially less than the private sector. In the case of both private and in-house services. The quality of DSBC services are equal to or better than private services. This is evidenced by fewer changes during the construction period, which is due primarily to the accumulation of knowledge over time by DSBC staff about an agency's operation and building systems.

This measure is relevant because it identifies the direct cost savings derived from in-house operations compared to the private sector. The Legislature has increased its appropriations for preserving and renewing existing assets for the last two biennia. Cost-effective services provided by DSBC yield more dollars for improving state buildings.

## DATA SOURCE :

The data source for this evaluation is collected from Building Construction time records and consultant contracts on file. The data is updated annually.

## DISCUSSION OF PAST PERFORMANCE :

One internal factor that has significantly affected the in-house professional services activity is an ever-increasing number of secondary responsibilities that have been added to Building Construction's workload. They include removal of hazardous materials such as PCBs, asbestos and underground tanks, lead abatement, Americans with Disabilities Act, environmental permitting laws, and indoor clean air acts. These responsibilities will continue to reduce the amount of staff hours that had previously been available to prepare plans and specifications for capital renewal, repair, and replacement projects. Budget cuts and hiring freezes have also reduced staff hours available to apply to project development. Consequently, more consultants have been utilized to accomplish projects which would have been done in-house at much less cost.

## PLAN TO ACHIEVE TARGETS :

An ongoing technology program has been increasing Building Construction's ability to provide operational efficiencies. A records management program has also increased efficiency by maintaining a cataloged listing of all documents on past and current projects. Efficiencies will continue to improve as personnel become better versed with the full capabilities of the automation systems.

DSBC has undergone a strategic planning process conducted by the Management Analysis Division to refocus on the major occurrences that have impacted division operations. A reorganization plan identifies the need to expand division personnel to respond to the changed work environment. Personnel increases are requested in the biennial budget over the next two biennia. The technology program has progressed significantly during the past biennium with data base improvements for statewide facility audits. Computer-aided design and drafting (CADD) development has surged to new levels of proficiency and will provide time savings that will help to offset the increased work activities noted.

**Agency** : ADMINISTRATION DEPT

**Program** : FACILITIES MANAGEMENT

**BACT** : PLANT MANAGEMENT

**MACT** : PLANT MANAGEMENT

**EXPENDITURES AND STAFFING :**

| | ($ in Thousands) | Percent of Department |
|---|---|---|
| Total Expenditure | $19,200 | 13.28% |
| From Special Revenue Funds | $1,612 | |
| General | $1,227 | |
| Revolving | $16,361 | |
| Number of FTE Staff: | 239 | 28.55% |

**GOALS :**

- Efficiently operate and maintain buildings and grounds under Plant Management's custodial control. (M.S. 16B.24)

- Improve waste reduction, reuse and recycling of recovered equipment and materials, and expand resource recovery opportunities for state offices and operations. (M.S. 115A.15; 115A.151)

- Improve the use of energy in state-owned and wholly leased buildings. (M.S. 16B.32)

- Increase the use of alternative forms of transportation in the Capitol complex and reduce the number of single-occupancy vehicles. (M.S. 16B.58)

**DESCRIPTION OF SERVICES :**

Plant Management maintains 20 facilities, the surrounding grounds and parking areas under the custodial control of the Department of Administration, promotes energy conservation opportunities on a statewide basis, and administers the state resource recovery program. Plant Management's mission is to deliver consistent, quality services to ensure cost-effective, clean, safe and environmentally sound buildings, grounds and operations.

The Complex Operations activity maintains and operates buildings under the custodial control of Plant Management to ensure a clean, healthy and comfortable building environment for all tenants. (See building list under Objective 2, Other Factors Affecting Performance.)

The Technical Services activity provides traditional trades services for maintaining and repairing buildings under the custodial control of the division. This area also provides a full range of Energy Management services including statewide energy efficiency improvements, energy retrofit projects, monitoring the use of energy in state-owned and wholly leased facilities, fuel negotiation, assistance in developing utility contracts, and training of facility operators in state-owned buildings.

The Complex Services activity provides grounds maintenance and snow removal services in the Capitol Complex, operates the State Recycling Center, and provides resource recovery education, promotion and assistance to state agencies. Also provided are material transfer services including vehicle repair, refuse removal, moving services, special event set-up/takedown, and delivery services related to print communications, recyclables, central mail and central stores activities.

The Support Operations activity schedules and dispatches services in response to tenant/building issues, coordinates parking and transportation services in the Capitol Complex area and provides administrative support to all other activities in the program.

**BACKGROUND INFORMATION :**

**MEASURE TYPES: ACTIVITIES (A), EFFICIENCY (E), OUTPUT (O), OUTCOMES (OC), OTHER DATA (OD), UNIT COSTS (UC), WORKLOAD (W)**

**DATA BASED ON: CALENDAR YEAR (CY), FISCAL YEAR (FY), FEDERAL FISCAL YEAR (FFY), BIENNIUM YEARS (BY)**

| Type | Based | Measure | 1994-95 | 1995-96 |
|---|---|---|---|---|
| W | FY | Gross square feet of building space maintained. | 2,390,000 | 2,390,000 |
| W | FY | Tons of Capitol Complex refuse sent to refuse-derived fuel facility. | 1,069,000 | 1,008,000 |
| OD | FY | Energy costs saved for state agencies through fuel negotiations by Energy Management services. | $97,000 | $100,000e |
| A | FY | Number of state personnel trained through Energy Management services. | 417 | 263 |
| W | FY | Number of special events coordinated. | 257 | 216 |
| OD | FY | Cafeteria sales in the Capitol Complex. | $866,000 | $752,000 |
| OD | FY | Materials transfer activity sales. | $528,000 | $509,000 |

**PROGRAM DRIVERS :**

Energy Retrofit Work - The State of Minnesota and Northern States Power entered into an agreement to provide energy retrofit work in state facilities served by Northern States Power. Northern States Power provided the State of Minnesota $3,000,000 per year for five years, beginning in 1992, for program funding in the form of a no-interest loan to carry out this retrofit work. After retrofit projects are completed, energy savings are paid back into a loan pool maintained by Northern States Power. The funds in this pool are then used for additional retrofit work in state facilities served by Northern States Power. The State of Minnesota and Minnegasco have entered into a similar agreement, in the amount of $300,000 per year for two years, beginning in 1994, for state facilities served by Minnegasco.

Resource Recovery - In order for this program to be effective, maintenance staff and tenants need to participate in education and training opportunities and actively participate in collecting and sorting materials being generated. Participation allows recovery of materials for reuse or recycling before disposal.

Transportation Services - The Strategic Plan for Locating State Agencies focused on transportation demand in the Capitol area and the importance of the development of programs encouraging fewer single occupancy vehicles in the Capitol area. Fewer single occupancy vehicles will reduce traffic congestion in the Capitol area, maximize available parking, encourage energy conservation, promote pollution prevention and reduce construction costs for new parking facilities.

**Goal 1** : Efficiently operate and maintain buildings and grounds under Plant Management's custodial control.

**Objective 1** : To control the projected operating cost increases at or below the rate of inflation.

**Measure 1** : Projected increase/(decrease) in lease rates.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Percentage Rate Increase** | | | | | | |
| **Actual** | | 3.2% | 1.3% | 1.9% | 2.3% | 5.2% |
| **Inflation Factor** | | | | | | |
| **Actual** | | 3.5% | 4.5% | 3.5% | 3.5e% | 3.0e% |

**DEFINITION :**

Lease rates are the square footage costs for space leased under the custodial control of Plant Management. They reflect the operation, maintenance, salaries, utilities, statewide indirect, insurance, bond interest and building depreciation expenses related to the buildings and grounds. These rates are approved by the Department of Finance and published as part of the biennial budget process.

The percentage rate increase is the percentage increase/decrease in total lease revenues between the base year and the first year of the biennium and the first and second year of the biennium.

The inflation factor is the rate of inflation established by the Department of Finance and is used for budget forecasting, rate-setting and calculation of building depreciation and bond interest.

**RATIONALE :**

Separate office lease rates are established for each building through the development of rate matrices establishing the lease rates for the biennium. Costs are averaged for 7 years and then distributed to future years based on this spending history. This cost distribution method provides a larger basis for calculating building expenses and creates more stable lease rates for all facilities. Changes and variances in square footage figures or operational, interest or depreciation costs that have occurred between bienniums exist until the lease rates are calculated for the next biennium. This may result in the recovery of negative/positive retained earnings thru the determination of the lease rate for the building.

**DATA SOURCE :**

Lease rates are from Plant Management's rate matrices. The inflation factor is from the Department of Finance.

**DISCUSSION OF PAST PERFORMANCE :**

Historically, lease rate increases have been below the rate of inflation.

## PLAN TO ACHIEVE TARGETS :

Budgeting and financial accountability will be decentralized to the line staff supervisory level. Concerted effort will be directed at preserving state assets, controlling operating costs and ensuring appropriate charging of expenditures for accurate, comprehensive financial reporting and rate setting.

## OTHER FACTORS AFFECTING PERFORMANCE :

Lease rates will increase above the estimated rate of inflation in F.Y. 1998 due to the first-time inclusion of catastrophic insurance coverage for the estimated replacement cost of each building (excluding contents) and due to increases in statewide indirect costs associated with implementation of the Minnesota Accounting and Procurement System. Lease rates are also affected whenever funds are bonded for new construction or capital improvements completed in facilities under Plant Management's custodial control. Plant Management has developed an asset preservation program for all facilities under its custodial control to continually ensure that they are operated and maintained in a cost-effective manner and to preserve state assets.

**Goal 1** : Efficiently operate and maintain buildings and grounds under Plant Management's custodial control.

**Objective 2** : Provide measurable annual improvement in delivery of housekeeping, engineering and grounds services until performance standards reach 80% or higher.

**Measure 1** : Annual percentage improvement in standardized grading.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Satisfaction Rating** | | | | | | |
| **Actual** | | | | | 54e% | 58e% |
| **Target** | | | | | 65% | 65% |

**DEFINITION :**

Standardized grading is a value/score ranging from 1 to 4 given by the division's management team for each building standard being evaluated, with 1 being excellent and 4 being poor. An overall composite score is then calculated for each facility based on the results of all raters. This overall composite score is then divided by the total possible points to arrive at the percentage. This percentage is then compared to previous results to determine annual improvements in delivery of services.

**RATIONALE :**

Evaluation criteria have been developed to measure specific building standards related to housekeeping, maintenance, engineering, grounds and the delivery of services to meet customer needs. Measurable improvements in the quality of service delivery and building condition equate to customer service and improved asset preservation.

**DATA SOURCE :**

Facility tours are conducted semi-annually to establish standardized grading and develop an action plan to address areas needing improvement.

**DISCUSSION OF PAST PERFORMANCE :**

It was determined that the baseline for service satisfaction developed through telephone interviews with tenants outlined in the 1994 Annual Performance Report would not be a definitive baseline to gauge future performance and improvement.

Plant Management has had no previous experience using the standardized grading system. Baseline information will be determined during F.Y. 1997. Once baseline information is established, performance objectives will be adjusted to the baseline.

## PLAN TO ACHIEVE TARGETS :

Annual improvement in the delivery of service is expected to be 4% or greater per year until performance standards reach 65%; 2% or greater per year thereafter until performance standards reach 75%; and 1% or greater per year thereafter until performance standards reach 80% or higher. These continual improvements are expected to be accomplished by F.Y. 2009.

Plant Management has implemented a quality line phone service as a single point of contact for timely response to tenant issues or concerns. An asset preservation program will continue to be updated and refined related to the operation, maintenance and preservation of state assets including buildings, grounds, monuments, memorials, statues, sidewalks, easements, parking garages, ramps, lots and state-owned streets. This is critical to the ongoing successful management of the division. Building managers with responsibility and accountability for the north and south Capitol complex facilities respectively will continue to work closely with tenants to ensure tenant satisfaction.

Operational areas needing improvement will be detailed and a plan of action/timetable developed for upgrading service delivery in each facility.

## OTHER FACTORS AFFECTING PERFORMANCE :

Plant Management is responsible for maintaining buildings and grounds under this activity's custodial control. Responsibilities include maintaining and protecting the capital assets associated with these buildings and providing a healthy, comfortable, safe and environmentally sound space for tenants and visitors. Plant Management focuses its efforts on providing high quality services to building tenants.

Buildings and grounds under the custodial control of the Plant Management Division include:

Administration Building
State Office Building
Capitol Building
Duluth Government Service Center
Central Stores/Travel Management
Transportation Building
Veterans Service Building
Centennial Building
Health Building
Power House
Plant Management Central Office Building
Plant Management Grounds Service Building
Plant Management Maintenance Building
Capitol Square Building
Ford Building
History Center
Judicial Center
Bureau of Criminal Apprehension Building
Governor's Residence
Capitol Child Care Center

**Goal 2** : Improve waste reduction, reuse and recycling of recovered equipment and materials, and expand resource recovery opportunities for state offices and operations.

**Objective 1** : Coordinate recycling training, technical assistance, collection and marketing to increase annual metropolitan area recycling rates by at least 1%.

**Measure 1** : Recycling recovery percentage rate for state agencies in the Capitol complex and the metropolitan area.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Capitol Complex Percent Recovered** | | | | | | |
| **Actual** | 54% | 60% | 67% | 66% | 68e% | 69e% |
| **Percent Increase** | | | | | | |
| **Actual** | (1)% | 6% | 7% | (1)% | 2% | 1% |
| **Metropolitan Area Percent Recovered** | | | | | | |
| **Actual** | 51% | 54% | 56% | 57% | 60e% | 61e% |
| **Percent Increase** | | | | | | |
| **Actual** | 17% | 3% | 2% | 1% | 3% | 1% |

**DEFINITION :**

Recycling recovery percentage rate is the total amount of recovered materials as a percent of recovered materials and collected refuse. Capitol complex recycling recovery rates are actual through F.Y. 1996 and metropolitan recycling rates are actual through F.Y. 1995.

**RATIONALE :**

The Resource Recovery Office calculates recycling rates and provides intergovernmental recycling coordination, training, collection, marketing and technical assistance to increase waste reduction, reuse and recycling. The State Recycling Center prepares state agency paper, cardboard, glass, cans and plastic for sale to industry. All Capitol complex and some metropolitan locations are served through the State Recycling Center. These activities and this program measure are conducted in accordance with Minnesota Statutes, section 115A.15.

**DATA SOURCE :**

Recycling recovery rates are reported annually for the Capitol complex and the total metropolitan area. Actual tonnages of recovered materials and refuse, managed by state operations, are used to calculate the recycling recovery rate of agencies in the Capitol complex. Throughout the metropolitan area agencies use various recycling and refuse services and annually provide resulting data to the Resource Recovery Office for recycling recovery rate calculations.

## DISCUSSION OF PAST PERFORMANCE :

The Capitol complex F.Y. 1994 and F.Y. 1995 recycling increases resulted from additional Resource Recovery Office recycling education and collection system services. The F.Y. 1996 rate decrease was associated with decreased annual generation of both recovered materials and refuse tonnages.

## PLAN TO ACHIEVE TARGETS :

Continued Resource Recovery Office coordination and partnering will provide onsite technical assistance, training and services to reduce the amount and toxicity of waste being generated and provide for the recycling and reuse of materials in state agencies.

## OTHER FACTORS AFFECTING PERFORMANCE :

Training programs for tenants and maintenance personnel will reinforce their importance and impact upon recycling recovery rates. Promotion of the Resource Recovery Office's confidential paper recycling services for the destruction of confidential, nonshredded office paper will increase recycling collection rates, increase state revenues and decrease trash generation and costs.

**Goal 3** : Improve the use of energy in state-owned and wholly leased buildings.

**Objective 1** : Reduce electric energy consumption in state-owned and wholly leased buildings by 2.50 KWH per square foot.

**Measure 1** : Electric energy use reduction.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Square Feet** | | | | | | |
| **Actual** | | 2,226,363 | 7,745,361 | 15,608,413 | 21,271,164 | 24,271,164 |
| **Cumulative Electricity Use Reduction (kwh)** | | | | | | |
| **Actual** | | 7,472,241 | 25,401,101 | 56,798,292 | 73,023,830e | 80,523,830e |
| **Kwh Reduction/Sq. Ft.** | | | | | | |
| **Actual** | | 3.36 | 3.28 | 3.64 | 3.43e | 3.32e |
| **Target** | | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 |

**DEFINITION :**

Cumulative electric energy reduction is the total annual savings of all projects completed to date. Watt hour is a unit of electrical energy; kilowatt hour is 1,000 watt hours.

The data for F.Y. 1994, F.Y. 1995 and F.Y. 1996 are actual numbers. Data for F.Y. 1997 is based on the progress of the joint NSP/State of Minnesota Retrofit Program. Data for F.Y. 1998 and F.Y. 1999 are contingent upon a 1997 legislative initiative.

In the 1994 Performance Report, the objective was stated in BTUs (British Thermal Unit) of energy saved. Energy retrofit projects directly impacting electrical consumption are traditionally reported in kilowatts (Kw) or kilowatt-hours (Kwh). To be more concise on energy reductions achieved, electrical energy savings are now reported as Kw and Kwh.

**RATIONALE :**

The State of Minnesota and Northern States Power have entered into an agreement to provide energy retrofit work in state facilities served by Northern States Power. Northern States Power is providing the State of Minnesota $3,000,000 per year for 5 years for program funding in the form of a no-interest loan to carry out this retrofit work. After retrofit projects have been completed, energy savings are paid back into a loan pool maintained by Northern States Power. The funds in this pool can then be used for additional retrofit work in facilities served by Northern States Power.

The development of these collaborative efforts with utility companies provides for energy efficiency improvements and helps utility companies meet state requirements for energy conservation improvement programs.

**DATA SOURCE :**

A detailed engineering estimate based on actual measurement conducted at selected project sites.

## DISCUSSION OF PAST PERFORMANCE :

As of June, the State of Minnesota/Northern States Power energy retrofit program retrofitted nearly 14 million square feet of state-owned buildings at an approximate cost of $17.5 million. This represents approximately $2.7 million in state energy cost savings per year. Energy savings baseline usage for the State of Minnesota/Northern States Power energy retrofit program was based on 1991 energy consumption. Baseline energy consumption for additional projects will be the amount of energy consumed the year prior to when work is to be completed.

## PLAN TO ACHIEVE TARGETS :

Plant Management energy management services will continue the State of Minnesota/Northern States Power energy retrofit program and retrofit the remaining seven million square feet of state-owned buildings served by Northern States Power. Upon completion of the program in F.Y. 1998, it is anticipated there will be approximately $4.2 million in state energy cost savings per year.

Energy management services will monitor energy retrofit work to maintain energy savings and to identify and implement operational savings.

Pending approval of the F.Y. 1998 and F.Y. 1999 legislative initiative, energy management services will retrofit an additional 12.8 million square feet in state-owned buildings not served by Northern States Power during F.Y. 1998 through F.Y. 2002.

## OTHER FACTORS AFFECTING PERFORMANCE :

Changes in weather conditions, facility energy load and facility operations can impact energy consumption of the facility.

**Goal 3** : Improve the use of energy in state-owned and wholly leased buildings.

**Objective 2** : Reduce electric energy demand in state-owned and wholly leased buildings by 0.00075 KW per square foot.

**Measure 1** : Electric energy demand reduction.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Square Feet** | | | | | | |
| **Actual** | | 2,226,363 | 7,745,361 | 15,608,413 | 21,271,164 | 24,271,164 |
| **Cumulative Electricity Demand Reduction (kw)** | | | | | | |
| **Actual** | | 1,737 | 7,013 | 15,184 | 19,118e | 21,368e |
| **Kw Reduction/Sq. Ft.** | | | | | | |
| **Actual** | | 0.000780 | 0.000905 | 0.000973 | 0.000899e | 0.000880e |
| **Target** | | 0.000750 | 0.000750 | 0.000750 | 0.000750 | 0.000750 |

**DEFINITION :**

Electric energy costs are comprised of two components: 1) usage, which is the amount of electricity actually used; and 2) demand, which is a cost associated with the capacity requirements needed to deliver electric energy. Cumulative electric demand reductions are total annual savings of all projects completed to date.

Watt is the unit of electric power. A kilowatt is 1,000 watts.

The data for F.Y. 1994, F.Y. 1995 and F.Y. 1996 are actual numbers. Data for F.Y. 1997 is based on the progress of the joint NSP/State of Minnesota Retrofit Program. Data for F.Y. 1998 and F.Y. 1999 are contingent upon a 1997 legislative initiative.

In the 1994 Performance Report, the objective was stated in BTUs of energy saved. Energy retrofit projects directly impacting electrical consumption are traditionally reported in kilowatts (Kw) or kilowatt-hours (Kwh). To be more concise on energy reductions achieved, electrical energy savings are now reported as Kw and Kwh.

**RATIONALE :**

The State of Minnesota and Northern States Power have entered into an agreement to provide energy retrofit work in state facilities served by Northern States Power. Northern States Power is providing the State of Minnesota $3,000,000 per year for five years for program funding in the form of a no interest loan to carry out this retrofit work. After retrofit projects have been completed, energy savings are paid back into a loan pool maintained by Northern States Power. The funds in this pool can then be used for additional retrofit work in facilities served by Northern States Power.

The development of these collaborative efforts with utility companies provides for energy efficiency improvements and helps utility companies meet state requirements for energy conservation improvement programs.

## DATA SOURCE :

A detailed engineering estimate based on actual measurement conducted at selected project sites.

## DISCUSSION OF PAST PERFORMANCE :

As of June, the State of Minnesota/Northern States Power energy retrofit program retrofitted nearly 14 million square feet of state-owned buildings at an approximate cost of $17.5 million. This represents approximately $2.7 million in state energy cost savings per year.

## PLAN TO ACHIEVE TARGETS :

Plant Management energy management services will continue the State of Minnesota/Northern States Power energy retrofit program and retrofit the remaining seven million square feet of state-owned buildings served by Northern States Power. Upon completion of the program in F.Y. 1998, it is anticipated there will be approximately $4.2 million in state energy cost savings per year.

Energy management services will monitor energy retrofit work to maintain energy savings and to identify and implement operational savings.

Pending approval of the F.Y. 1998 and F.Y. 1999 legislative initiative, energy management services will retrofit an additional 12.8 million square feet in state-owned buildings not served by Northern States Power during F.Y. 1998 through F.Y. 2002.

## OTHER FACTORS AFFECTING PERFORMANCE :

Changes in weather conditions, facility energy load and facility operation can impact energy consumption of the facility.

**Goal 3** : Improve the use of energy in state-owned and wholly leased buildings.

**Objective 3** : Reduce natural gas consumption in state-owned and wholly leased buildings by 0.00985 MCF per square foot.

**Measure 1** : Natural gas use reduction.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Square Feet** | | | | | | |
| **Actual** | | 2,226,363 | 7,745,361 | 15,608,413 | 21,271,164 | 24,271,164 |
| **Cumulative Natural Gas Energy Reduction (mcf)** | | | | | | |
| **Actual** | | 4,614 | 46,042 | 115,922 | 213,377e | 242,927e |
| **MCF Reduction/Sq. Ft.** | | | | | | |
| **Actual** | | 0.00207 | 0.00594 | 0.00743 | 0.01003e | 0.01001e |
| **Target** | | 0.00985 | 0.00985 | 0.00985 | 0.00985 | 0.00985 |

**DEFINITION :**

One MCF is 1,000 cubic feet.

The data for F.Y. 1994, F.Y. 1995 and F.Y. 1996 are actual numbers. Data for F.Y. 1997 is based on the progress of the joint NSP/State of Minnesota Retrofit Program. Data for F.Y. 1998 and F.Y. 1999 are contingent upon a 1997 legislative initiative.

In the 1994 Performance Report, the objective was stated in BTUs of energy saved. Energy retrofit projects directly impact natural gas savings in thousands of cubic feet (MCF). To be more concise on the energy reductions achieved, natural gas energy savings are now being reported as MCF.

**RATIONALE :**

In 1994, Northern States Power natural gas distribution division paralleled the electrical energy savings program and added an additional funding of $1,600,000 per year for 5 years for natural gas saving energy retrofit projects. In addition, the State of Minnesota and Minnegasco have entered into a similar agreement, in the amount of $300,000 per year for 2 years, beginning in 1994, for facilities receiving natural gas service from Minnegasco.

The development of these collaborative efforts with utility companies provides for energy efficiency improvements and helps utility companies meet state requirements for energy conservation improvement programs.

**DATA SOURCE :**

The data source is a detailed engineering estimate.

## DISCUSSION OF PAST PERFORMANCE :

As of June, the State of Minnesota/Minnegasco energy retrofit program retrofitted nearly one-half million square feet of state-owned buildings at an approximate cost of $250,000. This represents approximately $42,000 in state energy costs savings per year.

## PLAN TO ACHIEVE TARGETS :

Under the Minnegasco energy retrofit program, a cogeneration plant is being designed and installed which will be co-funded through a $330,000 grant from Minnegasco. Upon completion of this project, it is anticipated there will be approximately $57,000 in state energy cost savings per year.

Energy management services will monitor energy retrofit work to maintain energy savings and to identify and implement operational savings.

## OTHER FACTORS AFFECTING PERFORMANCE :

Changes in weather conditions, facility energy load and facility operation can impact energy consumption of the facility.

**Goal 4** : Increase the use of alternative forms of transportation in the Capitol complex and reduce the number of single-occupancy vehicles.

**Objective 1** : Increase the number of registered carpool participants by at least 4% annually.

**Measure 1** : Number of registered carpool participants.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Registered carpool participants** | | | | | | |
| **Actual** | | 494 | 495 | 518 | 539e | 561e |
| **Percent increase from previous year** | | | | | | |
| **Actual** | | | | 4.65% | 4.05% | 4.08% |

**DEFINITION :**

Registered carpool participants are parking contract holders traveling to the Capitol Complex who are registered with MN Rideshare and Plant Management as either a driver or passenger in a multiple-occupancy vehicle (i.e., car- or van-pool).

**RATIONALE :**

Transportation coordination and program development services to increase the use of alternative forms of transportation in Capitol complex facilities under Plant Management's custodial control and reduce the number of single-occupancy vehicles lessens the demand on existing parking facilities and provides an opportunity to accommodate additional Capitol area parking needs. Increasing the number of registered carpool participants will provide maximum use of available parking, avoid construction of new parking facilities, reduce traffic congestion in the Capitol complex, encourage energy conservation and reduce emission pollution. The shortage of parking was also identified in a recent Capitol area visitor parking study.

**DATA SOURCE :**

The source of the data is the MN Rideshare Program and Plant Management's computerized parking database. This data is updated monthly.

## DISCUSSION OF PAST PERFORMANCE :

Plant Management in conjunction with MN Rideshare, registers parking contract holders traveling to the Capitol complex in multiple-occupancy vehicles. Participation in this program provides an opportunity for employees to avoid paying the 25% parking surcharge that single-occupancy vehicles are assessed in the Capitol complex area. In accordance with a determination in the travel demand management section of the Strategic Plan for Locating State Agencies, Plant Management has begun to evaluate mechanisms to expand carpool participation in the Capitol area.

Plant Management provides new contract parking holders with information on participating in carpools as well as alternative transportation options. This information is also provided when parking contract holders renew their parking contracts annually.

## PLAN TO ACHIEVE TARGETS :

The division will focus on promoting alternative modes of transportation, increasing the number of high occupancy vehicles traveling to the Capitol complex area, and implementing incentive programs. These programs will make maximum use of available parking, encourage energy conservation, and reduce emission pollution. Parking rules and policies will be updated in this process.

## OTHER FACTORS AFFECTING PERFORMANCE :

Employee preference to drive to work in single-occupancy vehicles.

**Agency** : ADMINISTRATION DEPT

**Program** : FACILITIES MANAGEMENT

**BACT** : REAL ESTATE MANAGEMENT

**MACT** : REAL ESTATE MANAGEMENT

**EXPENDITURES AND STAFFING :**

| | ($ in Thousands) | Percent of Department |
|---|---|---|
| Total Expenditure | $386 | 0.27% |
| General | $386 | |
| Number of FTE Staff: | . 5 | 0.62% |

**GOAL :**

- Provide space for state agencies that best and most economically meets their needs. (M.S. 16B.24, subds. 5, 6)

**DESCRIPTION OF SERVICES :**

The Real Estate Management Division (REM) works with state agencies to develop their square footage requirements according to state space guidelines and standards. Other criteria such as location, public transportation and parking needs, and budget parameters are also determined prior to investigating the market for available properties. REM then evaluates alternatives to ascertain which property best meets the agency's requirements and criteria most economically. REM facilitates space planning to verify improvements required to meet the agency's space needs and negotiates terms and conditions to draft a lease agreement. REM develops a project schedule to assist the agency in completing its occupancy of the leased space.

**BACKGROUND INFORMATION :**

MEASURE TYPES: ACTIVITIES (A), EFFICIENCY (E), OUTPUT (O), OUTCOMES (OC), OTHER DATA (OD), UNIT COSTS (UC), WORKLOAD (W)

DATA BASED ON: CALENDAR YEAR (CY), FISCAL YEAR (FY), FEDERAL FISCAL YEAR (FFY), BIENNIUM YEARS (BY)

| Type | Based | Measure | 1994-95 | 1995-96 |
|---|---|---|---|---|
| A | FY | Departmental leases in effect | 95 | 95 |
| W | FY | Departmental lease transactions | 134 | 127 |
| A | FY | Departmental office sq. feet leased (000) | 1,102 | 1,098 |
| UC | FY | Operation cost per departmental office square foot | $.02 | $.02 |
| A | FY | Commercial leases in effect | 683 | 726 |
| W | FY | Commercial lease transactions | 514 | 592 |
| A | FY | Commercial office sq. feet leased (000) | 2,878 | 2,838 |
| UC | FY | Operations cost per commercial office square foot | $.07 | $.07 |
| A | FY | Income leases in effect | 114 | 131 |
| W | FY | Income lease transactions | 84 | 119 |
| UC | FY | Cost per income lease transaction | $314 | $221 |

**PROGRAM DRIVERS :**

Agency program changes increase the workload of the Real Estate Management Division. One example is the Department of Human Services' program to place regional treatment center residents in community-based homes. The division has already leased or acquired 65 residential and day-training facilities over the past 2 years. The division will lease or acquire an additional 30 to 40 homes over the next 2 years.

Reorganization and agency mergers have also impacted the Real Estate Management Division's workload. The merger of the higher education agencies increased the division's workload by 100 new commercial and income leases for 34 technical colleges beginning July 1, 1995. Legislation passed in 1996 exempted the Minnesota State Colleges and Universities from M.S. 16B.24 effective July 1, 1996, thereby temporarily decreasing the division's workload. Consolidation and collocation of work units from other agencies with the former Department of Education that comprise the new Department of Children, Families and Learning will be implemented over the next year.

Recent consolidations and co-locations have been implemented for the Department of Health, health-related boards, Department of Public Safety and the Office of the Attorney General. Other consolidations and co-locations will be implemented for the Department of Administration divisions delivering support services and for the Department of Transportation. Future consolidations and co-locations will be studied for the Department of Human Services, Department of Military Affairs and technology functions from various agencies.

The "Strategic Plan for Locating State Agencies" documents life-cycle cost savings derived from owning real estate opposed to leasing. The division will continue to analyze alternatives and potential acquisitions on a case-by-case basis.

**Goal 1** : Provide space for state agencies that best and most economically meets their needs.

**Objective 1** : Negotiate leases to maintain a 4% annual savings in Division-negotiated rent as compared to market rent.

**Measure 1** : The percent savings ratio between market rent and negotiated rent.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Performance** | | | | | | |
| **Actual** | | 3.6% | 3.7% | 4.25% | | |

**DEFINITION :**

The percent savings ratio is a result of the total annual negotiated rent divided by the total annual market rent. Market rent is established by real estate market conditions and is an industry benchmark for evaluating real estate transactions. Market rent is typically the asking rent.

**RATIONALE :**

The Commissioner of Administration has the authority to lease non-state-owned property for state agencies to conduct their operations and deliver their programs and services. The division ensures compliance with state rules, regulations, statutes, and laws while meeting state agencies' needs within prescribed space guidelines and standards. The effect of negotiations is to obtain favorable lease terms, conditions and rent. The measure for this objective demonstrates the cost-effectiveness of negotiations.

**DATA SOURCE :**

The annual ratio of monetary savings is calculated from data maintained on market rent and negotiated rent amounts for commercial leases.

**DISCUSSION OF PAST PERFORMANCE :**

Although the state has been paying rates within or below market rental rates, data has not been kept documenting how much has been saved as a result of effective negotiations.

**PLAN TO ACHIEVE TARGETS :**

Existing market rates and real estate conditions will be documented and the information will be used by staff to negotiate lease rates. Team approaches will be used to develop negotiation strategies.

## OTHER FACTORS AFFECTING PERFORMANCE :

The difference between market rental rates and negotiated rental rates is affected by the lessor's financing and its expected return on investment. Market factors such as supply and demand will also affect rental rates. A surplus of property may drive rental rates downward and, conversely, a scarcity of property may drive rents upward. Building code revisions and other regulatory factors, such as the adoption of indoor air quality codes and the Americans with Disabilities Act, also impact rental rates upward due to the increased cost of required building modifications.

**Goal 1** : Provide space for state agencies that best and most economically meets their needs.

**Objective 2** : Maintain annually a 75% or better satisfaction rating for F.Y. 1995-96 and an 80% or better satisfaction rating for F.Y. 1997-98.

**Measure 1** : Customer survey to determine customer satisfaction.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Performance** | | | | | | |
| **Actual** | | | 82% | 77% | | |

**DEFINITION :**

The measure is calculated by dividing the total number of survey responses indicating satisfaction with division services by the total number of survey responses, to obtain a percentage of satisfied customers.

**RATIONALE :**

The goal of the program is to provide space to meet state agency needs. A customer survey will measure whether state agencies' space needs are being met.

**DATA SOURCE :**

The information to measure satisfaction with division services is obtained from customer surveys completed by agency individuals assigned to work with the division. The individuals are usually business managers for the agencies being served. Surveys are sent out on a monthly basis upon completion of a lease transaction for an agency. The survey contains 4 questions asking the customer whether the services were of benefit, needs were met, the project was completed in a timely manner and whether there were budget savings realized from division services. The survey also asks for additional comments or suggestions on what the division can offer to better assist agencies. For each question, the customer has the option of responding "yes (satisfied)," "somewhat (satisfied)" or "no (not satisfied)." Additional space is provided for agency comments. If there is a dissatisfied response to a question, the survey response is rated dissatisfied.

**DISCUSSION OF PAST PERFORMANCE :**

F.Y. 1993 & 1994 customer surveys have indicated the division is meeting customer needs. However, statistical data indicating the level of satisfaction were not calculated.

**PLAN TO ACHIEVE TARGETS :**

Information is obtained from surveys completed by customers as to their level of satisfaction with division leasing services. Survey responses including comments and suggestions will be reviewed to determine ways to improve division services to meet customer needs.

## OTHER FACTORS AFFECTING PERFORMANCE :

Agencies may perceive that the division is responsible for those items over which it has very little control such as the responsiveness of a lessor to address issues on compliance with lease terms and conditions. Due to limited leasing staff during peak workloads, an agency's needs may not be addressed as soon as it would like, perhaps resulting in a lower customer satisfaction rating. In some cases, the agency staff person working with leasing staff during the project may not be the person who completes the survey.

**Agency** : ADMINISTRATION DEPT

**Program** : INFORMATION POLICY OFFICE

**EXPENDITURES AND STAFFING :**

| | ($ in Thousands) | Percent of Department |
|---|---|---|
| Total Expenditure | $2,053 | 1.42% |
| General | $2,053 | |
| Number of FTE Staff: | 24 | 2.88% |

The expenditure and staffing figures are incorrect. Refer to the Appendix section for clarification.

**Agency** : ADMINISTRATION DEPT

**Program** : INFORMATION POLICY OFFICE

**BACT** : INFO STRATEGIES AND PLANNING

**MACT** : INFO STRATEGIES AND PLANNING

**EXPENDITURES AND STAFFING :**

| | ($ in Thousands) | Percent of Department |
|---|---|---|
| Total Expenditure | $1,303 | 0.90% |
| General | $1,303 | |
| Number of FTE Staff: | 13 | 1.59% |

**GOAL :**

- Provide direction for statewide information resource management and oversight of the state's information resource investments. (M.S. 16B.41)

**DESCRIPTION OF SERVICES :**

The Information Strategies and Planning (ISP) activity assists state agencies and the legislature by developing and implementing statewide policies, standards and guidelines for information resource management. Information resources include,but are not limited to, technology, networks, software, data bases and software development methodologies.

ISP has issued 15 policies, 14 guidelines and numerous standards over the past 3 years. Recent guidelines and standards provided direction and best practices for telecommuting, project management, contract management, the Year 2000 initiative and internet use. ISP also provides support and oversight needed for agencies to effectively manage their investments in information resources.

IPO is required to review and approve all agency information resource budget requests prior to inclusion in the Governor's biennial budget. In F.Y. 1993 ISP received and rated 28 budget requests from agencies totaling $116 million. IPO recommended $92 million in funding for these projects and the legislature appropriated $88 million. For F.Y. 1995, ISP reviewed and rated 39 budget requests from agencies totaling $55.8 million. Agencies withdrew $12.8 million in requests because of low ratings from IPO. IPO ultimately recommended $44.6 million in funding for these projects. The legislature actually appropriated $29.4 million.

In addition, ISP provided direction and support for numerous statewide projects including the statewide effort to

## PLAN TO ACHIEVE TARGETS :

IPO defines budget review criteria several months before budget requests are due. These requirements are communicated to the agencies in writing and through presentations by IPO staff in the spring and summer of budget preparation years. Sample responses for all requirements are also provided to all agencies. IPO staff thoroughly reviews requirements with agency staff and are available to respond to questions from agencies. Agencies are encouraged to submit their budget requests - even parts of their budget requests - as early as possible so that IPO staff can review the material and notify agencies if required materials are missing. Agency-level information is due prior to project-level information to allow more time for review and feedback to agencies.

## OTHER FACTORS AFFECTING PERFORMANCE :

Agency progress in developing effective management of their information resources depends on legislative support. If the legislature provides funding for agency IR projects that do not meet IPO's requirements, then agencies may not be as motivated to develop effective management of their information resources. Progress is also affected by the agency-level commitment to IRM and to doing the activities required for effective IRM within the agencies.

**Agency** : ADMINISTRATION DEPT

**Program** : INFORMATION POLICY OFFICE

**BACT** : PUBLIC INFO POLICY ANALYSIS

**MACT** : PUBLIC INFO POLICY ANALYSIS

**EXPENDITURES AND STAFFING :**

| | ($ in Thousands) | Percent of Department |
|---|---|---|
| Total Expenditure | $280 | 0.19% |
| General | $280 | |
| Number of FTE Staff: | 5 | 0.59% |

**GOAL :**

- Promote understanding of, use of, and compliance with the Minnesota Government Data Practices Act, the Records Management Act, and other laws that establish public information policy or regulate nongovernment or governmental information. (Examples: M.S. Chapter 13 and 138.17)

**DESCRIPTION OF SERVICES :**

The Public Information Policy Analysis Division (PIPA) assists government agencies and private organizations in understanding and complying with laws that constitutes public policy about data practices, records management and access to information. PIPA plays a significant role in assisting the legislature and other policy makers in the development of information policy through the enactment of statutes relating to information regulation. The division also assists citizens by providing information and referral services. On request, PIPA provides advisory opinions concerning the Data Practices Act to government agencies and citizens. PIPA performs the staff work for the duties of the commissioner of Administration under Minnesota Statutes, Chapter 13 and Section 138.17.

**BACKGROUND INFORMATION :**

**MEASURE TYPES: ACTIVITIES (A), EFFICIENCY (E), OUTPUT (O), OUTCOMES (OC), OTHER DATA (OD), UNIT COSTS (UC), WORKLOAD (W)**

**DATA BASED ON: CALENDAR YEAR (CY), FISCAL YEAR (FY), FEDERAL FISCAL YEAR**

(FFY), BIENNIUM YEARS (BY)

| Type | Based | Measure | 1994-95 | 1995-96 |
|---|---|---|---|---|
| A | FY | Phone Inquiries Received | 8053 | 8852 |
| A | FY | Advisory Opinions Issued | 65 | 50 |

## PROGRAM DRIVERS :

As technology presents more opportunities for invasion of privacy and more interest in accessing information, and as more government information and data are accessible and are shared across organizations, there will be greater need to address public policy issues.

**Goal 1** : Promote understanding of, use of, and compliance with the Minnesota Government Data Practices Act, the Records Management Act, and other laws that establish public information policy or regulate nongovernment or governmental information.

**Objective 1** : Assure that clients seeking answers to questions about information policy receive those answers in a timely fashion by returning 85% of calls received from clients no later than the end of the business day following receipt.

**Measure 1** : Percent of calls returned by the end of the next business day.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Performance** | | | | | | |
| **Actual** | | | | | | 85e% |

**DEFINITION :**

Eighty-five percent of all calls received by PIPA will be returned by the next business day.

**RATIONALE :**

PIPA is the major source of expertise on public policy requirements that regulate information. Most inquiries, from both citizens and government agencies, that seek to tap that expertise come to PIPA by telephone. Inquires are often time sensitive. A government agency, a private sector institution such as a health care facility or a citizen needs an answer to a question as soon as possible. A prompt answer may help government and private institutions avoid needless liability and help citizens clearly understand their rights so that they can effectively exercise those rights. Among the variety of functions performed by PIPA, answering telephone inquiries is a common activity for all staff and therefore is a better measure of the overall performance of the division. PIPA heavily relies on voice mail because no one in the division has the sole job of answering phone calls. Implementation and administration of this measure can help assure that clients receive a prompt response from a staff member even though their first contact with the division might be with a voice mail system.

**DATA SOURCE :**

All PIPA staff currently use a uniform telephone contact form. This form will be modified to accommodate the requirement that staff record the time each call is received and returned. On a quarterly basis, a statistically verifiable sample of the telephone contact sheets will be reviewed by the director and results reported to and discussed with staff. Records of each staff member's performance relative to the overall goal of the division will be maintained and any problems meeting the goal will be discussed with the staff member.

**DISCUSSION OF PAST PERFORMANCE :**

The objective of returning 85% of calls no later than the end of the next business day has been expected of all staff for quite some period of time although that expectation has not been formally monitored. The Legislative Auditor's Office critique of PIPA's previous customer satisfaction performance measure led PIPA to seek an alternative. A variety of possible performance measures were reviewed with staff. This measure was adopted because it provides an appropriate mechanism to monitor performance of both the staff and the division overall, and to provide statistically verifiable information.

## PLAN TO ACHIEVE TARGETS :

See "Data Source" section.

## OTHER FACTORS AFFECTING PERFORMANCE :

This particular measure assumes that the current level of staff support assigned to PIPA will continue and that the division will, in F.Y. 1998, if not sooner, acquire full-time clerical support.

**Agency** : ADMINISTRATION DEPT

**Program** : ADMINISTRATIVE MANAGEMENT

**EXPENDITURES AND STAFFING :**

| | ($ in Thousands) | Percent of Department |
|---|---|---|
| Total Expenditure | $5,170 | 3.58% |
| From Federal Funds | $1,498 | |
| From Special Revenue Funds | $1,397 | |
| General | $2,202 | |
| From Gift Funds | $73 | |
| Number of FTE Staff: | 45 | 5.40% |

**MEASURE TYPES: ACTIVITIES (A), EFFICIENCY (E), OUTPUT (O), OUTCOMES (OC), OTHER DATA (OD), UNIT COSTS (UC), WORKLOAD (W)**

**DATA BASED ON: CALENDAR YEAR (CY), FISCAL YEAR (FY), FEDERAL FISCAL YEAR (FFY), BIENNIUM YEARS (BY)**

| Type | Based | Measure | 1994-95 | 1995-96 |
|---|---|---|---|---|
| A | FY | New individual cases statewide | 1,843 | 1,771 |
| A | FY | Services provided in-house | 983 | 772 |
| A | FY | Services provided by contracted vendors | 860 | 999 |
| W | FY | Employees participating in organizational services | 3,817 | 3,929 |
| W | FY | Management consultations on workplace conflicts | 192 | 301 |
| OD | FY | State agencies served | 68 | 67 |
| UC | FY | Cost per employee for EAP services | $9.77 | $9.91 |

## PROGRAM DRIVERS :

Worksite interventions involving threats of violence, interpersonal conflicts, or critical incidents are best done by EAP counselors who are part of the work environment and have an understanding of the culture. However, EAP continues to experience demands for assisting state agencies with organizational issues. EAP is well-positioned to improve organizational effectiveness by providing management coaching, problem assessment, group work and skill building activities. Involvement with troubled work organizations is often complex, highly sensitive, and can require ongoing contact.

The Department of Employee Relations' joint labor/management committee on health plans studies EAP's integration with mental health and chemical dependency health insurance provisions. Its findings concluded that "EAP plays an essential role in the state's managed care system," and that "EAP should continue to provide counseling in areas not covered by the state employee group insurance program."

An unforeseen economic downturn in state revenues could adversely affect state employment and would likely drive up EAP utilization. Reorganizations, downsizing, hiring freezes, layoffs and labor relations problems increase employee stress levels and escalate behavior, attendance and performance problems.

**Goal 1** : Reduce the negative effect that state employees' personal, family and workplace problems have on job performance.

**Objective 1** : Demonstrate a positive correlation between EAP utilization and improved work performance by maintaining a 75% effectiveness level from survey respondents who have used EAP services.

**Measure 1** : Survey response indicating improved work performance.

| | F.Y.1993 | F.Y.1994 | F.Y.1995 | F.Y.1996 | F.Y.1997 | F.Y.1998 |
|---|---|---|---|---|---|---|
| **Client Improvement** | | | | | | |
| **Actual** | | 73% | 73% | 74% | 75e% | 75e% |

**DEFINITION :**

Improved work performance is defined as the perceived improvement in such factors as relationships with supervisors, relationships with co-workers, ability to concentrate, general attitude toward work, work attendance and overall effectiveness on the job. This is based on self-assessment by service recipients and reflects an achievement of EAP's overall objective.

**RATIONALE :**

This program tracks the positive impact on the individuals it serves and the benefits derived in the workplace. Through a non-scientific, self-reporting process, EAP is able to use the survey results to glean information that suggests a correlation exists between improved job performance and having used EAP services. It is the qualitative result that demonstrates EAP's value to the state as an employer, its managers and supervisors, and individual EAP clients.

## DATA SOURCE :

The source of the employee data is a "service outcome" survey mailed to 100 randomly selected clients per quarter. To be eligible for random selection the client has to indicate upon initial contact with EAP that his/her job performance is negatively affected by the existing problems or concerns. The client also needs to consent to follow-up contact by EAP. Of the 400 surveys mailed annually, the return rate is approximately 40%, or 160 responses. Clients receive the survey at least 3 months after being last served by EAP.

The survey instrument asks clients to respond to a total of 11 job performance indicators. The question reads as follows:

Since having used the Employee Assistance Program, I have been able to:
1. Improve my relationship with my supervisor(s).
2. Improve my relationship with co-worker(s).
3. Improve my ability to concentrate on the job.
4. Improve my general attitude toward work.
5. Improve my work attendance.
6. Improve my promptness in arriving at work.
7. Remain at work through my entire shift.
8. Decrease the number of sick days used.
9. Reduce disciplinary action taken against me.
10. Reduce the negative impact that alcohol or other drugs had on my job performance.
11. Improve my overall effectiveness on the job.

Respondents agreeing or strongly agreeing with relevant statements are considered to have improved job performance.

## PLAN TO ACHIEVE TARGETS :

Service recipients provide the outcome data in an ongoing three-month follow-up cycle. The focus measures perceived improvements in overall effectiveness of individual job performance. EAP monitors the measures regularly and takes corrective action in its own work plan as indicated by this follow-up activity.

## OTHER FACTORS AFFECTING PERFORMANCE :

EAP continually interfaces with benefit, training, health promotion, labor relations, and communications strategies in an attempt to synergize all facets of human resource management necessary for optimal performance.

**Agency** : ADMINISTRATION DEPT

**Program** : MANAGEMENT ANALYSIS

**EXPENDITURES AND STAFFING :**

| | ($ in Thousands) | Percent of Department |
|---|---|---|
| Total Expenditure | $1,731 | 1.20% |
| General | $555 | |
| Revolving | $1,176 | |
| Number of FTE Staff: | 28 | 3.40% |

**Agency** : ADMINISTRATION DEPT

**Program** : MANAGEMENT ANALYSIS

**BACT** : MANAGEMENT ANALYSIS

**MACT** : MANAGEMENT ANALYSIS

**EXPENDITURES AND STAFFING :**

| | ($ in Thousands) | Percent of Department |
|---|---|---|
| Total Expenditure | $1,731 | 1.20% |
| General | $555 | |
| Revolving | $1,176 | |
| Number of FTE Staff: | 28 | 3.40% |

**GOAL :**

- Provide effective consultation services to state agencies and other units of government. (M.S. 16B.36)

**DESCRIPTION OF SERVICES :**

The Management Analysis Division is state government's in-house management consulting organization. The mission of the division is to increase the quality and productivity of government through its ability to manage resources and to create and implement effective business strategies. The division provides consultant services to state agencies, the governor, the legislature, and local units of government. Work requested by the governor, legislature, the commissioner of administration, and in support of statewide productivity/quality improvement efforts are funded by the general fund. The division charges fees for work requested by state agencies and local units of government.

**BACKGROUND INFORMATION :**

**MEASURE TYPES: ACTIVITIES (A), EFFICIENCY (E), OUTPUT (O), OUTCOMES (OC), OTHER DATA (OD), UNIT COSTS (UC), WORKLOAD (W)**

**DATA BASED ON: CALENDAR YEAR (CY), FISCAL YEAR (FY), FEDERAL FISCAL YEAR (FFY), BIENNIUM YEARS (BY)**