

Schedule 13
Change Request for FY 2009-10 Budget Request Cycle

Decision Item FY 2009-10 Base Reduction Item FY 2009-10 Supplemental FY 2008-09 Budget Amendment FY 2009-10

Request Title: State Garage Fund Spending Authority Increase

Department: Human Services

Dept. Approval by: *William [Signature]*

Date: 12-11-08

Priority Number: S-13

OSPB Approval: *[Signature]*

Date: 12-16-08

		1	2	3	4	5	6	7	8	9	10
	Fund	Prior-Year Actual FY 2007-08	Appropriation FY 2008-09	Supplemental Request FY 2008-09	Total Revised Request FY 2008-09	Base Request FY 2009-10	Decision/ Base Reduction FY 2009-10	November 1 Request FY 2009-10	Budget Amendment FY 2009-10	Total Revised Request FY 2009-10	Change from Base (Column 5) FY 2010-11
Total of All Line Items	Total	614,253	733,187	222,630	955,817	733,187	558,909	1,292,096	0	1,292,096	0
	FTE	2.6	2.6	0.0	2.6	2.6	0.0	2.6	0.0	0.0	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE/RF	614,253	733,187	222,630	955,817	733,187	558,909	1,292,096	0	1,292,096	0
	FF	0	0	0	0	0	0	0	0	0	0
	MCF	0	0	0	0	0	0	0	0	0	0
	MGF	0	0	0	0	0	0	0	0	0	0
	NGF	0	0	0	0	0	0	0	0	0	0
(3) Office of Operations	Total	614,253	733,187	222,630	955,817	733,187	558,909	1,292,096	0	1,292,096	0
(B) Special Purpose, State Garage Fund	FTE	2.6	2.6	0.0	2.6	2.6	0.0	2.6	0.0	0.0	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE/RF	614,253	733,187	222,630	955,817	733,187	558,909	1,292,096	0	1,292,096	0
	FF	0	0	0	0	0	0	0	0	0	0
	MCF	0	0	0	0	0	0	0	0	0	0
	MGF	0	0	0	0	0	0	0	0	0	0
	NGF	0	0	0	0	0	0	0	0	0	0

Non-Line Item Request: None

Letternote Revised Text: None

Cash or Federal Fund Name and COFRS Fund Number: Cash Fund 607 - State Garage Fund

Reappropriated Funds Source, by Department and Line Item Name: None

Approval by OIT? Yes: No: N/A:

Schedule 13s from Affected Departments: None



CHANGE REQUEST for FY 2009-10 BUDGET REQUEST CYCLE

Department:	Department of Human Services, Office of Operations
Priority Number:	S-13
Change Request Title:	State Garage Fund Spending Authority Increase

SELECT ONE (click on box):

- Decision Item FY 2009-10
- Base Reduction Item FY 2009-10
- Supplemental Request FY 2008-09
- Budget Request Amendment FY 2009-10

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- Not a Supplemental or Budget Request Amendment
- An emergency
- A technical error which has a substantial effect on the operation of the program
- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

Short Summary of Request:

This supplemental requests a \$222,630 increase in FY 2008-09 reappropriated funds spending authority for the Office of Operations, State Garage Fund. Earlier this year the Department's gasoline costs increased far above the level that was provided for in the current appropriation. In order to continue to perform vehicle maintenance and supply fuel for fleet vehicles in the Department of Humans Services, the Colorado State Patrol, and the Department of Transportation, as required by the state fleet agency agreements, additional spending authority is necessary.

Background and Appropriation History:

The Division of Facilities Management (DFM) within the Department of Human Services, under an agreement with state Fleet Management, has been charged with the responsibility for managing, operating and maintaining state fleet vehicles, at DFM garages and fueling stations in three districts (Pueblo, Fort Logan and Grand Junction) across the state. There are currently 463 vehicles within the DHS fleet that utilize state fleet repair services, which includes: fueling stations, vehicle repair, garage services and fleet management. These vehicles are directly supporting programs for the Mental

Health Institutes, the Division of Youth Corrections, and Regional Centers for Persons with Developmental Disabilities and Department Support Services.

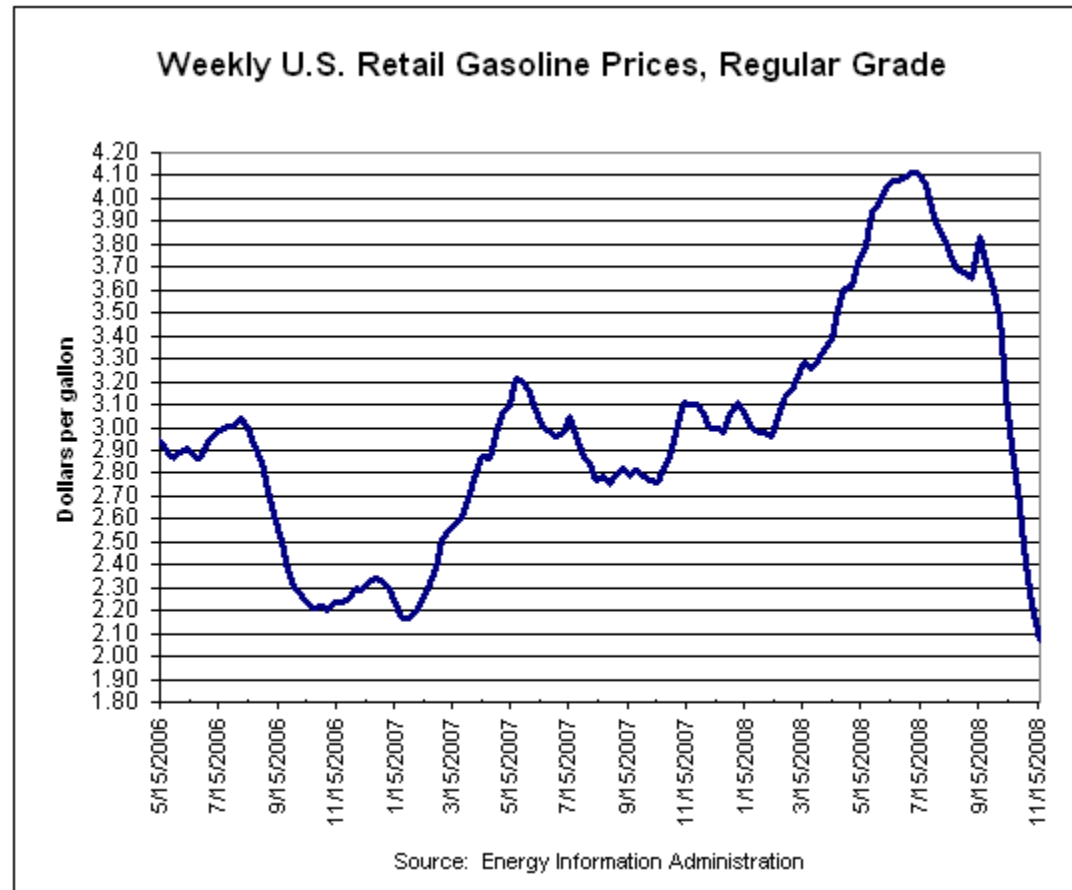
Mental Health Institutes: Fleet Vehicles are used to support hospital functions in both Pueblo and Fort Logan, and to transport patients between hospitals and essential functions such as court appearances. Vehicles are also used for treatment by taking patients on group outings. The safety of the patients and staff are also affected as the campus safety patrols use these fleet vehicles for emergency response to incidents with patients.

Division of Youth Corrections: DYC uses fleet vehicles to transport clients and to deliver food and perishables to each of its sites located throughout the state.

Regional Centers for Persons with Developmentally Disabilities: The DD group uses many very specialized vehicles for support of their clients. Typically these vehicles are equipped with either wheel chair ramps or special lifts to transport clients.

Support Services: Fleet vehicles are used to support functions that keep DHS operational. There are snowplows, bucket trucks, service vans and other transportation used to support functions such as telecom, information systems, human resources and facilities.

State Garage Fund revenue is generated through the sale of services to programs that use state fleet vehicles. The DHS State Garage Fund operates through an Internal Service Fund that accounts for the financing of goods or services provided by one department or agency to other departments or agencies on a cost reimbursement basis. This special purpose line item is financed in accordance with anticipated earnings based on projected expenditures.



The above graph shows the range of gasoline prices that the US has experienced during the past few years. Prices tend to rise and fall without prior notice requiring service providers to react quickly to the fuel market.

General Description of Request:

An increase in FY 2008-09 spending authority for the State Garage Fund is needed to enable the Department of Human Services (DHS) State Garages to continue to purchase and sell fuel to state fleet vehicle users. While the number of miles driven within the Department of Human Services has remained relatively stable over the past few years, the cost for fuel has increased.

Currently, the DHS State Garage fuel stations only service DHS vehicles. In FY 2008-09 DHS has agreed to purchase and sell an estimated 60,000 gallons of fuel to the Colorado State Patrol and the Colorado Department of Transportation for use in their state fleet vehicles and provide vehicle maintenance services.

Due to the large fluctuations in Colorado fuel prices experienced in recent months, the Department is requesting additional spending authority for FY 2008-09. In July 2008, Colorado retail gasoline prices soared to over \$4.00 per gallon. In November 2008 Colorado retail gasoline prices dipped to less than \$2.00 per gallon. The volatility of the gasoline market has led the Department to request additional reappropriated spending authority for the projected 218,278 gallons of fuel needed in FY 2008-09 for state customers at an average price of \$3.00 per gallon. The monthly average cost of gasoline for the first four months of the fiscal year was \$3.62. Since the retail market indicates that gasoline prices will continue to decrease during November and December, the Department is using a \$3.00 average price estimate to calculate the funding level for the remaining two-thirds of the fiscal year.

Consequences if Not Funded:

Should this spending authority increase request not be funded, the department would reduce or discontinue fuel services for state vehicles and reserve the fuel for service vehicles such as snowplows, service trucks, large capacity vans, buses, food service delivery, and procurement trucks. Programs would purchase fuel for the fleet vehicles through retail outlets. At current expenditure rates, the State Garage Fund will run out of spending authority in February 2009, forcing state vehicle users to fill their tanks at the more expensive retail stations.

Another alternative would be to allow employees to drive personal vehicles and reimburse them for this expense at a rate of thirty-nine cents a miles for 2WD and forty-one cents a mile for 4WD vehicles. However, the lack of business-level auto insurance coverage for personal vehicles puts state employees at risk for accident-related expenses when using their personal vehicles for state business.

Calculations for Request:

Summary of Request FY 2009-10	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$222,630	\$0	\$0	\$222,630	\$0	0.0
(3) Office of Operations, Special Purpose, State Garage Fund	\$222,630	\$0	\$0	\$222,630	\$0	0.0

FY 2008-09	Number of Gallons Purchased	Total Monthly Revenue	Monthly Average Price Per Gallon
July	11,000	\$48,950	\$4.45
August	22,108	\$84,453	\$3.82
September	22,682	\$81,882	\$3.61
October	16,968	\$44,456	\$2.62
November *	18,190	\$54,570	\$3.00
December *	18,190	\$54,570	\$3.00
January *	18,190	\$54,570	\$3.00
February *	18,190	\$54,570	\$3.00
March *	18,190	\$54,570	\$3.00
April *	18,190	\$54,570	\$3.00
May *	18,190	\$54,570	\$3.00
June *	18,190	\$54,570	\$3.00
Total FY 2008-09 Sales Estimate	218,278	\$696,301	
FY 2007-08 Sales	162,656	\$473,671	
Additional Spending Authority		\$222,630	

*Estimate based on the average number of gallons for the first four months of the fiscal year.

Cash Funds Projections:

Cash Fund Name	Cash Fund Number	FY 2007-08 Expenditures	FY 2007-08 End of Year Cash Balance	FY 2008-09 End of Year Cash Balance Estimate	FY 2009-10 End of Year Cash Balance Estimate	FY 2010-11 End of Year Cash Balance Estimate
State Garage Fund	607	\$615,513	\$323,878	\$349,854	\$349,854	\$349,854

Assumptions for Calculations:

The average monthly number of gallons of gasoline sold at the State Garages during the first four months of FY 2008-09 is 18,190 gallons and the average sales price per gallon is \$3.62. During November, the retail price of gasoline continued to fall, with current prices below \$2.00 per gallon. If OPEC is successful in stabilizing the cost per barrel of oil as planned, gasoline prices will begin to rise. Given the unpredictability of this market, the Department has projected the price of gasoline at the State Garages to average \$3.00 per gallon for the remaining eight months of FY 2008-09. This level of spending authority will provide management flexibility and ensure that adequate funding is available for the operation to quickly adjust to the wide market fluctuations. Should the actual retail price fall below \$3.00 per gallon at any time during the next eight months, any additional reappropriated spending authority granted would simply remain unused at the end of the fiscal year with no fiscal impact to the state budget.

Impact on Other Government Agencies:

CDHS provides fleet maintenance services for the Colorado Department of Transportation and the Colorado State Patrol vehicles that operate near the Fort Logan, Pueblo and Grand Junction State Garages.

Cost Benefit Analysis:

Utilization of the State Garages to fuel state vehicles saves the state both time and money by:

- a) Reducing the cost of fuel (no federal sales tax are charged, currently taxes are 39.2 cents per gallon)
- b) Forgoing the typical profit realized by retail stations (between 5 and 10 cents per gallon)
- c) Saving employee time with convenient State fuel stations that are located on the major campuses of the Department, and
- d) Stockpiling of fuel should there be disruptions in fuel supplies.

The success of the State Garage lies in the cost savings that is achieved. As shown in the chart below the cost savings for the State Garage fueling stations is a combination of reduced cost from state and federal taxes plus additional savings by purchasing fuel in bulk rather than a retail station. The federal tax on a gallon of gasoline is 18.4 cents per gallon, the state taxes on a gallon of gasoline is 20.8 cents per gallon. While the retail

mark up or profit on a gallon varies, the department has used the figure of six cents per gallon for a total of 46.2 cents per gallon. This amount (\$0.462) multiplied by the number of gallons sold results in the savings.

Savings	FY 07-08 Actual	FY 08-09 Projection
Number of Gallons Sold	162,656	218,278
Savings per Gallon	\$0.462	\$0.462
Annual Fuel Cost Savings	\$75,147	\$100,844

Implementation Schedule:

Task	Month/Year
Ongoing Fuel Sales	FY 2008-09

Statutory and Federal Authority:

24-30-1104 (2)(b) C.R.S. (2008)

Establish and operate central facilities for the maintenance, repair, and storage of state-owned passenger motor vehicles for the use of state agencies; utilize any available state facilities for that purpose; and enter into contracts with such facilities as are necessary to carry of the provisions of this part 11.

Performance Measures:

In general this request supports the vision of the Department of Human Services and all programs within the Department.

Vision Statement: The Colorado Department of Human Services promotes the safety, health, wellbeing and independence for all Coloradoans through leadership, innovation, and accountability to human services programs throughout Colorado. The Department is committed to fulfilling Governor's Ritter's promise of a better Colorado through the improvement of individual and family outcomes, cross-system integration, and community partnerships.