

Department of Administrative Services

I. Internal Scan

The Department of Administrative Services is a unique department that was formed to provide services to state agencies and employees so that they can carry on the work of state government. We do not provide direct services to the public. Of the department's eight agencies, the aging population will have a minor or no impact on the following seven agencies:

1. Division of Administrative Rules
2. Office of Debt Collection
3. Division of Finance
4. Division of Fleet Operations
5. Division of Purchasing and General Services
6. Division of State Archives
7. Division of Risk Management¹

The agency that will most be affected is the Division of Facilities Construction and Management (DFCM). The projected demographic change for the State of Utah indicates that DFCM will indeed be affected by an aging population. The next twenty five years will bring to Utah's population explosive growth, increased diversity, construction industry shortages of materials and labor, as well as changes in construction types and methods. DFCM will need to address the following aging factors:

- **Staffing** – State wages are typically lower than the construction industry real estate levels for technical positions. Replacement employees for these positions will need to be recruited and encouraged to work for DFCM. If benefit packages decrease, it will be all the more difficult to hire quality employees.
 - DFCM Retirements 2006-2007 = 7
 - DFCM Retirements 2011-2016 = 10
 - DFCM Retirements 2016-2026 = 16

This is a total of 33 of 150 FTEs

- **Construction and Design Firms** – Utah has been blessed with high quality architectural firms for the past fifty plus years. Several of the more successful and largest have been around for a long time. This is about to change as

¹ In conjunction with state facilities, our Division of Risk Management, while not directly affected by the aging population, stipulates that the aging of state property assets and facilities is a concern. As structures age, liability and coverage issues may be impacted. For instance, insuring a 50 year old school building without fire sprinklers and without seismic upgrades presents a more difficult risk scenario than insuring a new, fully code compliant building. Therefore, aging state owned buildings is a concern from a Risk Management standpoint and to the aging population and the citizens of Utah that it may serve in the future.

retirements, ownership and partnership adjustments are implemented. The top five or six construction firms have traditionally been family-owned. These firms are being affected by changes caused by the aging demographics. DFCM will have to continue to develop trusted relationships with a variety of newly-established design and construction firms. There is already a loss of institutional knowledge and experience evident in the construction industry. Construction quality may decrease while construction costs escalate.

- **Construction Types** – The need/demand for State of Utah General Fund dollars for the past years has been in Higher Education. The nine campuses and UCAT have received nearly two-thirds of the state's appropriated funds for new buildings. New requests coming from the State Hospital, Corrections, National Guard, Veterans, Human Services and the Health Department, among others, indicate that the aging demographics are shifting the State's needs for new buildings to those agencies that provide state services. The focus may shift from education to facilities to serve senior citizens. New office space for state agencies and/or departments is becoming critical.
- **Existing buildings** – In addition to the aging population is the aging of the state's buildings. The 2006 estimate of deferred maintenance costs for the state's existing facilities in the next ten years is \$1.3 billion. Sixty percent of the State's buildings, including Higher Education, are over 50 years old. In the years to come, there will be an ever increasing need to repair and/or replace existing state owned facilities.
- The changing demographics may also change the location of state facilities. Most of the Departments that provide services to the State's aging population exist along the Wasatch Front. The population growth at Utah's resort communities such as St. George, Cedar City, Moab, and Park City will shift demands for state facilities to these growth communities.
- An aging population will also require additional health care facilities, human service facilities, nursing homes, and senior citizen care centers. This need will only affect DFCM if state facilities are funded to support these demands.
- Although the aging population and the facilities they require may not use more "energy" than any other demographic age group, it is well documented that energy costs will soar during the next twenty years. This will have a dramatic effect on DFCM facility maintenance costs.

Some objectives have already been established to respond to these future needs. Master planning efforts and new buildings constructed recently provide for additional state health science training facilities and expansion of state facilities in our resort communities. The Department of Human Services' current building needs to be replaced. The state's office facilities are filled to capacity. A master planning committee has been organized to meet with each department to project future expansion needs for the next ten to twenty years. The report is scheduled to be completed by December 2006.

Capital Development projects submitted in the fall of 2006 for governmental consideration were slanted towards economic development, general population growth and higher education needs. However, there is growing awareness and a slight shift taking place that will help to address the future needs of an aging population. The master plan, when completed, should be very helpful to all state agencies as they plan for the future in state government and the services they provide to the entire population of Utah, and especially the aging population.

II. Prioritization

As DAS evaluated the Department's eight division's Internal Scans, a work plan was developed using the "Nominal Group Technique." This technique allowed all division directors to submit issues that will have significant impact on their division and agencies they serve. Following the receipt of the submittals as outlined in Part I, it was apparent to the group that the greatest impact would be upon the Division of Facilities Construction and Management (DFCM) and the Division of Risk Management (DRM). Therefore, the group selected three of their priorities as DAS's priority issues, outlined below:

Priority #1

Utah's aging population will require a shift in the State's priorities in appropriating funds for new state owned facilities. In the past three years, legislators have funded the renovation of the State Capitol (\$50 million per year) and Higher Education facilities at 70% of the balance of the Capital Development funding allocation. Most of the funds needed for new facilities that serve the aging population have been deferred to future years.

New requests coming from the State Hospital, Corrections, Veterans, Human Service, and Health Departments may require the portions of state development funds to be shifted from Higher Education to the needs of other departments that serve the aging population in a more balanced proportion.

Priority #2

Professional staffing is a major concern for DAS as it projects staffing needs from now to the year 2016. An employee survey reveals that 33 of 150 FTE retirements will occur during this time period. Approximately 20 of these employees are architects, engineers, real estate agents, and accountants. Private sector salary levels make recruitment of replacement professionals in state government very difficult. State wage and benefit packages have not kept pace with the construction industry's explosive growth. Loss of professional knowledge will be a key issue in the next several years.

Priority #3

Two thirds of Utah's population currently lives along the Wasatch Front. The population growth forecasted for Utah's resort communities such as St. George, Cedar

City, Moab, and Park City will, however, shift demand for new state facilities to these growth areas. This will further exacerbate the need to care for the state's aging facilities located in Salt Lake, Utah and Davis counties. Sixty percent of existing buildings are over 50 years in age. Billions of dollars will be needed to upgrade and replace these buildings during the next 20 years.

III. Planning

Priority Issue #1: Shift in Capital Development Funding Priorities

Action: Early in 2006, the Director of DAS initiated a master planning effort to project the facility space needs of the agencies of the State of Utah for the next ten years. The first phase of the master planning effort, which reviewed the critical need for office space in the Salt Lake City area, is complete. The findings of the consultants indicate that the Department of Human Services, the Department of Health, and the State Health Lab are all desperate for employee space.

Result: The Building Board has established a new State Unified Health Lab as the number one priority for Capital Development funding for the 2007 legislative session. The number four priority for the 2008 legislative session is a new Department of Human Service/Health Department office building to provide 150,000 square feet of office space for these two agencies that provide services to the aging population. DAS will work to obtain funding for this project so funding would be available by 2009.

Action: An informational/educational initiative is planned for year 2008 to assist in the shift in priorities from new higher education facilities and the Capitol renovation project to state facilities for other agencies. Building Board members, legislators, and other government officials need to be aware of the critical space needs that have been deferred for several years.

Result: With factual data, site visits and unbiased presentations of institutional, departmental, and agency needs, a shift in priorities may take place as early as the 2008 legislative session.

Action: DAS/DFCM has started an "Internal Service Fund Strategic Plan" that will document operation and maintenance costs for state owned facilities. Deferred maintenance is currently projected over the next ten years to be approximately \$1 billion.

Result: The Strategic Plan will address manpower weaknesses and strengths in order to shift manpower to critical areas to the south and north of the Wasatch Front.

Priority Issue #2 - Retirements and Replacement of Professional Employees

Action: Long range planning involving review of organizational charts is underway in all DAS Divisions. Focus is currently on the next two years, and how professional employees will be recruited for key replacement positions.

Results: Approximately 10% of the architects, engineers, real estate agents and other professionals in DFCM and Risk Management will be replaced prior to 2008. The Director's position in DFCM will need to be filled with a new professional. The state's inability to match professional salary and benefit packages is a weakness that will have to be overcome.

Action: Current demands for technical and management level professionals for the design and construction industry are at an all time high in Utah. This is expected to continue through the next five years. Therefore, grooming of replacement employees must begin within the ranks of State Government. DAS/DFCM plans to hold monthly training sessions to improve employees' skills, experience and technical knowledge that will otherwise be lost through retirements of technical and professional employees.

DFCM is also developing key relationships with the Utah Chapter of the American Institute of Architects (AIA) and the Associated General Contractors (AGC) leadership to identify a strategy for state recruitment of the needed replacement staff members. Qualifications, experience, and management skill recruitment criteria will be established. Benefits of State employment packages will be improved as much as possible to stay competitive with industry.

Efforts to stop the flow of skilled professionals and quality managers away from state government will be activated. DAS, DFCM, and Risk Management will groom in-house and recruit necessary replacement employees as the need arises.

Results: DAS/DCFM workforce will be maintained at appropriate levels.

Priority Issue #3 - Capital Development Projects Location Shift

Action: DAS/DFCM is required by State statute to annually submit a Capital Development five-year plan to inform state leadership of the future facility needs submitted by all state agencies and institutions.

Result: Beginning in 2007, the "Five Year Book" will more closely address the needs of the communities that are experiencing, and will continue to experience, rapid growth.

Action: DAS/DFCM, as a service oriented department that assists other state agencies and institutions, will collaborate with each governmental agency to identify immediate facility needs and help in projecting future needs. In as much as most of the state's smaller agencies and departments do not have sophisticated planning groups, DFCM will provide this service as required.

Result: Departments that provide service to communities like Park City, Heber, Moab, Hurricane, Cedar City, and St. George will receive support in master planning for future facilities that will house important government services. While the State has had a presence in these communities, their facilities are small and usually leased. This is an economic weakness that DAS/DCFM will address so that increased services can be delivered in a timely and economically viable manner.

The Legislature usually allocates 70% of the Capital Development funding to higher education, which is mostly a Wasatch Front program. A shift to 50% of the appropriation may be likely. This may have a negative impact on Higher Education, but that impact may be mitigated by Higher Education's ability to attract Federal, research, and private donation funding for facilities.

Action: DFCM will develop a strategic plan to reorganize the regional maintenance offices and their staff to meet the needs in the growth communities. The Provo Regional Office will be split with a new group created to service Southern Utah. The Ogden Regional Office may have to be expanded as well to assist with services needed in Park City's community. Additional employees and equipment will be needed as the growth is experienced. These changes will take place in 2008.

Result: Maintenance will be provided where it is needed, given shifts in the State's growth communities.

