



# ***Department of General Services***

## ***Budget Hearing***

***December 4, 2014***



# Customer-Focused Government Goals

## Central Procurement Office

## State of Tennessee Real Estate Asset Management

### Key Operational Goals

Provide improved procurement services at lower costs.

Provide improved facilities management services at lower costs.

### Key Performance Indicators

#### Total Spend of Select Contracts

Baseline: \$500,000,000  
Target: \$485,000,000  
(3% spend reduction)

#### Total Spend of Facilities Management (excludes utilities)

Baseline: \$31,949,300  
Target: \$31,310,300  
(operational savings of 2%)

#### % of Customers Satisfied

Baseline: 84%  
Target: 85%

#### Total Spend of Utilities

Baseline: \$17,748,900  
Target: \$17,358,400  
(utilities savings of 2.2%)

#### % of Customers Satisfied

Baseline: 83%  
Target: 85%



# DGS Successes

- Outsourcing facilities management
  - Contracting with a vendor to manage FRF facilities avoided costs of \$4.9M in the first year.
- Leasing motor vehicles for high mileage employees
  - Provided leased vehicles to employees with high mileage reimbursement costs, avoiding costs of \$3.8M over the three year contract period.
- Consolidating printing services
  - Combining F&A/OIR Printing with DGS Printing and Media Services reduced costs by \$1M in the first year.

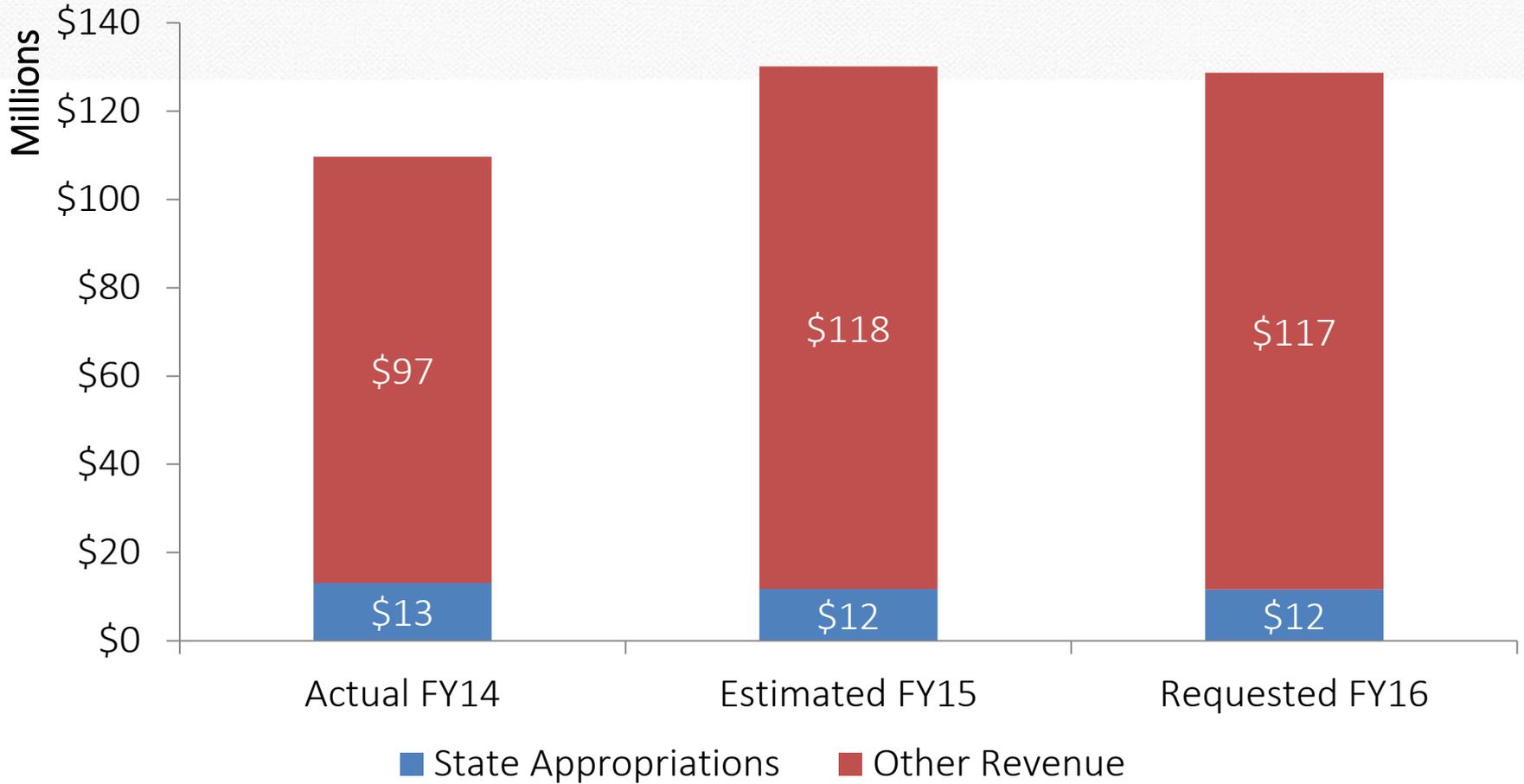


# DGS Challenges

- Balancing competing needs
  - Identifying ways to cut costs for facilities maintenance and management while still improving service to tenants
- Examining processes end-to-end
  - Through all our work processes, finding opportunities to improve service while also cutting costs



# Revenue Sources





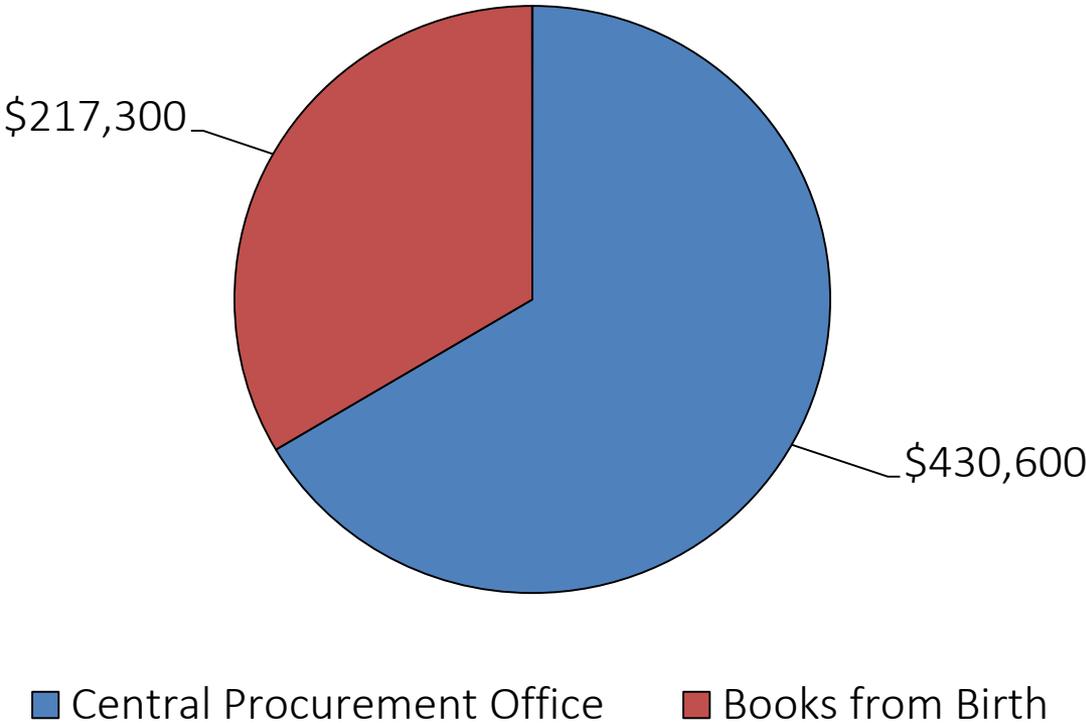
# Proposed Reduction Plan

Priority	Category	Reduction Description	State Savings
1.	Program & Operations	(CPO) increased utilization of administrative fees and rebates	\$430,600
2.	Program & Operations	(Books from Birth) decreased books, mailing, marketing, supplies and travel	\$217,300
Total			\$647,900

Priority	Category	Reduction Description	Internal Service Fund Savings
1.	Program & Operations	(STREAM) restructure of the delivery of facilities management services to reduce operational costs	\$2,406,300
Total			\$2,406,300

# Proposed State Dollar Reductions By Program

Total Reduction= \$647,900





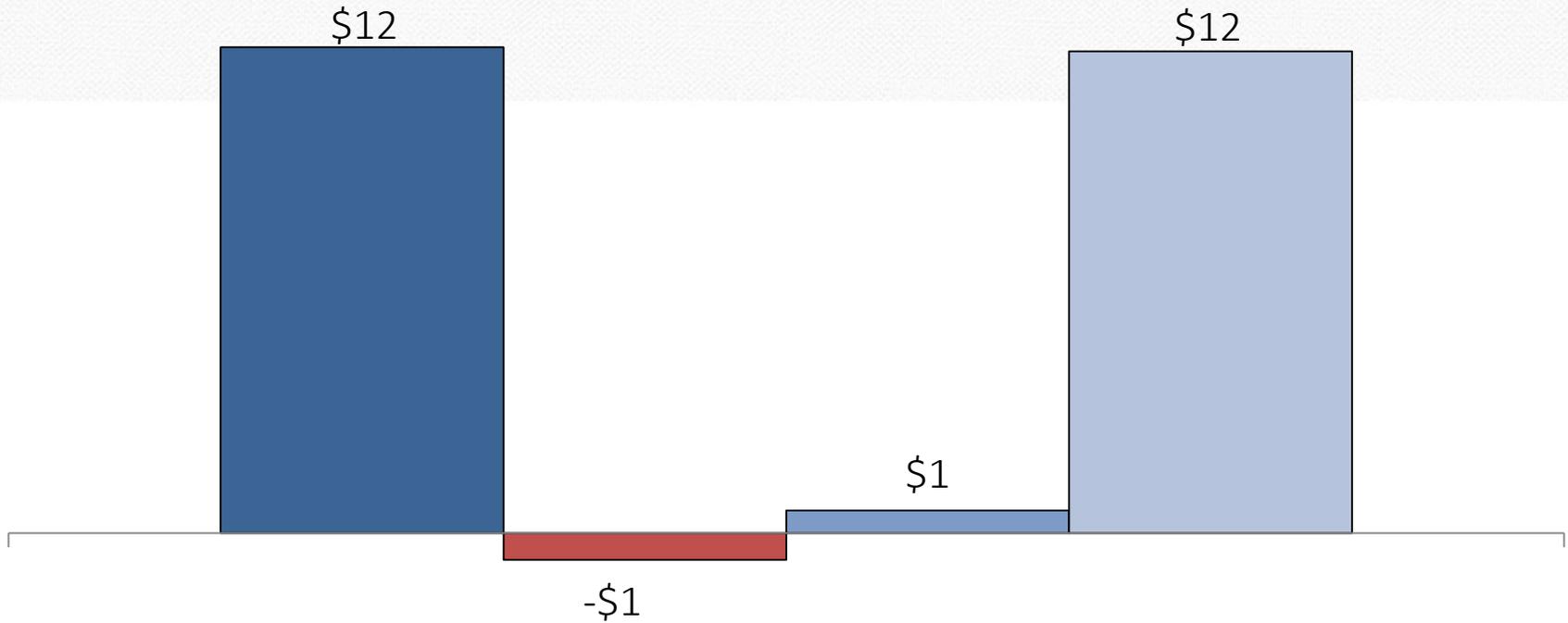
# Proposed Cost Increases

	Increase	Total	State	Federal	Other	Positions
1.	STREAM – Two positions for Empower TN, two positions for Portfolio Management, one position for Real Estate Compliance and one position for Business Relations	\$676,300	0	0	\$676,300	6
2.	Books from Birth – 6.5% enrollment growth, 6.9% increase in postage rates and 3%-5% increase in cost of books	\$550,000	\$550,000	0	0	0
	Total Cost Increases	\$1,226,300	\$550,000	0	\$676,300	6



# Request Summary

*State Appropriations (in millions)*

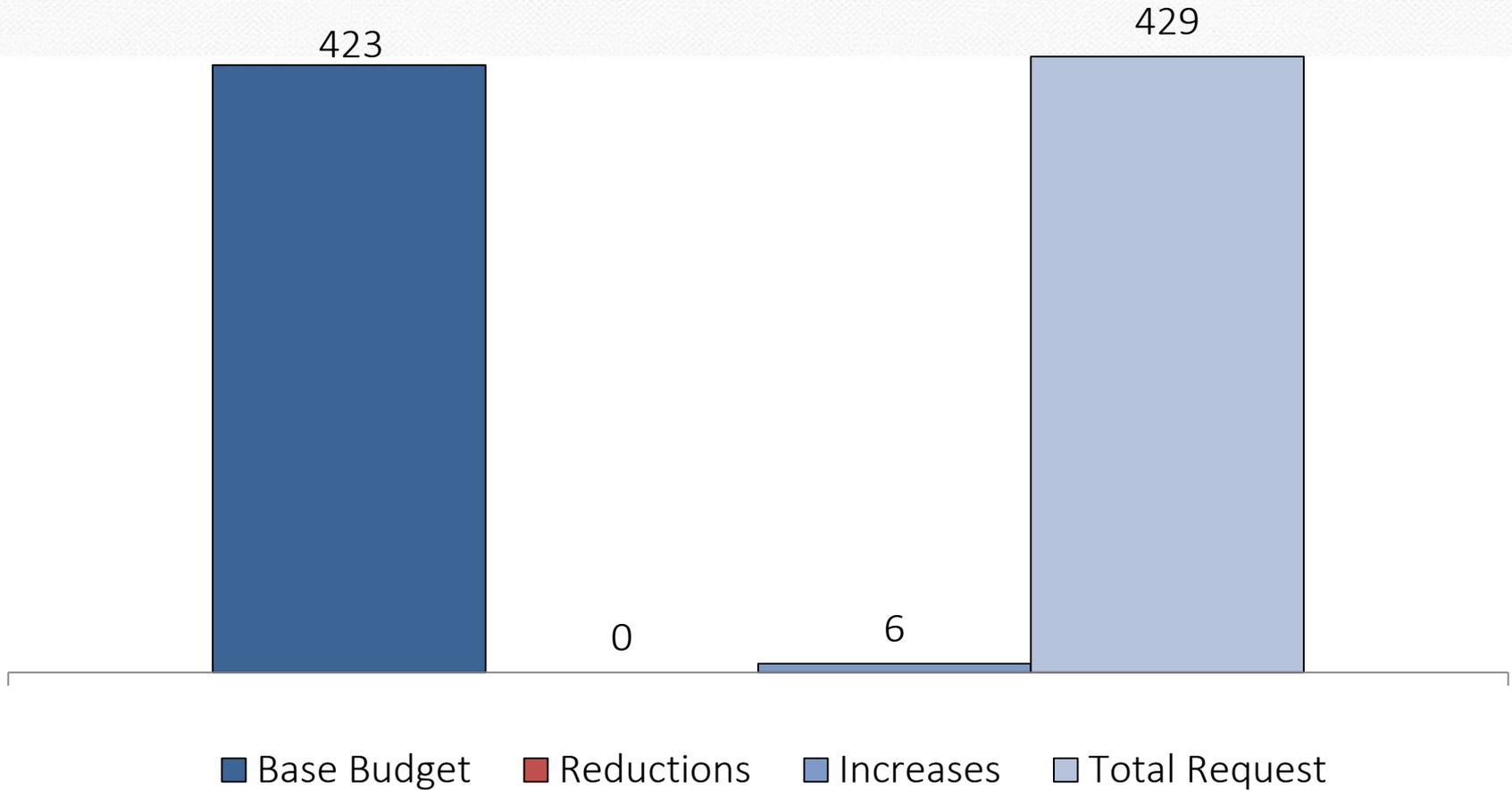


■ Base Budget   ■ Reductions   ■ Increases   ■ Total Request



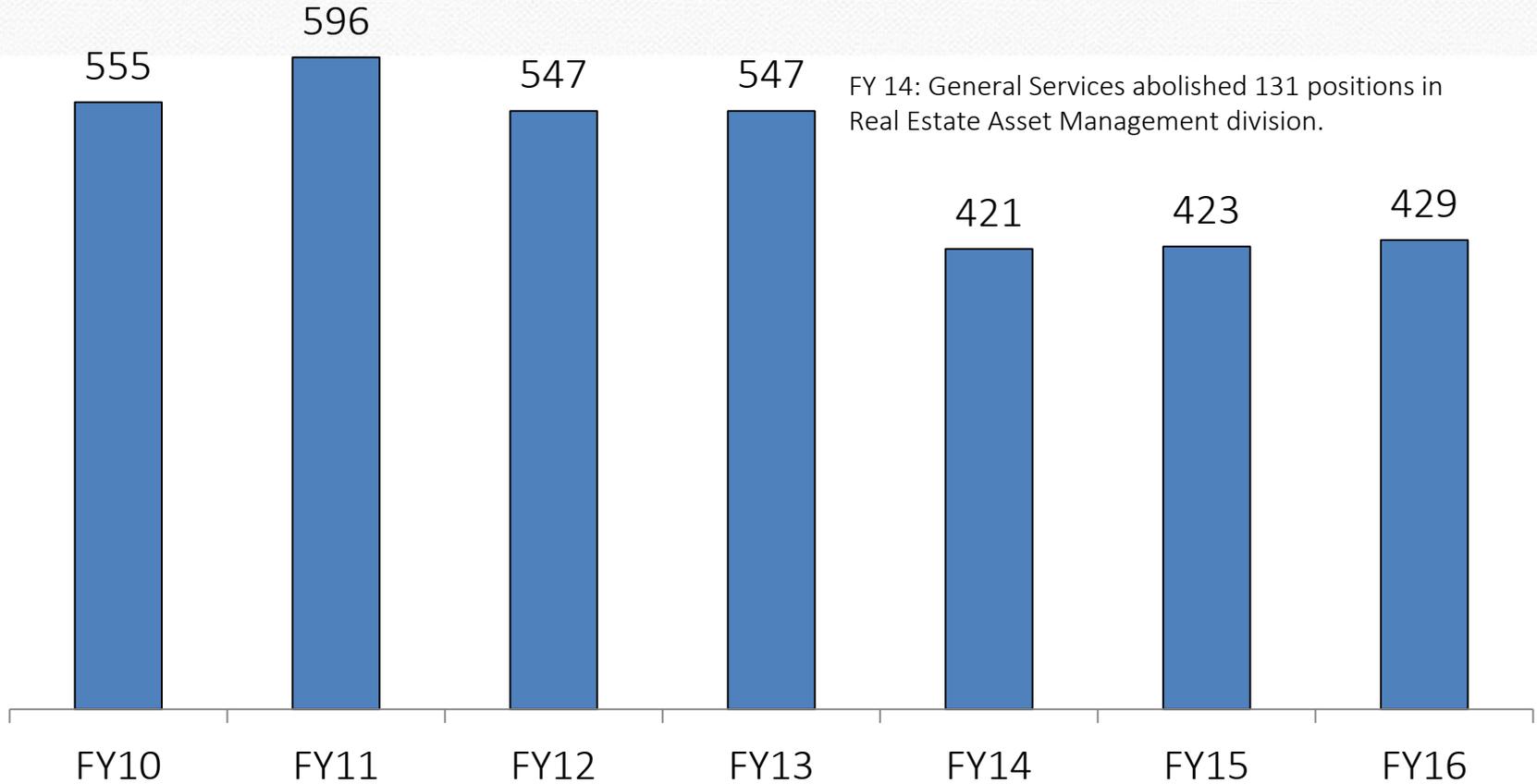
# Request Summary

## *Authorized Positions*





# Authorized Positions





# Capital Budget

## Facilities Revolving Fund



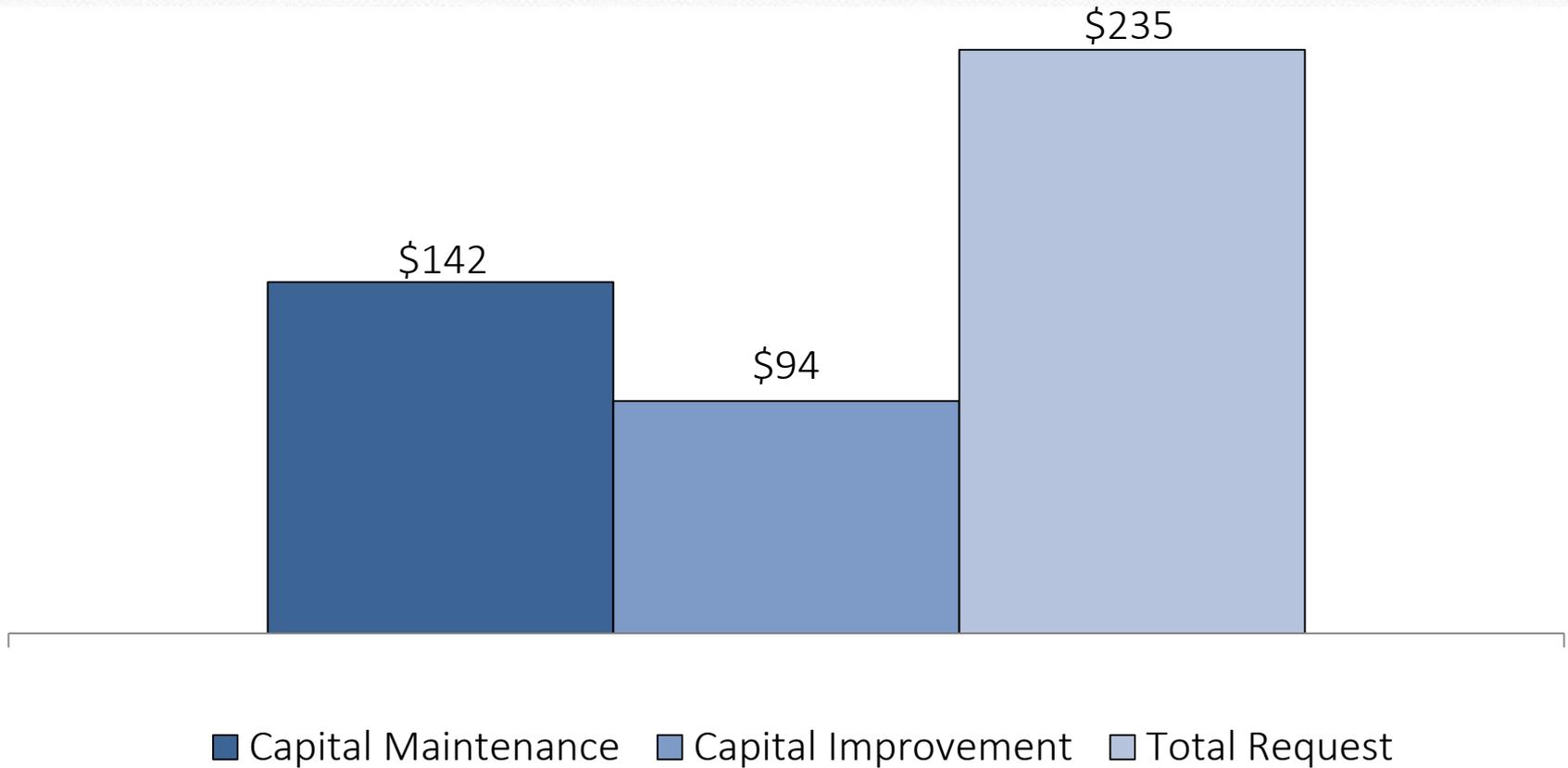
# Approved FRF State Appropriations





# Proposed FRF Cost Increase

*State Appropriations (in millions)*





# Selected FRF Capital Outlay Requests

Project Description	Requested Funding
Tennessee Regulatory Building - Site Improvements	\$3.2 M
Cordell Hull Building Renovation - Phase 1	\$34.1 M
War Memorial & Legislative Plaza Upgrades - Planning and Design	\$11.6 M
Empower TN Projects (Data Collection, Infrastructure, Implementation)	\$44.0 M
New Jackson Crime Lab Consolidated Facility - Planning	\$1.6 M
New Library & Archives Facility	\$89.8 M
New State Museum - Planning	\$1.6 M
Statewide Building Security Upgrades	\$9.0 M