

**Department
of
Personnel & Administration**



DPA

**FY 2005-06 SUPPLEMENTAL
REQUESTS
&
FY 2006-07 BUDGET
AMENDMENT REQUESTS**

January 3, 2006

Schedule 8&9

**COLORADO DEPARTMENT OF PERSONNEL AND ADMINISTRATION
SCHEDULE 9 - Summary of FY 2005-06 Supplemental Requests**

Priority	Title	Total Funds	FTE	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds
Statewide Supplementals							
#1	Fleet Fuel Increase	\$1,916,809				1,916,809	
	Fleet Fuel Increase (DPA Allocation)	\$24,337				24,337	
#2	MNT Telecomm Truth-in-Rates	\$1,021,084				1,021,084	
	MNT Telecomm Truth-in-Rates (DPA Allocation)	\$36,456				36,456	
#3	FY 2005-06 Risk Management and Workers' Compensation	(\$4,459,429)			(334,266)	(4,125,163)	
	FY 2005-06 Risk Management and Workers' Compensation (DPA Allocation)	(\$220,353)		(57,493)	(1,236)	(161,624)	
#4	Capitol Complex Utilities Increase	\$41,343				41,343	
	Capitol Complex Utilities Increase (DPA Allocation)	\$1,423		(5,150)		6,573	
#5	Communications Services Mid-Year Supplemental True-up	\$24,650				24,650	
	Communications Services Mid-Year Supplemental True-up (DPA Allocation)	\$4,338		1,541		2,797	
#6	GGCC Mid-Year Supplemental True-up (DPA Allocation)	(\$123,580)		(115,447)		(8,133)	
#7	Vehicle Lease Line Reconciliation	(\$768,784)				(768,784)	
	Vehicle Lease Line Reconciliation (DPA Allocation)	(\$71,647)				(71,647)	
#8	ALJ Mid-Year Supplemental True-up (DPA Allocation)	\$468		468			
FY 06 Statewide Supplemental Totals		(\$2,572,885)	0.0	(176,081)	(335,502)	(2,061,302)	0
DPA Supplementals							
#1	HIPAA Ongoing Maintenance & Licensing Expenditures	\$31,337				31,337	
#2	DSG Utilities Increase	\$20,982				20,982	
#3	DSG Base Increase	\$618,200				618,200	
#4	Private Collection Entity Costs	\$875,000			456,459	418,541	
#5	IDS - CBMS Client Correspondence Spending Authority	\$760,655				760,655	
FY 06 DPA Supplemental Totals		\$2,306,174	0.0	0	456,459	1,849,715	0
Total of All Requests		(\$266,711)	0.0	(176,081)	120,957	(211,587)	0

**COLORADO DEPARTMENT OF PERSONNEL AND ADMINISTRATION
SCHEDULE 8 - Summary of FY 2006-07 Budget Amendment Requests**

Priority	Title	Total Funds	FTE	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds
<u>Statewide Budget Amendments</u>							
#1	Fleet Fuel Increase	\$1,898,121				1,898,121	
	Fleet Fuel Increase (DPA Allocation)	\$24,337				24,337	
#2	MNT Telecomm Truth-in-Rates	\$1,021,084				1,021,084	
	MNT Telecomm Truth-in-Rates (DPA Allocation)	\$38,614				38,614	
#3	Capitol Complex Utilities Increase	\$365,122				365,122	
	Capitol Complex Utilities Increase (DPA Allocation)	\$41,532		15,438		26,094	
#4	Communications Services Mid-Year Supplemental True-up (DPA Allocation)	\$24,650				24,650	
FY 07 Statewide Budget Amendment Totals		\$3,413,460	0.0	15,438	0	3,398,022	0
<u>DPA Budget Amendments</u>							
#1	HIPAA Ongoing Maintenance & Licensing Expenditures	\$56,337				56,337	
#2	DSG Utilities Increase	\$20,982				20,982	
#3	Private Collection Entity Costs	\$875,000			456,459	418,541	
#4	IDS - CBMS Client Correspondence Spending Authority	\$824,868				824,868	
FY 07 DPA Budget Amendment Totals		\$1,777,187	0.0	0	456,459	1,320,728	0
Total of All Requests		\$5,190,647	0.0	15,438	456,459	4,718,750	0

Statewide Requests

Statewide Requests

Statewide Requests

1

**Statewide
Supplemental #1**

Schedule 6
 FY 2005-06 STATEWIDE SUPPLEMENTAL REQUEST & FY 2006-07 BUDGET AMENDMENT REQUEST

Department: Personnel and Administration
 Priority Number: Statewide Supplemental #1, Budget Amendment #1
 Division: Executive Office, Division of Central Services
 Program: Fleet Mgmt & Motor Pool Svcs
 Request Title: Fleet Fuel Increase

Dept. Approval: *[Signature]*
 OSPB Approval: *[Signature]*
 Statutory Citation:

Date: January 3, 2006
 Date: *12-22-05*

Budget Analyst: Cindy Baouchi-Arcuri

Date: _____

Long Bill Line Item	Fund Source	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2004-05	Appropriation FY 2005-06	Supplemental Request FY 2005-06	Total Revised Request FY 2005-06	Base Request FY 2006-07	Decision/Base Reduction FY 2006-07	November 1 Request FY 2006-07	Budget Amendment FY 2006-07	Total Revised Request FY 2006-07	Change from Base in Out Year FY 2007-08
Total of all line items	Total	\$21,970,813	\$22,655,461	\$1,941,146	\$24,596,607	\$22,655,461	\$0	\$22,655,461	\$1,922,458	\$24,577,919	\$1,922,458
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	CF	697,515	697,515	0	697,515	697,515	0	697,515	0	697,515	0
	CFE	21,273,298	21,957,946	1,941,146	23,899,092	21,957,946	0	21,957,946	1,922,458	23,880,404	1,922,458
	FF	0	0	0	0	0	0	0	0	0	0
Division of Central Services, SFM, Operating Expenses	Total	\$14,858,755	\$14,516,717	\$1,916,809	\$16,433,526	\$14,516,717	\$0	\$14,516,717	\$1,898,121	\$16,414,838	\$1,898,121
	FTE										
	GF										
	CF										
	CFE	14,858,755	14,516,717	1,916,809	16,433,526	14,516,717		14,516,717	1,898,121	16,414,838	1,898,121
	FF										
Division of Central Services, Integrated Document Factory, Mail Services, Operating Expenses	Total	\$5,371,433	\$6,374,647	\$7,193	\$6,381,840	\$6,374,647	\$0	\$6,374,647	\$7,193	\$6,381,840	\$7,193
	FTE										
	GF										
	CF	697,515	697,515		697,515	697,515		697,515		697,515	
	CFE	4,673,918	5,677,132	7,193	5,684,325	5,677,132		5,677,132	7,193	5,684,325	7,193
	FF										
Division of Central Services, Facilities Maintenance, Capitol Complex Operating Expenses	Total	\$1,614,357	\$1,637,466	\$1,063	\$1,638,529	\$1,637,466	\$0	\$1,637,466	\$1,063	\$1,638,529	\$1,063
	FTE										
	GF										
	CF										
	CFE	1,614,357	1,637,466	1,063	1,638,529	1,637,466		1,637,466	1,063	1,638,529	1,063
	FF										
Division of Information Technology, Communications Services, Operating Expenses	Total	\$126,268	\$126,631	\$16,081	\$142,712	\$126,631	\$0	\$126,631	\$16,081	\$142,712	\$16,081
	FTE										
	GF										
	CF										
	CFE	126,268	126,631	16,081	142,712	126,631		126,631	16,081	142,712	16,081
	FF										

Letter Notations:
 Cash Fund Name/Number: Fund 607
 IT Request: No
 Supplemental and Budget Amendment Criteria: New Data
 Request for New or Replacement Vehicles: No
 Request Affects Another Department(s): Yes - Statewide Request impacting multiple departments.

**Efficiency and Effectiveness Analysis
 FY 2005-06 Statewide Supplemental Request
 &
 FY 2006-07 Budget Amendment**

Department: Department of Personnel & Administration

Long Bill Group/Division: Division of Central Services

Program: State Fleet Management Program & Motor Pool Services

Request Title: Increase for Operating Expenses of the State Fleet Management Program

Priority Number: Statewide Supplemental #1 & Statewide Budget Amendment #1

Summary of Request

The Department of Personnel & Administration, Division of Central Services, Fleet Management Program and Motor Pool Services requests a supplemental increase in spending authority of \$1,916,809 cash funds exempt to the Operating Expenses line item in FY 2005-06 and \$1,898,121 in FY 2006-07 to cover estimated increases in fuel costs for fleet vehicles.

FY 06 Fleet Operating Estimate Based on Actual Data through October 2005					
	FY06 Long Bill Appropriation	FY06 Estimate	Supplemental Spending Authority Need	FY07 Estimate	Budget Amendment Spending Authority Need
Miles Driven	67,339,246	69,000,000		69,000,000	
Miles per Gallon	16.00	16.50		16.50	
Price per Gallon	\$1.62	\$2.15		\$2.08	
Fuel Expense	\$ 6,800,061	\$ 8,854,350	\$ 2,054,289	\$ 8,698,182	\$ 1,898,121
Maintenance Cost per Mile	\$0.1004	\$0.0960			
Maintenance Expense	\$ 6,760,860	\$ 6,623,380	\$ (137,480)	\$ 6,760,860	\$ -
Total Fuel & Maintenance	\$ 13,560,921	\$ 15,477,730	\$ 1,916,809	\$ 15,459,042	\$ 1,898,121
Accident Cost Per Mile	\$0.0106				
Accident Expense	\$ 713,796	\$ 713,796	\$ -	\$ 713,796	\$ -
SFM Business Operations	\$ 124,000	\$ 124,000	\$ -	\$ 124,000	\$ -
Auction Fees	\$ 118,000	\$ 118,000	\$ -	\$ 118,000	\$ -

Total	\$ 14,516,717	\$ 16,433,526	\$ 1,916,809	\$ 16,414,838	\$ 1,898,121

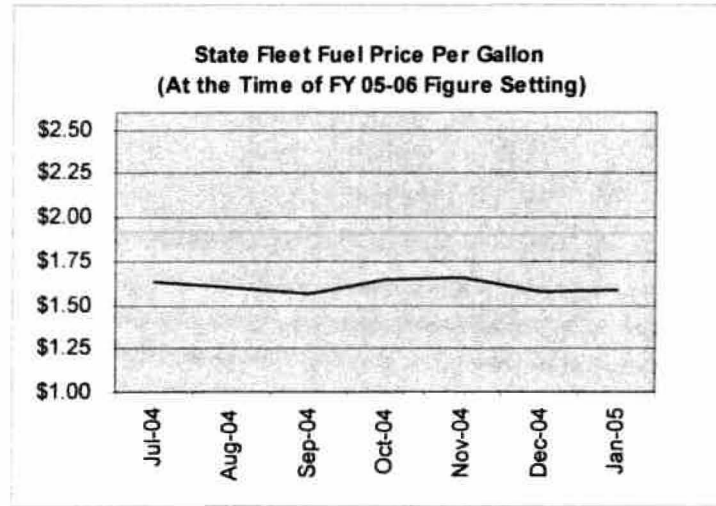
In prior years, Supplemental Requests for this purpose required only increased spending authority for the Program. Increased appropriations to departments were not necessary at previous times since the reserve balance in the State Motor Fleet Management Fund (Fund #607) was sufficient to fully cover any applicable shortfall. This is no longer the case. The fund can only cover approximately \$700,000 of the estimated higher need in FY 2005-2006. For amounts beyond this level, the fund will enter into a negative cash position if rates and spending authority are not increased at this time. For FY 2005-06, as illustrated in Attachment A, the Department recommends that appropriations to agencies' operating lines be increased by \$1,223,885 to cover this shortfall. This prevents a negative cash flow for the fund, and allows for roughly \$300,000 in cash reserves to carry forward into FY 2006-07.

The requested increase of \$1,223,885 for State departments' operating lines is recommended to continue for FY 2006-07. While the present assumptions for fuel costs and mileage driven suggest that agencies' costs will also be higher in FY 2006-07, and the Fleet Management Program intends to set agency rates for FY 2006-07 to meet these higher costs, these increased costs could possibly be absorbed in operating lines in FY 2006-07. This issue may be re-examined in a FY 2006-07 supplemental request, if necessary.

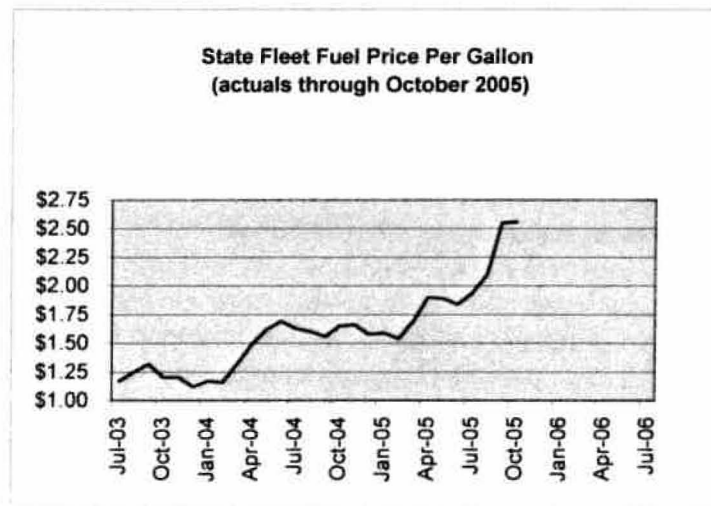
Problem or Opportunity Definition

This request seeks an increased appropriation for fuel expenses for the State Fleet Management Program for both FY 2005-06 and FY 2006-07. Total fuel expenditures for the fleet are determined by the cost of fuel, the overall average fuel-efficiency of the State fleet, and the number of miles driven fleetwide over the course of the year. Because the State fleet uses approximately four million gallons of fuel per year, each \$.10 increase in fuel price creates a \$400,000 increase in annual expense. Several factors beyond the State's control require the Department to revise its previous estimates and underlying assumptions concerning fuel expenditures. Moreover, new data is now available to analyze more accurately the effect of the "opt out" provisions of HB 04-1009.

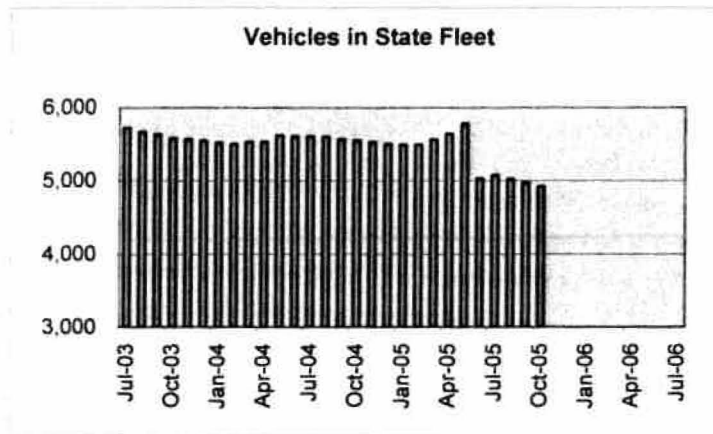
When the FY 2005-06 appropriation for the State Fleet Operating line was set in January 2005 the actual cost of fuel for the State fleet was \$1.59 per gallon. The fuel appropriation for FY 2005-06 assumed an average cost of \$1.62 for that fiscal year. In fact, the fiscal year-to-date average fuel price from July 2004 through January 2005 was \$1.62. So, at the time of Figure Setting, it seemed reasonable to assume that gasoline prices had plateaued and stabilized around that level. The graph immediately following shows the data used during Figure Setting for setting the FY 2005-06 appropriation.



However, global demand for petroleum did not soften and the 2005 hurricane season was unusually devastating, particularly for oil refineries in the Gulf of Mexico region. As of October 2005, the cost of gasoline had risen to \$2.56 per gallon. The following graph depicts the run-up in price beginning in the spring of 2005.



Further, while it was anticipated that some institutions of higher education would "opt out" of the State Fleet Management Program, as permitted under HB 04-1009, when the appropriation for FY 2005-06 was set, the actual schools and vehicles impacted were not known. It was therefore difficult to project accurately what fuel and other operating expenses for the Program would result from reductions in fleet size. Since then the University of Colorado (CU), Colorado State University (CSU) and Fort Lewis State College have discontinued participation in the State Fleet Management Program, reducing the size of the State fleet by about 10%. (Refer to the chart below.)



At the time of figure setting, it was also challenging to project miles driven with a smaller fleet that had not yet materialized. Actual miles driven to date for the fiscal year suggest that total fleet miles driven this year will be 69,000,000. The 10% reduction in fleet vehicles that occurred as a result of the Higher-Ed opt-out will only reduce overall miles driven for the SFM fleet by 5% because the majority of opt-out vehicles were low mileage use vehicles.

Actual MILES DRIVEN		
FY 01-02	76,011,456	change
FY 02-03	74,223,176	-2.4%
FY 03-04	73,117,480	-1.5%
FY 04-05	73,204,451	1.2%
FY 05-06 (projection)	69,000,000	-5.7%

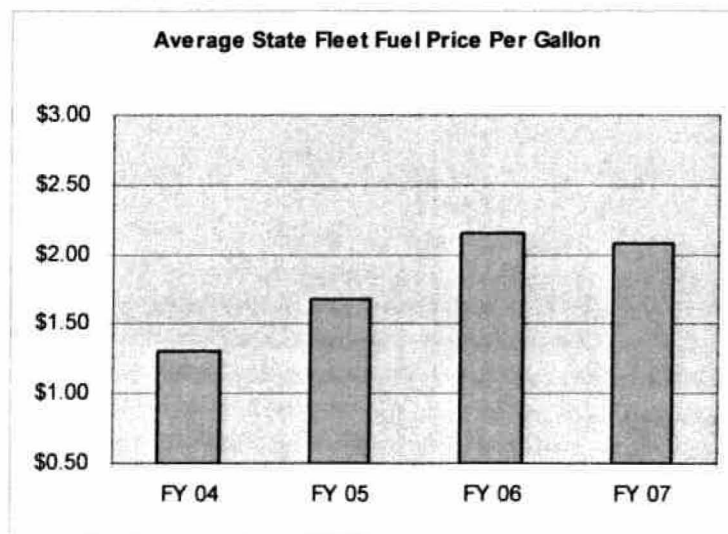
Lastly, fuel efficiency affects total fuel expenditures. Based on actual data through September 2005, it appears that the average fuel efficiency of the State fleet is now slightly higher than it was prior to the "higher education opt-out". Average miles per gallon are now estimated to be 16.5, rather than 16.0 as was used in the calculations utilized to establish the FY 2005-06 Long Bill appropriation for the Fleet Management and Motor Pool Services Operating Expenses line item.

The Department monitors operating expenses monthly. Based on actual expenditures through October, year-end estimated expenditures for maintenance are slightly lower than initially appropriated. The underlying calculations for the request address this component, which allows for a modest reduction in the additional spending authority required by DPA, and the additional operating need for individual departments. The Department believes that underlying assumptions made during figure setting for FY 2005-06 still hold reasonably well and does not request a change in the appropriation for the other components of the operating line at this time (accident, business operations and auction fees). The Department intends to provide the Office of State Planning and Budgeting and the Joint Budget Committee an updated analysis for these components of operating expenses shortly before FY 2006-07 figure setting.

Assumptions and Calculations

Fuel costs are assumed to average \$2.08 per gallon from November 2005 through the end of FY 2006-07. (This equates roughly to an average retail pump price of \$2.40 per gallon in the Denver metro area.) Thus, for FY 2006-07 \$2.08 per gallon is used in calculating total fuel expenditures. For the Supplemental Request, actual fuel prices for July 2005 through October 2005 are averaged in with the assumption of \$2.08 per gallon from November through the remainder of the fiscal year. This results in an average fuel price for the State Fleet Management Program of \$2.15 per gallon in FY 2005-06.

Note that gasoline prices are highly volatile and somewhat seasonal. For example, the cost per gallon is typically lower in December than in November or January. Also, prices tend to be higher in the summer months when demand is higher during peak travel and vacation periods. Given this volatility, and the fact that global demand continues to rise, particularly in China, the Department believes it is prudent to fund fuel costs at the rates requested, despite the fact that in any particular month, actual prices at the pump may be somewhat lower.



For purposes of this request, annual miles driven in the State fleet are assumed to be 69,000,000 for both FY 2005-06 and FY 2006-07. Fleet activity is highly seasonal, with few miles typically driven in December, January and February. Comparing mileage driven so far this fiscal year with driving patterns of previous years, 69,000,000 miles falls well within the range that would be likely.

Available Alternatives

Alternative A – Provide additional cash funds exempt spending authority to the Department for FY 2005-06 and FY 2006-07 to cover increased fuel costs.

Refer to Attachment A for recommended increases to operating appropriations that will be necessary for departments to address higher fuel costs in FY 2005-06 and FY 2006-07. Note that

the State Motor Fleet Management Fund can cover approximately \$700,000 of the increased need in FY 2005-06 only. In addition, while a recommended operating increase for the Department of Public Safety (CDPS) is included for reference in Attachment A as well, it is DPA's understanding that CDPS will be submitting a separate request to address their operating need that results from fuel price increases. In FY 2006-07 cash reserves will not be sufficient to help meet the increased need for State agencies. Thus, a portion of the projected higher costs may need to be absorbed in departments' operating lines in FY 2006-07.

Alternative B – Do not provide additional spending authority requested for FY 2005-06 and FY 2006-07 for higher fuel costs. – Status Quo.

Without the requested increase in spending authority, State Fleet Management will be unable to make payments to vendors for fuel purchased. In addition, it must be noted that many critical measures have already been adopted in recent fiscal years, in an effort to mitigate cost increases including mileage reductions, cost controls, reductions in total fleet size, and a migration to more fuel efficient vehicles, leaving limited room left to achieve further efficiencies in the short term.

Recommendation

The Department recommends Alternative A which would provide additional spending authority for State Fleet Management, and additional operating appropriations to State departments, to address increased operating costs for the State Fleet Management Program resulting from fuel price increases. Without the increased appropriations and spending authority, State Fleet Management will be unable to make necessary payments to vendors.

State Fleet Management
 FY05 Variable Rates
 (Excludes Accident Fees)

INCREASE OVER FY06 BASE = 9.0%

(3/1/2004 thru 2/29/2005)

FY06 Rates approved APRIL05

10.00%	26.10%	Projected Percentage Increases	Needed	Covered	Initial FY06	R'qrd Incr.	% Incr.
0.0961	0.1181						

Dept	Dept Desc./College	Class Code	FY04 FY05 Cycle 1st Miles	FY06 Projected Maint Cost/Mile	FY06 Projected Fuel Cost/Mile	BILL RATE		FY06 Projected Variable Cost by Vehicle Class	Initial FY06 FY06 Projected Total Variable Cost by Agency	R'qrd FY06 Average Bill Rate	Projected Net Diff	Avg % Increase
						FY06 Projected Total Cost/Mile	FY06 Projected Total Cost/Mile					
CDPS	PUBLIC SAFETY	1	479,071	0.051	0.074	\$0.126		\$60,134				
CDPS	PUBLIC SAFETY	2	175,950	0.091	0.158	\$0.249		\$43,776				
CDPS	PUBLIC SAFETY	3	381,444	0.069	0.212	\$0.281		\$107,310				
CDPS	PUBLIC SAFETY	4	1,269,969	0.081	0.125	\$0.206		\$261,854				
CDPS	PUBLIC SAFETY	7	126,896	0.078	0.095	\$0.173		\$21,982				
CDPS	PUBLIC SAFETY	9	7,032	0.480	0.140	\$0.621		\$4,364				
CDPS	PUBLIC SAFETY	10	208,859	0.104	0.138	\$0.242		\$50,558				
CDPS	PUBLIC SAFETY	12	12,378,060	0.089	0.125	\$0.214		\$2,647,716				
CDPS	PUBLIC SAFETY	15	302,974	0.191	0.055	\$0.247		\$74,708	\$3,272,401	\$2,995,049	\$277,352	
			15,330,255						\$0.213	\$0.195	\$0.018	9.3%
DOAG	AGRICULTURE	1	293,394	0.050	0.068	\$0.118		\$34,657				
DOAG	AGRICULTURE	2	9,128	0.023	0.204	\$0.227		\$2,070				
DOAG	AGRICULTURE	4	51,896	0.079	0.101	\$0.180		\$9,321				
DOAG	AGRICULTURE	5	62,924	0.200	0.386	\$0.586		\$36,904				
DOAG	AGRICULTURE	7	187,019	0.177	0.096	\$0.272		\$50,918				
DOAG	AGRICULTURE	8	70,168	0.075	0.113	\$0.188		\$13,204				
DOAG	AGRICULTURE	10	522,576	0.080	0.137	\$0.216		\$113,132				
DOAG	AGRICULTURE	12	969	0.335	0.126	\$0.461		\$446	\$260,653	\$238,670	\$21,983	
			1,198,074						\$0.218	\$0.198	\$0.018	9.2%
DOC	CORRECTION	1	4,103,353	0.087	0.075	\$0.163		\$667,665				
DOC	CORRECTION	2	1,233,950	0.137	0.155	\$0.293		\$361,132				
DOC	CORRECTION	3	4,386	0.079	0.238	\$0.317		\$1,388				
DOC	CORRECTION	4	1,435,615	0.096	0.119	\$0.216		\$309,498				
DOC	CORRECTION	5	3,590	0.265	0.403	\$0.668		\$2,398				
DOC	CORRECTION	6	40,030	0.256	0.222	\$0.478		\$19,134				
DOC	CORRECTION	7	688,322	0.078	0.090	\$0.168		\$115,316				
DOC	CORRECTION	8	158,150	0.182	0.161	\$0.343		\$54,187				
DOC	CORRECTION	9	3,525	0.532	0.282	\$0.813		\$2,867				
DOC	CORRECTION	10	811,505	0.183	0.183	\$0.366		\$297,202				
DOC	CORRECTION	12	6,189	0.228	0.135	\$0.363		\$2,249	\$1,833,036	\$1,682,998	\$150,038	
			8,488,615						\$0.216	\$0.198	\$0.018	8.9%
DOE	EDUCATION	1	47,850	0.084	0.066	\$0.150		\$7,169				

State Fleet Management

FY05 Variable Rates

(Excludes Accident Fees)

Dept	Dept Desc./College	Class Code	FY04 FY05 Cycle 1t Miles is	FY06	FY06	FY06	FY06	*** From FY06 Rate sheet		Projected Net Diff	Avg % Increase
				Projected Maint Cost/Mile	Projected Fuel Cost/Mile	Projected Total Cost/Mile	Projected Variable Cost by Vehicle Class	FY06 Projected Total Variable Cost by Agency	FY06 Average Bill Rate		
DOE	EDUCATION	2	51,526	0.085	0.128	\$0.214	\$11,008				
DOE	EDUCATION	6	1,204		0.282	\$0.549	\$661				
DOE	EDUCATION	7	45,146	0.133	0.102	\$0.236	\$10,635				
DOE	EDUCATION	10	2,065	0.219	0.442	\$0.661	\$1,364	\$30,838	\$28,328	\$2,510	
			147,791					\$0.209	\$0.192	\$0.017	8.9%
DOH	HEALTH	1	434,133	0.098	0.070	\$0.167	\$72,711				
DOH	HEALTH	2	57,029	0.129	0.120	\$0.249	\$14,188				
DOH	HEALTH	4	553,110	0.077	0.103	\$0.181	\$99,863				
DOH	HEALTH	7	197,125	0.069	0.102	\$0.171	\$33,726				
DOH	HEALTH	8	5,936	0.156	0.102	\$0.259	\$1,535				
DOH	HEALTH	9	8,861	0.016	0.204	\$0.220	\$1,948				
DOH	HEALTH	10	63,890	0.102	0.116	\$0.218	\$13,934	\$237,905	\$218,281	\$19,644	
			1,320,084					\$0.180	\$0.165	\$0.015	9.0%
DOHE	ADAMS STATE COLLEGE	1	58,359	0.019	0.073	\$0.092	\$5,388				
DOHE	ADAMS STATE COLLEGE	2	140,210	0.051	0.148	\$0.198	\$27,823				
DOHE	ADAMS STATE COLLEGE	3	1,040			\$0.276	\$287				
DOHE	ADAMS STATE COLLEGE	4	15,048		0.092	\$0.170	\$2,552				
DOHE	ADAMS STATE COLLEGE	8	14,882	0.063	0.137	\$0.200	\$2,977				
DOHE	ADAMS STATE COLLEGE	12	22,572	0.064	0.148	\$0.212	\$4,778	\$43,805	\$39,957	\$3,848	
			252,111					\$0.174	\$0.158	\$0.015	9.6%
DOHE	ARAPAHOE CC	2	43,167	0.116	0.159	\$0.275	\$11,888				
DOHE	ARAPAHOE CC	5	248			\$0.333	\$83				
DOHE	ARAPAHOE CC	7	5,886	0.208	0.104	\$0.312	\$1,837				
DOHE	ARAPAHOE CC	8	8,428	0.224	0.206	\$0.430	\$3,621				
DOHE	ARAPAHOE CC	9	3,477	0.369	0.340	\$0.709	\$2,465				
DOHE	ARAPAHOE CC	10	6,470	0.472	0.343	\$0.815	\$5,270				
DOHE	ARAPAHOE CC	12	10,721	0.623	0.232	\$0.856	\$9,175	\$34,339	\$31,611	\$2,729	
			78,397					\$0.438	\$0.403	\$0.035	8.6%
DOHE	AURARIA CAMPUS AHEC	2	8,662	0.123	0.248	\$0.371	\$3,215				
DOHE	AURARIA CAMPUS AHEC	7	85,271	0.147	0.184	\$0.332	\$28,270				
DOHE	AURARIA CAMPUS AHEC	8	38,779	0.095	0.171	\$0.266	\$10,316				
DOHE	AURARIA CAMPUS AHEC	10	8,087			\$0.239	\$1,931				
DOHE	AURARIA CAMPUS AHEC	12	65,297	0.181	0.275	\$0.455	\$29,738	\$73,470	\$67,377	\$6,093	
			206,096					\$0.356	\$0.327	\$0.030	9.0%
DOHE	AURORA CC	7	4,699	0.183	0.107	\$0.290	\$1,363				
DOHE	AURORA CC	10	4,516	0.274	0.165	\$0.439	\$1,982	\$3,345	\$3,087	\$258	
			9,215					\$0.363	\$0.335	\$0.028	8.4%

State Fleet management

FY05 Variable Rates

(Excludes Accident Fees)

Dept	Dept Desc./College	Class Code	FY04 FY05 Cycle nt Miles ts	FY06	FY06	FY06	FY06	*** From FY06 Rate sheet		Projected Net Diff	Avg % Increase
				Projected Maint Cost/Mile	Projected Fuel Cost/Mile	Projected Total Cost/Mile	Projected Variable Cost by Vehicle Class	FY06 Projected Total Variable Cost by Agency	FY06 Average Bill Rate		
DOHE	CCCS at LOWRY	7	10,674	0.035	0.076	\$0.112	\$1,194				
DOHE	CCCS at LOWRY	12	32,039	0.231	0.221	\$0.453	\$14,500	\$15,694	\$14,408	\$1,285	
			42,713					\$0.367	\$0.337	\$0.030	8.9%
DOHE	CO NW COMM COLLEGE	1	124,837	0.060	0.074	\$0.134	\$16,729				
DOHE	CO NW COMM COLLEGE	2	83,010	0.072	0.160	\$0.233	\$19,317				
DOHE	CO NW COMM COLLEGE	5	56			\$0.613	\$34				
DOHE	CO NW COMM COLLEGE	6	289			\$0.498	\$144				
DOHE	CO NW COMM COLLEGE	7	15,808	0.019	0.081	\$0.100	\$1,577				
DOHE	CO NW COMM COLLEGE	10	13,558	0.150	0.208	\$0.358	\$4,857				
DOHE	CO NW COMM COLLEGE	12	1,160			\$0.206	\$239	\$42,897	\$39,229	\$3,668	
			238,718					\$0.180	\$0.164	\$0.015	9.4%
DOHE	CO STATE UNIV-PUEBLO	1	30,978	0.028	0.061	\$0.089	\$2,759				
DOHE	CO STATE UNIV-PUEBLO	2	91,008	0.090	0.135	\$0.225	\$20,479				
DOHE	CO STATE UNIV-PUEBLO	6	18,630	0.085	0.221	\$0.306	\$5,702				
DOHE	CO STATE UNIV-PUEBLO	7	8,284	0.274	0.180	\$0.454	\$3,760				
DOHE	CO STATE UNIV-PUEBLO	8	18,101	0.080	0.141	\$0.221	\$4,000				
DOHE	CO STATE UNIV-PUEBLO	10	10,422	0.183	0.199	\$0.382	\$3,980				
DOHE	CO STATE UNIV-PUEBLO	12	10,823	0.095	0.079	\$0.173	\$1,876	\$42,555	\$38,931	\$3,624	
			188,246					\$0.226	\$0.207	\$0.019	9.3%
DOHE	COLO COMM HIGHER ED	1	28,373	0.099	0.065	\$0.164	\$4,660	\$4,660	\$4,297	\$363	
			28,373					\$0.164	\$0.151	\$0.013	8.5%
DOHE	COMMUNITY COLLEGE DENV	10	1,443			\$0.239	\$345	\$345	\$345	\$0	
			1,443					\$0.239	\$0.239	\$0.000	0.0%
DOHE	FRONT RANGE CC	7	12,754	0.281	0.081	\$0.362	\$4,616				
DOHE	FRONT RANGE CC	8	4,619	0.014	0.164	\$0.178	\$823				
DOHE	FRONT RANGE CC	10	4,075	0.477	0.420	\$0.898	\$3,658				
DOHE	FRONT RANGE CC	12	6,068	0.008	0.184	\$0.192	\$1,168	\$10,264	\$9,444	\$821	
			27,516					\$0.373	\$0.343	\$0.030	8.7%
DOHE	HIST SOCIETY	1	24,224	0.066	0.065	\$0.131	\$3,179				
DOHE	HIST SOCIETY	4	1,107		0.155	\$0.928	\$1,027				
DOHE	HIST SOCIETY	8	5,400	0.174	0.125	\$0.299	\$1,617				
DOHE	HIST SOCIETY	10	10,448	0.003	0.147	\$0.149	\$1,561	\$7,384	\$6,825	\$560	
			41,179					\$0.179	\$0.166	\$0.014	8.2%
DOHE	LAMAR CC	1	64,003	0.047	0.068	\$0.115	\$7,364				

State Fleet Management

FY05 Variable Rates

(Excludes Accident Fees)

Dept	Dept Desc./College	Class Code	FY04 Cycle 1st Miles	FY06	FY06	FY06	FY06	*** From FY06 Rate sheet		Projected Net Diff	Avg % Increase
				Projected Maint Cost/Mile	Projected Fuel Cost/Mile	Projected Total Cost/Mile	Projected Variable Cost by Vehicle Class	FY06 Projected Total Variable Cost by Agency	FY06 Average Bill Rate		
DOHE	LAMAR CC	2	19,205	0.149	0.172	\$0.321	\$6,172				
DOHE	LAMAR CC	3	2,075	0.087	0.208	\$0.295	\$613				
DOHE	LAMAR CC	7	24,556	0.023	0.074	\$0.096	\$2,364				
DOHE	LAMAR CC	8	5,124	0.107	0.188	\$0.294	\$1,509				
DOHE	LAMAR CC	10	2,840	0.022	0.275	\$0.297	\$843				
DOHE	LAMAR CC	12	2,820	0.191		\$0.306	\$863				
			120,623					\$19,727	\$18,071	\$1,656	
								\$0.164	\$0.150	\$0.014	9.2%
DOHE	MESA STATE COLLEGE	2	40,483	0.056	0.169	\$0.225	\$9,109				
DOHE	MESA STATE COLLEGE	8	7,427	0.154	0.128	\$0.281	\$2,089				
DOHE	MESA STATE COLLEGE	10	1,884	0.632	0.226	\$0.859	\$1,618				
			49,794					\$12,816	\$11,702	\$1,114	
								\$0.257	\$0.235	\$0.022	9.5%
DOHE	METRO STATE COLLEGE	2	29,456	0.140	0.143	\$0.284	\$8,357				
			29,456					\$8,357	\$7,672	\$685	
								\$0.284	\$0.260	\$0.023	8.9%
DOHE	MORGAN CC	1	146,361	0.037	0.063	\$0.100	\$14,619				
DOHE	MORGAN CC	2	3,711	0.855	0.136	\$0.991	\$3,677				
DOHE	MORGAN CC	4	7,103		0.113	\$0.191	\$1,353				
DOHE	MORGAN CC	10	3,847	0.123	0.221	\$0.345	\$1,326				
			161,022					\$20,976	\$19,263	\$1,712	
								\$0.130	\$0.120	\$0.011	8.9%
DOHE	NORTHEASTERN JR COLLEG	1	87,276	0.050	0.070	\$0.119	\$10,426				
DOHE	NORTHEASTERN JR COLLEG	2	36,487	0.090	0.159	\$0.249	\$9,070				
DOHE	NORTHEASTERN JR COLLEG	6	17,188	0.175	0.283	\$0.458	\$7,871				
DOHE	NORTHEASTERN JR COLLEG	7	8,882	0.128	0.109	\$0.237	\$2,109				
DOHE	NORTHEASTERN JR COLLEG	8	2,001	0.605	0.218	\$0.823	\$1,647				
DOHE	NORTHEASTERN JR COLLEG	10	8,106	0.063	0.203	\$0.266	\$2,153				
DOHE	NORTHEASTERN JR COLLEG	12	14,319	0.135	0.153	\$0.288	\$4,123				
			174,259					\$37,398	\$34,221	\$3,177	
								\$0.215	\$0.196	\$0.018	9.3%
DOHE	OTERO JR COLLEGE	1	112,595	0.064	0.066	\$0.131	\$14,704				
DOHE	OTERO JR COLLEGE	2	33,899	0.070	0.129	\$0.199	\$6,730				
DOHE	OTERO JR COLLEGE	7	12,109	0.031	0.088	\$0.119	\$1,441				
DOHE	OTERO JR COLLEGE	8	13,171	0.326	0.188	\$0.513	\$6,761				
DOHE	OTERO JR COLLEGE	10	7,800	0.476	0.276	\$0.752	\$5,868				
			179,574					\$35,505	\$32,610	\$2,895	
								\$0.198	\$0.182	\$0.016	8.9%
DOHE	PIKES PEAK CC	2	9,712	0.105	0.149	\$0.254	\$2,471				
DOHE	PIKES PEAK CC	4	28,493	0.161	0.136	\$0.297	\$8,458				
DOHE	PIKES PEAK CC	8	5,126	0.351	0.109	\$0.460	\$2,358				
DOHE	PIKES PEAK CC	10	14,958	0.094	0.115	\$0.209	\$3,126				

State Fleet Management

FY05 Variable Rates

(Excludes Accident Fees)

Dept	Dept Desc./College	Class Code	FY04 FY05 Cycle 1st Miles ts	FY06	FY06	FY06	FY06	*** From FY06 Rate sheet		Projected Net Diff	Avg % Increase
				Projected Maint Cost/Mile	Projected Fuel Cost/Mile	Projected Total Cost/Mile	Projected Variable Cost by Vehicle Class	FY06 Projected Total Variable Cost by Agency	FY06 Average Bill Rate		
DOHE	PIKES PEAK CC	12	33,499	0.360	0.155	\$0.515	\$17,236	\$33,650	\$31,045	\$2,605	
			91,788					\$0.367	\$0.338	\$0.028	8.4%
DOHE	PUEBLO CC	2	2,406	0.079		\$0.220	\$531				
DOHE	PUEBLO CC	3	2,771	0.079		\$0.263	\$728				
DOHE	PUEBLO CC	8	6,595	0.046		\$0.169	\$1,113				
DOHE	PUEBLO CC	10	11,869	0.268		\$0.399	\$4,739				
DOHE	PUEBLO CC	12	9,212	0.236	0.123	\$0.359	\$3,311	\$10,421	\$9,922	\$499	
			32,853					\$0.317	\$0.302	\$0.015	5.0%
DOHE	RED ROCKS CC	8	3,052		0.156	\$0.267	\$814				
DOHE	RED ROCKS CC	10	20,952	0.361	0.179	\$0.539	\$11,299				
DOHE	RED ROCKS CC	12	29,997	0.146	0.161	\$0.307	\$9,216	\$21,329	\$19,665	\$1,664	
			54,001					\$0.395	\$0.364	\$0.031	8.5%
DOHE	SCHOOL OF MINES	2	93,469	0.110	0.168	\$0.278	\$25,955				
DOHE	SCHOOL OF MINES	3	2,385	0.085	0.160	\$0.245	\$585				
DOHE	SCHOOL OF MINES	4	4,292	0.148	0.155	\$0.304	\$1,303				
DOHE	SCHOOL OF MINES	7	13,752	0.204	0.155	\$0.359	\$4,931				
DOHE	SCHOOL OF MINES	8	20,396	0.215	0.197	\$0.412	\$8,401				
DOHE	SCHOOL OF MINES	10	44,982	0.217	0.176	\$0.393	\$17,679				
DOHE	SCHOOL OF MINES	12	25,337	0.352	0.212	\$0.564	\$14,288	\$73,142	\$67,175	\$5,967	
			204,613					\$0.357	\$0.328	\$0.029	8.9%
DOHE	STUDENT LOAN	1	900	0.341	0.084	\$0.425	\$382	\$382	\$355	\$27	
			900					\$0.425	\$0.395	\$0.030	7.6%
DOHE	TRINIDAD JR COLLEGE	1	89,715	0.032		\$0.109	\$9,801				
DOHE	TRINIDAD JR COLLEGE	2	44,523	0.020	0.072	\$0.092	\$4,110				
DOHE	TRINIDAD JR COLLEGE	4	5,487	0.234		\$0.333	\$1,825				
DOHE	TRINIDAD JR COLLEGE	7	19,921	0.044	0.086	\$0.130	\$2,591				
DOHE	TRINIDAD JR COLLEGE	8	12,218	0.505		\$0.629	\$7,681				
DOHE	TRINIDAD JR COLLEGE	10	20,127	0.124	0.120	\$0.244	\$4,907				
DOHE	TRINIDAD JR COLLEGE	12	4,319	0.654		\$0.769	\$3,320	\$34,234	\$32,390	\$1,843	
			196,310					\$0.174	\$0.165	\$0.009	5.7%
DOHE	UNIVERSITY OF NORTH COLC	1	108,206	0.074	0.066	\$0.140	\$15,101				
DOHE	UNIVERSITY OF NORTH COLC	2	147,177	0.124	0.151	\$0.275	\$40,487				
DOHE	UNIVERSITY OF NORTH COLC	3	24,085	0.373	0.216	\$0.588	\$14,173				
DOHE	UNIVERSITY OF NORTH COLC	4	8,904	0.163	0.082	\$0.245	\$2,178				
DOHE	UNIVERSITY OF NORTH COLC	6	2,767	0.171	0.321	\$0.493	\$1,364				
DOHE	UNIVERSITY OF NORTH COLC	7	40,511	0.165	0.108	\$0.273	\$11,074				

State Fleet Management

FY05 Variable Rates

(Excludes Accident Fees)

Dept	Dept Desc./College	Class Code	FY04 FY05 Cycle Miles is	FY06	FY06	FY06	FY06	*** From FY06 Rate sheet		Projected Net Diff	Avg % Increase
				Projected Maint Cost/Mile	Projected Fuel Cost/Mile	Projected Total Cost/Mile	Projected Variable Cost by Vehicle Class	FY06 Projected Total Variable Cost by Agency	FY06 Average Bill Rate		
DOHE	UNIVERSITY OF NORTH COLC	8	70,244	0.240	0.140	\$0.379	\$26,657				
DOHE	UNIVERSITY OF NORTH COLC	9	9,832	0.370	0.271	\$0.641	\$6,301				
DOHE	UNIVERSITY OF NORTH COLC	10	16,074	0.132	0.150	\$0.282	\$4,536				
DOHE	UNIVERSITY OF NORTH COLC	12	39,337	0.135	0.128	\$0.264	\$10,366	\$132,236	\$121,625	\$10,610	
			467,137					\$0.283	\$0.280	\$0.023	8.7%
DOHE	WESTERN STATE COLLEGE	1	7,506	0.127	0.085	\$0.212	\$1,593				
DOHE	WESTERN STATE COLLEGE	2	106,163	0.145	0.167	\$0.312	\$33,082				
DOHE	WESTERN STATE COLLEGE	4	12,158	0.083	0.297	\$0.380	\$4,624				
DOHE	WESTERN STATE COLLEGE	7	13,609	0.069	0.120	\$0.189	\$2,566				
DOHE	WESTERN STATE COLLEGE	8	25,226	0.124	0.169	\$0.292	\$7,377				
DOHE	WESTERN STATE COLLEGE	10	24,176	0.214	0.214	\$0.428	\$10,348	\$59,590	\$54,600	\$4,989	
			188,838					\$0.316	\$0.289	\$0.026	9.1%
DOHS	HUMAN SERVICES	1	1,747,853	0.082	0.073	\$0.154	\$269,678				
DOHS	HUMAN SERVICES	2	705,849	0.188	0.181	\$0.369	\$260,288				
DOHS	HUMAN SERVICES	3	28,182	0.350	0.208	\$0.558	\$15,728				
DOHS	HUMAN SERVICES	4	488,726	0.079	0.106	\$0.185	\$90,617				
DOHS	HUMAN SERVICES	5	40,126	0.540	0.349	\$0.890	\$35,701				
DOHS	HUMAN SERVICES	6	306,008	0.306	0.261	\$0.567	\$173,513				
DOHS	HUMAN SERVICES	7	300,110	0.122	0.103	\$0.225	\$67,498				
DOHS	HUMAN SERVICES	8	104,249	0.203	0.154	\$0.357	\$37,266				
DOHS	HUMAN SERVICES	9	27,495	0.219	0.268	\$0.488	\$13,409				
DOHS	HUMAN SERVICES	10	143,978	0.311	0.197	\$0.509	\$73,220				
DOHS	HUMAN SERVICES	12	22,980	0.112	0.162	\$0.274	\$6,295	\$1,043,212	\$958,955	\$84,257	
			3,915,556					\$0.266	\$0.245	\$0.022	8.8%
DOL	LAW	1	204,862	0.147	0.066	\$0.213	\$43,708				
DOL	LAW	4	14,719	0.082	0.112	\$0.195	\$2,864	\$46,572	\$43,057	\$3,515	
			219,581					\$0.212	\$0.198	\$0.016	8.2%
DOLA	LOCAL AFFAIRS	1	318,619	0.075	0.067	\$0.143	\$45,443				
DOLA	LOCAL AFFAIRS	4	246,130	0.059	0.093	\$0.152	\$37,436				
DOLA	LOCAL AFFAIRS	7	47,372	0.100	0.089	\$0.189	\$8,948	\$91,827	\$84,217	\$7,610	
			612,121					\$0.150	\$0.138	\$0.012	9.0%
DOLE	LABOR & EMPLOYMENT	1	338,646	0.101	0.072	\$0.173	\$58,585				
DOLE	LABOR & EMPLOYMENT	2	27,952	0.123	0.155	\$0.278	\$7,773				
DOLE	LABOR & EMPLOYMENT	4	48,208	0.046	0.105	\$0.151	\$7,274				
DOLE	LABOR & EMPLOYMENT	8	175,843	0.099	0.120	\$0.219	\$38,550				
DOLE	LABOR & EMPLOYMENT	10	108,502	0.119	0.129	\$0.248	\$26,871	\$139,053	\$127,708	\$11,345	
			699,151					\$0.199	\$0.183	\$0.016	8.9%

State Fleet Management
FY05 Variable Rates
 (Excludes Accident Fees)

Dept	Dept Desc./College	Class Code	FY04 FY05 Cycle Miles	FY06	FY06	FY06	FY06	*** From FY06 Rate sheet		Projected Net Diff	Avg % Increase
				Projected Maint Cost/Mile	Projected Fuel Cost/Mile	Projected Total Cost/Mile	Projected Variable Cost by Vehicle Class	FY06 Projected Total Variable Cost by Agency	FY06 Average Bill Rate		
DOMA	MILITARY AFFAIRS	1	33,236	0.157	0.073	\$0.230	\$7,649				
DOMA	MILITARY AFFAIRS	3	81,279	0.067	0.158	\$0.226	\$18,340				
DOMA	MILITARY AFFAIRS	4	42,245	0.066	0.103	\$0.170	\$7,173				
DOMA	MILITARY AFFAIRS	7	7,921	0.140	0.107	\$0.247	\$1,960				
DOMA	MILITARY AFFAIRS	10	17,555	0.132	0.159	\$0.291	\$5,104	\$40,227	\$36,821	\$3,406	
			182,236					\$0.221	\$0.202	\$0.019	9.3%
DONR	NATURAL RESOURCES	1	92,395	0.089	0.081	\$0.171	\$15,780				
DONR	NATURAL RESOURCES	2	5,674	0.012	0.115	\$0.127	\$722				
DONR	NATURAL RESOURCES	3	76,791	0.086	0.188	\$0.273	\$21,001				
DONR	NATURAL RESOURCES	4	2,787,594	0.083	0.108	\$0.190	\$530,307				
DONR	NATURAL RESOURCES	7	83,095	0.039	0.096	\$0.135	\$11,204				
DONR	NATURAL RESOURCES	8	307,656	0.108	0.142	\$0.250	\$76,929				
DONR	NATURAL RESOURCES	10	9,003,377	0.122	0.152	\$0.274	\$2,469,926				
DONR	NATURAL RESOURCES	12	242,125	0.116	0.109	\$0.226	\$54,624	\$3,180,493	\$2,913,905	\$266,588	
			12,598,707					\$0.252	\$0.231	\$0.021	9.1%
DOR	REVENUE	1	1,167,186	0.079	0.072	\$0.151	\$176,576				
DOR	REVENUE	2	273,500	0.119	0.185	\$0.304	\$83,275				
DOR	REVENUE	4	637,434	0.068	0.098	\$0.165	\$105,235				
DOR	REVENUE	7	811,394	0.107	0.106	\$0.213	\$173,052				
DOR	REVENUE	9	32,354	0.293	0.217	\$0.511	\$16,521				
DOR	REVENUE	10	644		0.129	\$0.236	\$152				
DOR	REVENUE	12	11,096	0.679	0.155	\$0.834	\$9,255	\$564,067	\$517,578	\$46,489	
			2,933,608					\$0.192	\$0.178	\$0.016	9.0%
DORA	REGULATORY AGENCIES	1	182,877	0.063	0.071	\$0.135	\$24,599				
DORA	REGULATORY AGENCIES	4	138,008	0.074	0.103	\$0.177	\$24,473				
DORA	REGULATORY AGENCIES	10	1,077,131	0.085	0.112	\$0.198	\$212,896	\$261,968	\$239,920	\$22,049	
			1,398,016					\$0.187	\$0.172	\$0.016	9.2%
DOS	SECRETARY OF STATE	1	9,893	0.046	0.064	\$0.110	\$1,093	\$1,093	\$1,000	\$93	
			9,893					\$0.110	\$0.101	\$0.009	9.3%
DOT	TRANSPORTATION	1	1,071,275	0.064	0.069	\$0.133	\$142,673				
DOT	TRANSPORTATION	2	409,757	0.086	0.144	\$0.230	\$94,312				
DOT	TRANSPORTATION	3	29,974	0.062	0.207	\$0.270	\$8,090				
DOT	TRANSPORTATION	4	3,953,646	0.071	0.104	\$0.176	\$694,270				
DOT	TRANSPORTATION	7	609,425	0.087	0.101	\$0.188	\$114,614				
DOT	TRANSPORTATION	8	1,808,234	0.068	0.130	\$0.197	\$356,742				
DOT	TRANSPORTATION	9	75,173	0.103	0.199	\$0.303	\$22,756				

State Fleet Management

FY05 Variable Rates

(Excludes Accident Fees)

Dept	Dept Desc./College	Class Code	FY04 FY05 Cycle 1st Miles	FY06 Projected Maint Cost/Mile	FY06 Projected Fuel Cost/Mile	FY06 Projected Total Cost/Mile	FY06 Projected Variable Cost by Vehicle Class	*** From FY06 Rate sheet		Projected Net Diff	Avg % Increase
								FY06 Projected Total Variable Cost by Agency	FY06 Average Bill Rate		
DOT	TRANSPORTATION	10	4,844,664	0.073	0.135	\$0.208	\$1,008,552				
DOT	TRANSPORTATION	12	3,934	0.036	0.106	\$0.142	\$559	\$2,442,568	\$2,232,137	\$210,432	
			12,806,082					\$0.191	\$0.174	\$0.016	9.4%
DPA	FLEET LOT	1	0								
DPA	FLEET LOT	2	0								
DPA	FLEET LOT	4	0								
DPA	FLEET LOT	5	0								
DPA	FLEET LOT	6	0								
DPA	FLEET LOT	7	0								
DPA	FLEET LOT	8	0								
DPA	FLEET LOT	9	0								
DPA	FLEET LOT	10	0								
DPA	FLEET LOT	12	1,179								
DPA	FLEET LOT	15	0				\$155,488	\$155,488	\$155,488	\$0	
DPA	PERSONNEL & ADMINISTRAT	1	812,571	0.036	0.066	\$0.102	\$83,004				
DPA	PERSONNEL & ADMINISTRAT	2	230,265	0.099	0.129	\$0.228	\$52,454				
DPA	PERSONNEL & ADMINISTRAT	3	693	0.117	0.423	\$0.540	\$374				
DPA	PERSONNEL & ADMINISTRAT	4	262,226	0.081	0.097	\$0.178	\$46,561				
DPA	PERSONNEL & ADMINISTRAT	5	9,412	0.070	0.120	\$0.190	\$1,787				
DPA	PERSONNEL & ADMINISTRAT	7	64,975	0.084	0.106	\$0.190	\$12,344				
DPA	PERSONNEL & ADMINISTRAT	9	18,571	0.244	0.224	\$0.467	\$8,879				
DPA	PERSONNEL & ADMINISTRAT	10	281,794	0.110	0.172	\$0.283	\$79,649				
DPA	PERSONNEL & ADMINISTRAT	12	2,944		0.137	\$0.229	\$674	\$285,525	\$261,189	\$24,337	
			1,683,451					\$0.170	\$0.155	\$0.014	9.3%
GOV	OFFICE OF GOVERNOR	4	58,976	0.081	0.105	\$0.186	\$10,961	\$10,961	\$10,040	\$921	
			58,976					\$0.186	\$0.170	\$0.016	9.2%
JUD	JUDICIAL	1	642,240	0.045	0.070	\$0.115	\$73,977				
JUD	JUDICIAL	4	184,115	0.033	0.102	\$0.136	\$24,992	\$98,969	\$90,347	\$8,622	
			826,355					\$0.120	\$0.109	\$0.010	9.5%
								\$14,775,388	\$13,551,502	\$1,223,885	9.0%
TOTALS:			69,000,000	0.096	0.118	\$0.2142 18.3%	\$14,775,377	\$0.214	\$0.201	\$0.013	

TOTAL DOHE= \$62,693

**Statewide
Supplemental #2**

**Schedule 6
FY 2005-06 STATEWIDE SUPPLEMENTAL REQUEST & FY 2006-07 BUDGET AMENDMENT REQUEST**

Department: Personnel and Administration

Dept. Approval: *[Signature]*

Date: January 3, 2006

Priority Number: Statewide Supplemental #2-SW Budget Amendment #2

OSPB Approval: *[Signature]*

Date: 12-22-05

Division: Executive Office, Division of Information Technologies

Statutory Citation: 24-30-908, C.R.S.

Program: Network Services

Request Title: MNT Telecomm Truth-in-Rates

Budget Analyst: Robb Fuller

Date: _____

Long Bill Line Item	Fund Source	1 Prior-Year Actual FY 2004-05	2 Appropriation FY 2005-06	3 Supplemental Request FY 2005-06	4 Total Revised Request FY 2005-06	5 Base Request FY 2006-07	6 Decision/Base Reduction FY 2006-07	7 November 1 Request FY 2006-07	8 Budget Amendment FY 2006-07	9 Total Revised Request FY 2006-07	10 Change from Base in Out Year FY 2007-08
Total of all line items	Total	\$14,975,747	\$14,689,952	\$1,057,540	\$15,747,492	\$14,689,952	(\$3,010)	\$14,686,942	\$1,059,698	\$13,896,701	\$0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	CF	1,289,670	1,849,939	0	1,849,939	1,849,939	0	1,849,939	0	0	0
	CFE	13,686,077	12,840,013	1,057,540	13,897,553	12,840,013	(3,010)	12,837,003	1,059,698	13,896,701	0
	FF	0	0	0	0	0	0	0	0	0	0
Executive Office, Multiuse Network Payments	Total	\$123,101	\$53,480	\$36,456	\$89,936	\$53,480	(\$3,010)	\$50,470	\$38,614	\$89,084	\$0
	FTE										
	GF									0	
	CF									0	
	CFE	123,101	53,480	36,456	89,936	53,480	(3,010)	50,470	38,614	89,084	
	FF										
Division of Information Technology, Network Services, Operating Expenses	Total	\$14,852,646	\$14,636,472	\$1,021,084	\$15,657,556	\$14,636,472	\$0	\$14,636,472	\$1,021,084	\$15,657,556	\$0
	FTE									0.0	
	GF										
	CF	1,289,670	1,849,939		1,849,939	1,849,939		1,849,939			
	CFE	13,562,976	12,786,533	1,021,084	13,807,617	12,786,533		12,786,533	1,021,084	13,807,617	
	FF										

Letter Notations:

Cash Fund Name/Number: Fund 603

IT Request: No

Supplemental and Budget Amendment Criteria: New Data

Request for New or Replacement Vehicles: No

Request Affects Another Department(s): Yes - Statewide Request impacting multiple departments.

Efficiency and Effectiveness Analysis
FY 2005-06 Supplemental Request
&
FY 2006-07 Budget Amendment Request

Department: Department of Personnel & Administration
Long Bill Group/Division: Division of Information Technology
Program: Network Services
Request Title: MNT Telecomm Truth-in-Rates
Request Criteria New Data
Priority Number: Statewide Supplemental # 2, Statewide Budget Amendment #2

Summary of Request

This request seeks statewide adjustments to both FY 2005-06 and FY 2006-07 Multi-Use Network (MNT) Common Policy allocations/appropriations statewide in accordance with the Telecommunications Truth-in-Rates initiative. This request has been submitted annually in recent years in order to update individual agencies' circuit inventories, and to revise assumptions related to infrastructure components and recoverable costs associated with the provision of MNT to customers. The current request includes multiple components. Specific adjustments identified in the request this fiscal year are as follows:

Similar to past fiscal years, this request recommends adjustments to the current fiscal year (FY 2005-06), and the budget request year (FY 2006-07) appropriations to State agencies for MNT. The primary objective of this component of the request is to realign allocations statewide to reflect updated circuit inventories (as of October, 2005).

As in prior fiscal years, the current request updates all recoverable cost components based upon most current known factors, estimates and assumptions. One of the cost components that reflects the most material updates is the non-Qwest aggregation fees (ANAP fees) paid to Qwest partners.

As discussed in the MNT FY 2004-05 statewide Supplemental Request (submitted to the JBC in January of 2005), the MNT FY 2005-06 statewide Base Reduction Item (submitted to the JBC in November of 2004), the MNT FY 2006-07 statewide Decision Item (submitted in November of 2005), and other subsequent communications with JBC staff, there has been the possibility that the Department and the State may need to consider increasing recoverable costs to address the necessity of continuation of non-Qwest aggregation fees (ANAP fees).

Additional background related to this topic will be provided later in the request, but the recoverable costs as presented in the FY 2006-07 Statewide Decision Item were calculated with the assumption that an estimated \$65,000 per month would be required in FY 2006-07 and future years to provision the circuits and aggregated network access points (ANAPs) necessary to provide the level of service required to support MNT customers, either to CenturyTel, PCTC and ESRTA (as Qwest subcontractors) or to other providers, if necessary. DPA might be able to manage the increase in ANAP expenses for the Qwest partner at the estimated level of \$65,000 per month based upon available reserves in Fund 603, but not within the current appropriated spending authority for DoIT Network Services Operating Expenses based upon current trends and projections, and given the fact that this line item contains many components over which DPA does not have control. These components include circuits and long distance charges, which are customer driven. As a result, additional spending authority is necessary to expend from reserves (fund balance). However, it should be pointed out that if the decision is made to fund these additional costs from fund balance, Fund 603 would fall far below minimum requirements to begin the new fiscal year, and would also leave no room to provision unforeseen customer requirements.

Problem or Opportunity Definition

Background

Appropriations for Multiuse Network Payments represent the cost to State agencies for circuits and their share of recoverable costs associated with DPA's provision of and administration of MNT to its customers. Recoverable costs include funding for contracts with Qwest and its partners (including ANAP fees, LATA crossing fees, costs associated with existing MNT circuits, network monitoring, Internet access costs, etc), infrastructure (backbone) costs, anticipated billings based on department-by-department circuit inventory, and estimated administrative/operational costs and overhead.

The MNT Project successfully reached the end of its construction phase during FY 2003-04 and moved into an operational phase during FY 2004-05. A complete MNT network allows users in every county to connect to the State network with a high-speed connection. As a result, inexpensive Internet access, high quality of service, video, and voice over IP are available to users, subject only to last mile connectivity. The infrastructure is in place to accommodate economic development and increased distance learning opportunities, particularly in rural Colorado, and telecommunications costs have been reduced for the benefit of State and local public entities as a result. However, Qwest has indicated that many of the non-urban area network components are not yet sustainable without continued State subsidization. Direct marketing efforts by the State continue to ensure that State agencies and political subdivisions are aware of the capabilities of MNT, and are able take advantage of the network. This network, and the new capabilities that it provides for State and local government and the public, exists specifically because of the efforts of the Department, the Division of Information Technologies (DoIT), and its external partners.

Recoverable Cost Updates

With regard to the updates to recoverable costs, in the case of MNT, as with the other Common Policies, there are several revisions that are made over time. For example, while the components that are included in “recoverable costs” may be very specific, the projection for recoverable costs and the subsequent allocations to State agencies that result in the initial FY 2006-07 Common Policy recommendations are a best estimate given current information, and are developed approximately eight months prior to Common Policy figure setting in the spring of 2006 (eleven months prior to the beginning of the applicable fiscal year). As a result, this request and the associated Common Policy allocations for State agencies will be updated/revised at least twice: once in late February/early March of 2006, to incorporate the results of FY 2006-07 JBC action taken during figure setting for DPA, other agencies’, and other Common Policies, and in addition, a Supplemental Request will most likely be submitted in the middle of FY 2006-07, as has been the case historically, in order to “true-up” recoverable costs and to update utilization and circuit inventories by department to reflect the most current data (at a minimum to capture actual circuit inventory/utilization from the end of FY 2005-06).

Significant Changes to Agency Allocations

As identified above in the Summary of Request, this request contains several adjustments. The first is merely an adjustment to reflect updated circuit inventories by agency and to subsequently recalibrate agency allocations. Buildouts, or substantive increases in utilization (circuit inventory), and reductions in utilization (circuit aggregation, migration, etc) are captured here. It should be noted that the majority of the increases are for FY 2005-06 with minor adjustments for FY 2006-07, reflective of the difference in timing for the two original requests. For example, this request includes materially significant adjustments to allocations for various agencies as bulleted below:

- Military Affairs
 - The Department of Military Affairs (DOMA) currently does not have a FY 2005-06 Long Bill appropriation for MNT. Subsequent to the approval of the FY 2005-06 Long Bill, operations began at the Division of Emergency Management (DEM) site in Centennial. As a result, DOMA is now being provisioned with MNT services in support of those operations, as well as new or upgraded connections at other DOMA locations. This request includes an allocation of \$427,565 for DOMA to recover the costs associated with these new circuits in FY 2005-06 and \$423,564 for FY 2006-07.

- Local Affairs
 - This request also includes an increase of \$47,401 (133%) for the Department of Local Affairs (DOLA) for FY 2005-06, again primarily in support of the DEM site in Centennial. There is a minor adjustment required for FY 2006-07 due to the fact that the original FY 2006-07 request included many of the DEM circuits provisioned by DOLA.

- Transportation
 - While the Colorado Department of Transportation (CDOT) is not appropriated, the Department must still seek spending authority to provision CDOT's activities and the ability to recover those costs. This request reflects a 28% increase for FY 2005-06 and a slight decrease for FY 2006-07. The FY 2006-07 request had already considered some of CDOT's increased network costs, while the FY 2005-06 budgeted amounts did not. Most of this increase is attributable to increased bandwidth.

- Department of Revenue
 - The Department of Revenue continues to require additional circuits and circuit bandwidth in support of their statewide operations. This request includes an increase of \$261,679 (18%) for FY 2005-06 over the prior request indicative of DOR's continued upsizing of critical circuits, and a minor (5%) adjustment for FY 2006-07.

- DPA
 - This request includes an increase of \$36,456 for FY 2005-06 and an increase of \$38,392 for FY 2006-07 for the Department of Personnel and Administration's share of the recoverable MNT costs. This reflects both increased bandwidth requirements within the Department as well as improvements in security and reliability.

ANAP Fees

The second adjustment contained in the request, as referenced above, relates to funding for ANAP fees. The initial FY 2005-06 statewide MNT request (submitted November 1, 2004 as Statewide Base Reduction Item #1), and the FY 2004-05 Supplemental/FY 2005-06 Budget Amendment submitted to the Joint Budget Committee in January of 2005 included a reduction in total ANAP charges projected for FY 2005-06 to \$365,004 (a reduction of \$1,571,720). This reduction was directly related to elimination of non-Qwest ANAP fees per the Master Contract, effective July 1, 2005.

By way of background, the State's initial contract with Qwest for the enabling of the Multiuse Network included subsidy payments made to the telecommunications providers (Qwest and its sub-contractors, or "partners") for ANAP fees. These subsidies were initially agreed to for the purpose of facilitating the commitment to build the required network infrastructure, particularly in the rural areas of Colorado. The subsidies were never anticipated by the State to continue indefinitely, and in August 1, 2003, via Contract Amendment #2, the State exercised the right to extend the MNT contract with Qwest until June 30, 2010 as per provisions in the original contract. This amendment also included an Exhibit D, which clearly identified all ANAP fees, including those due to Qwest and non-Qwest entities, on a monthly and annual schedule. The amendment

indicated that the total contract value (maximum) for all ANAP charges through June 30, 2010 is \$9,050,471.10. Specifically, however, Exhibit D reflected a table that clearly identified that no ANAP fees would be due for non-Qwest ANAP's after June 30, 2005.

Subsequent to the submission of the FY 2005-06 request that incorporated the substantial reduction of the annual ANAP fee payments, and the resulting decrease in recoverable costs and statewide billings, Qwest requested that the Department reconsider its position on this issue. Though the terms of Contract Amendment #2 specifically address the elimination of certain ANAP fees effective June 30, 2005, while continuing to dictate the provision of MNT services by Qwest (and its partners) through June 30, 2010, Qwest has continued to hold to the position that its partners will be unable to provide the desired level of services absent continued subsidization on ANAP fees.

It is relevant to consider that the sub-contractors have a contractual relationship with Qwest, rather than with the State. The Department's representation of the State's legal position (with concurrence from the Attorney General's Office) is that Qwest, as the prime contractor, has the obligation to facilitate provision of all ANAP and wideband telecommunication services through June 30, 2010 and that DPA and the State are not legally obligated to continue subsidizing the network infrastructure of Qwest's partners by continuing with payment of the aforementioned ANAP fees beyond June 30, 2005. This is supported by a contractual commitment between the State and Qwest. The State would have all legal and equitable remedies available under the law if Qwest breaches their contractual commitment. While this may be a defensible and justified position, given a legal review of the contract and associated amendments and exhibits, for practical purposes, the State must consider the feasibility of continuing to subsidize Qwest partners.

In fact, despite the legal opinion identified above, the Department contends that the final FY 2005-06 and FY 2006-07 MNT recoverable costs, and subsequent request(s) should responsibly incorporate some level of funding for non-Qwest ANAP fees in order to continue to provision the circuits and network access points required to provide the level of service necessary to MNT customers. For reference, many of the associated customer circuits include hospitals, schools, libraries, qualified non-profits, State Departments and political subdivisions, and other critical ports of entry, which should responsibly be maintained without any potential break in service. Ultimately these funds may be remitted to CenturyTel and/or other Qwest partners (as Qwest subcontractors) or to other providers, if necessary. For reference, an alternate provider has submitted a proposal that is represented to include no ANAP charges and plans to recover all costs through monthly circuit charges. It is our belief that this proposal could allow the State to turn down as many as four of the CenturyTel ANAPS (Lamar, Las Animas, Ordway, Springfield). Either way, it is proactive for this request to include assumptions that will address subsidization of ANAP fees. If this funding is not included in the recoverable costs and associated billings for MNT, the critical services in these rural areas served by the local telecoms may be suspended, violating the intent of the statewide high-speed digital network and leaving many critical government facilities without the ability to conduct business. Qwest has also indicated that the other two partner entities, Phillips County Telephone Company (PCTC) and Eastern Slope Rural Telephone Association (ESRTA), will require continuation of some level of ANAP fee payments as well.

The justification for ANY funds at all to be included in the request and recoverable costs for non-Qwest aggregation costs must contemplate the potential consequences of not paying. As identified above, Qwest has made it quite clear that their sub-contractors may choose to discontinue service without continued payments, contrary to the State's interpretation of its contract with Qwest. While the State may have a strong chance of prevailing in a court of law, the reality is that the sub-contractors could still discontinue service. Such a service interruption could result in significant disadvantages to customers, who might be unable to find and finance alternative solutions, even in the short-term. This could result in even more dire consequences to economically and geographically disadvantaged customers if the potential service interruption were for a significant period of time due to delays in the litigation process, absent injunctive relief.

Regardless of the ultimate alternative chosen, the Department believes that there is obviously a cost associated with continuing service in some of the outlying areas. While the exact amount necessary to provision those circuits is currently in final negotiations, \$65,000/month was included in the original FY 2006-07 Decision Item submitted to the JBC on November 15th as part of the Department's Executive Budget request, as the Department believed that including the requested level of funding was the prudent course at the time the request was submitted. Likewise, a similar amount is incorporated within the FY 2005-06 Supplemental calculations. It is likely given the current status of negotiations that the final cost could be less than this amount, whether the State chooses another provider and means to facilitate the provision of services in areas formerly served through non-Qwest ANAPs, or continues to subsidize Qwest's subcontractors (albeit at a rate that is less than half of historical levels).

Additional Revisions to Recoverable Costs

Additional adjustments that are routinely included in this request annually include updates of administrative/operational cost estimates and overhead. For example, historically the estimated personal services based administrative/operational costs that need to be recovered through billings to customers are allocated based on a variety of methods; individual position surveys, desk audits, employee/supervisor interviews, etc, and this portion of recoverable program costs was thoroughly reviewed and updated coincidental with the beginning of the current fiscal year. To some degree, these types of adjustments should be expected. During any fiscal year, or other time period analyzed, there will be certain areas/functions where costs to support a service may come in under initial projections, the actual consumption of a particular service may turn out to be higher than originally anticipated, or the internal resources allocated to a certain function may change. This is especially relevant in the case of MNT as a result of the transition from the construction phase of MNT to the implementation phase and finally to the operational phase.

Available Alternatives

Alternative #1 –

Alternative #1 seeks an adjustment to statewide allocations for MNT based upon updated circuit inventory, and updates to the recoverable cost basis. Alternative #1 is equitable and consistent with the Truth-in-Rates methodology, and prior OSPB and JBC actions. In addition, this alternative facilitates the uninterrupted provision of MNT services to the statewide customer base.

Alternative #2 –

Alternative #2 would continue with the status quo, which would be inequitable, inconsistent with the Truth-in-Rates methodology, and would result in misapplication of charges to customers, and may result in service interruptions.

Assessment of Alternatives

Alternative #1

Alternative 1 is the recommended alternative as it will allow for the continued provision of MNT at necessary service levels for the benefit of customers statewide, updates recoverable costs to represent current cost assumptions and estimates, will update allocations/appropriations to customers statewide based upon the most current utilization data available, and provides for cost recovery as defined in statute.

Alternative #2-- Do Nothing

Alternative 2 is not recommended, as it would not realign agency appropriations and billings to reflect current utilization and program costs. This would inequitably result in some agencies essentially being under billed for MNT, while other agencies would unfairly be burdened by being forced to pay for excessive telecommunications billings from continuation level MNT and operating appropriations. In addition, this alternative would not allow the Department to recover its costs as statutorily required, and could potentially result in interruptions of critical network services statewide.

Linkage to Objectives

DPA FY 2006-07 Strategic Plan:

Departmental goal: *Maintain the Truth-in-Rates Philosophy Departmentwide.*

Associated objectives included the following: *Continue the Truth-in-Rates philosophy to ensure that rates recover the cost of services and remain competitive.*

Departmental goal: *Create and Enhance Stakeholder Relationships.*

Associated objectives included the following: *Facilitate and coordinate statewide and Common Policy related Change Requests and legislation that affects multiple stakeholders and State departments.*

Departmental goal: *Play a Central Role in Using Information Technology to Streamline Government.*

Associated objectives included the following: *Continue to maximize network and computer infrastructure priorities to generate optimal capacity and efficiencies in costs.*

Recommendation

As outlined above, for multiple statutory and practical purposes, the Department's recommends Alternative #1.

DPA/DoIT FY06 Supplemental & True Up

This table summarizes the FY06 MNT as amended in the True Up vs. FY06 MNT Long Bill

DEPT	Department Name	FY06 MNT Long Bill Amounts	FY06 Amended MNT Line	Net Increase (Decease)
AAA	Department of Personnel & Administration	\$53,480	\$89,936	\$36,456
BAA	Department of Agriculture	\$24,309	\$19,547	(\$4,762)
CAA	Department of Corrections	\$987,757	\$1,052,531	\$64,774
DAA	Department of Education	\$34,033	\$41,481	\$7,448
EAA	Office of the Governor	\$51,049	\$46,895	(\$4,154)
FAA	Department of Public Health and Environment	\$157,198	\$149,496	(\$7,702)
GAA	Department of Higher Education	\$0	\$0	\$0
HAA	Department of Transportation (Not Approp)	\$748,718	\$955,987	\$207,269
IHA	Department of Human Services	\$2,093,818	\$2,116,534	\$22,716
JAA	Judicial	\$532,368	\$514,657	(\$17,711)
KAA	Department of Labor & Employment	\$93,995	\$112,788	\$18,793
LAA	Department of Law	\$0	\$0	\$0
MAA	General Assembly	\$0	\$0	\$0
NAA	Department of Local Affairs	\$35,653	\$83,054	\$47,401
OAA	Department of Military Affairs	\$0	\$427,565	\$427,565
PAA	Department of Natural Resources	\$795,715	\$847,605	\$51,890
RAA	Department of Public Safety	\$970,741	\$936,073	(\$34,668)
SAA	Department of Regulatory Agencies	\$2,431	\$2,386	(\$45)
TAA	Department of Revenue	\$1,465,834	\$1,727,513	\$261,679
UHA	Department of Health Care Policy & Finance	\$0	\$0	\$0
VAA	Secretary of State	\$55,911	\$53,136	(\$2,775)
WAA	Department of Treasury	\$0	\$0	\$0
STATE	TOTAL BILLING ALL STATE AGENCIES	\$8,103,010	\$9,177,184	\$1,074,174
	TOTAL BILLING ALL STATE AGENCIES (appropriated)	\$7,354,292	\$8,221,197	\$866,905

MNT Cost Details	FY06 Supp
Circuits - Qwest single bill	\$ 6,720,000
Circuits - Qwest frame	\$ -
Circuits - Moves/Adds/Changes	\$ -
NMS based June 2004	\$ 480,000
OCC	\$ -
Equipment Maintenance	\$ 550,146
LATA Crossing Costs	\$ 84,000
FRGP (Internet) fees	\$ 120,000
Subtotal MNT program Costs	\$ 7,954,146
Personnel Costs	\$ 706,330
POTS	\$ 49,324
Allocated Overhead	\$ 231,908
Indirect Cost Assessment	\$ 237,382
Central Appropriations	\$ 53,089
Subtotal MNT w/o ANAP Costs	\$ 9,232,179
ANAP fees	\$ 365,004
Non-Qwest aggregation costs	\$ 780,000
TOTAL MNT Program Costs	\$ 10,377,183
Amount from NSA	\$ 1,200,000
Amount from State Agencies	\$ 9,177,183
TOTAL MNT BILLING	\$ 10,377,184
total MNT billing State Agencies	\$ 9,177,183

DPA/DoIT FY07

This table summarizes the FY07 MNT Budget Amendment vs. FY07 MNT Common Policy Request

DEPT	Department Name	FY07 MNT Common Policy	FY07 MNT Budget Amendment	Net Increase (Decrease)
AAA	Department of Personnel & Administration	\$ 50,470	\$89,084	\$ 38,614
BAA	Department of Agriculture	\$ 19,878	\$19,364	\$ (514)
CAA	Department of Corrections	\$ 1,052,820	\$1,042,730	\$ (10,090)
DAA	Department of Education	\$ 31,798	\$41,118	\$ 9,320
EAA	Office of the Governor	\$ 47,713	\$46,456	\$ (1,257)
FAA	Department of Public Health and Environment	\$ 152,080	\$148,079	\$ (4,001)
GAA	Department of Higher Education	\$ -	\$0	\$ -
HAA	Department of Transportation (Not Approp)	\$ 1,076,986	\$947,075	\$ (129,911)
IHA	Department of Human Services	\$ 1,953,826	\$2,096,681	\$ 142,855
JAA	Judicial (JAA + PD (JCA))	\$ 515,308	\$509,880	\$ (5,428)
JAA	Judicial (JAA)	\$ 320,140	\$311,679	\$ (8,461)
JCA	Judicial - Public Defender (JCA)	\$ 195,168	\$198,200	\$ 3,032
KAA	Department of Labor & Employment	\$ 78,416	\$111,750	\$ 33,334
LAA	Department of Law	\$ -	\$0	\$ -
MAA	General Assembly	\$ -	\$0	\$ -
NAA	Department of Local Affairs	\$ 84,504	\$82,275	\$ (2,229)
OAA	Department of Military Affairs	\$ -	\$423,564	\$ 423,564
PAA	Department of Natural Resources	\$ 880,852	\$839,727	\$ (41,125)
RAA	Department of Public Safety	\$ 952,773	\$927,357	\$ (25,416)
SAA	Department of Regulatory Agencies	\$ 2,431	\$2,374	\$ (57)
TAA	Department of Revenue	\$ 1,643,365	\$1,711,434	\$ 68,069
TAA	Department of Revenue - Admin	\$ 1,361,714	\$1,369,681	\$ 7,967
TFA	Department of Revenue - Lottery	\$ 281,651	\$341,753	\$ 60,102
UHA	Department of Health Care Policy & Finance	\$ -	\$0	\$ -
VAA	Secretary of State	\$ 54,088	\$52,658	\$ (1,430)
WAA	Department of Treasury	\$ -	\$0	\$ -
STATE	TOTAL BILLING ALL STATE AGENCIES	\$8,597,308	\$9,091,605	\$494,297
TOTAL BILLING ALL STATE AGENCIES (appropriated)		\$7,520,322	\$8,144,530	\$624,208

MNT Cost Details	FY07 Req.
Circuits - Qwest single bill	\$ 6,720,000
Circuits - Qwest frame	\$ -
NMS based June 2004	\$ 480,000
OCC	\$ -
Equipment Maintenance	\$ 550,146
LATA Crossing Costs	\$ 84,000
FRGP (Internet) fees	\$ 120,000
Subtotal MNT program Costs	\$ 7,954,146
Personnel Costs	\$ 731,185
POTS	\$ 62,327
Allocated Overhead	\$ 349,187
Indirect Costs	\$ -
Central Appropriations	\$ 49,756
Subtotal w/o ANAP	\$ 9,146,601
ANAP fees	\$ 365,004
Non-Qwest aggregation costs	\$ 780,000
Total MNT Program Costs	\$ 10,291,605
Amount from NSA	\$ 1,200,000
Amount from State Agencies	\$ 9,091,605
TOTAL MNT BILLING	\$ 10,291,605
<i>total MNT billing State Agencies</i>	<i>\$ 9,091,605</i>

Statewide
Supplemental #3

**Schedule 6
FY 2005-06 STATEWIDE SUPPLEMENTAL REQUEST**

Department: Personnel and Administration
 Priority Number: Statewide Supplemental # 3
 Division: Executive Office, Division of Human Resources
 Program: Business Risk & Loss Control
 Request Title: FY 2005-06 Risk Management & Workers' Compensation

Dept. Approval: *[Signature]*
 OSPB Approval: *[Signature]*
 Statutory Citation:

Date: January 3, 2006
 Date: *12-22-05*
 Date: _____

Budget Analyst: Mickey Crist

Long Bill Line Item	Fund Source	1 Prior-Year Actual FY 2004-05	2 Appropriation FY 2005-06	3 Supplemental Request FY 2005-06	4 Total Revised Request FY 2005-06	5 Base Request FY 2006-07	6 Decision/Base Reduction FY 2006-07	7 November 1 Request FY 2006-07	8 Budget Amendment FY 2006-07	9 Total Revised Request FY 2006-07	10 Change from Base In Out Year FY 2007-08
Total of all line items	Total	\$40,332,955	\$47,367,551	(\$4,679,782)	\$42,687,769	\$46,315,308	\$0	\$46,315,308	\$0	\$46,315,308	\$0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	236,189	219,772	(57,494)	162,278	252,407	0	252,407	0	252,407	0
	CF	3,403,700	4,865,945	(335,502)	4,530,443	4,835,786	0	4,835,786	0	4,835,786	0
	CFE	36,693,066	42,281,834	(4,286,786)	37,995,048	41,227,115	0	41,227,115	0	41,227,115	0
	FF	0	0	0	0	0	0	0	0	0	0
Executive Office, Payments to Risk Management & Property Funds	Total	\$400,957	\$668,767	(\$273,045)	\$395,722	\$731,092	\$0	\$731,092	\$0	\$731,092	\$0
	FTE										
	GF	137,608	172,669	(70,874)	101,795	188,064		188,064		188,064	
	CF	3,889	3,713	(1,524)	2,189	4,044		4,044		4,044	
	CFE	259,460	492,385	(200,647)	291,738	538,984		538,984		538,984	
	FF										
Executive Office, Workers' Compensation	Total	\$265,720	\$182,436	\$52,691	\$235,127	\$250,130	\$0	\$250,130	\$0	\$250,130	\$0
	FTE										
	GF	98,581	47,103	13,381	60,484	64,343		64,343		64,343	
	CF	2,392	1,013	288	1,301	1,384		1,384		1,384	
	CFE	164,747	134,320	39,023	173,343	184,403		184,403		184,403	
	FF										
Division of Human Resources, Liability Premiums	Total	\$5,436,926	\$9,346,523	(\$3,175,554)	\$6,170,969	\$7,011,736	\$0	\$7,011,736	\$0	\$7,011,736	\$0
	FTE										
	GF										
	CF	636,652	633,513	(215,241)	418,272	475,260		475,260		475,260	
	CFE	4,800,274	8,713,010	(2,960,313)	5,752,697	6,536,476		6,536,476		6,536,476	
	FF										
Division of Human Resources, Property Premiums	Total	\$6,751,128	\$6,638,078	(\$827,823)	\$5,810,255	\$6,925,830	\$0	\$6,925,830	\$0	\$6,925,830	\$0
	FTE										
	GF										
	CF	336,827	509,021	(63,479)	445,542	531,086		531,086		531,086	
	CFE	6,414,301	6,129,057	(764,344)	5,364,713	6,394,744		6,394,744		6,394,744	
	FF										
Division of Human Resources, Workers' Compensation Premiums	Total	\$27,478,224	\$30,531,747	(\$456,051)	\$30,075,696	\$31,396,520	\$0	\$31,396,520	\$0	\$31,396,520	\$0
	FTE										
	GF										
	CF	2,423,940	3,718,685	(55,546)	3,663,139	3,824,012		3,824,012		3,824,012	
	CFE	25,054,284	26,813,062	(400,506)	26,412,556	27,572,508		27,572,508		27,572,508	
	FF										

Letter Notations:
 Cash Fund Name/Number: Fund 11L, 11P & 11W
 IT Request: No
 Supplemental and Budget Amendment Criteria: New Data
 Request for New or Replacement Vehicles: No
 Request Affects Another Department(s): Yes - Statewide Request impacting multiple departments.

**Efficiency and Effectiveness Analysis
FY 2005-06 Supplemental Request**

Department: Department of Personnel & Administration (DPA)
Long Bill Group/Division: Division of Human Resources (DHR)
Program: Risk Management Services
Request Title: Technical Adjustments to FY 2005-06 Risk Management and Worker's Compensation Statewide Allocations
Request Criteria New Data
Priority Number: Statewide Supplemental #3

SUMMARY

The following analysis describes requested FY 2005-06 supplemental appropriations for Risk Management Services (RMS) in the Department of Personnel and Administration (DPA), including the Liability, Property and Workers' Compensation programs. Tables summarizing net payment adjustments to Risk Management Services (all programs) can be found in appendices I and J, with revised prospective loss estimates from private actuaries retained by the Division of Human Resources (DHR) and expenditure projections that more accurately reflect allocated program costs (overhead) and updated reserve funding levels. The respective programmatic adjustments are briefly listed below.

Appropriations for Payments to the Risk Management and Property Fund (combined Liability and Property programs):

Statewide allocations for Payments to the Risk Management and Property Fund are *reduced* by \$9,871,461, due in part to the use of accumulated reserve funding from the prior year and recent actuarial analyses that indicate reduced financial liability for the program. The Liability Program Premiums line is *reduced* by \$3,175,554 (to \$6,170,969) and the Property Program Premiums line is *reduced* by \$827,823 (to \$5,810,255).

Appropriations for the Workers' Compensation Program:

Statewide allocations for the Workers' Compensation program are *reduced* by \$2,878,200. As a result, the Workers' Compensation Premiums line is *reduced* overall by \$456,051 (to \$30,075,696).

PROBLEM OR OPPORTUNITY DEFINITION

As referenced above, the Department's analysis indicates that supplemental adjustments are necessary to the FY 2005-06 statewide allocations for the Risk Management programs (Workers' Compensation, Property and Liability programs). This request represents a true-up of annual appropriations for risk management services and coverage.

BACKGROUND

This request represents the annual supplemental update to statewide allocations and program appropriations in Risk Management Services for FY 2005-06. The analysis reflects the most current actuarial data and assumptions, along with updated premium payments for the fiscal year from insurance providers. Following is a summary of the factors leading to specific adjustments contained in the request.

AVAILABLE ALTERNATIVES

Alternative #1 (Recommended) – Adjust statewide allocations and premium line appropriations according to the findings of the analysis.

Alternative #2 – Make no changes.

STATUTORY AND OTHER AUTHORITY

24-30-1501, C.R.S. provides the statutory authorization for the Risk Management Unit.

LINKAGE TO OBJECTIVES

DPA FY 2005-06 Strategic Plan:

Extend The Truth-In-Rates Philosophy Department-wide

Associated objectives include the following:

- Continue the Truth-in-Rates philosophy to ensure that rates recover the cost of services.
- Annually review and analyze all rates in coordination with applicable division management, Department Controller, CFO and Budget Director.
- Revisit and revise any outdated or inefficient rate setting and cost allocation methodologies proactively.
- Develop models to support and justify the appropriate targeted fund balance for all cash funds and implement methods necessary to maintain the fund balance(s) on an ongoing basis.

ASSESSMENT OF ALTERNATIVES

Alternative #1 (Recommended) – Assumptions and Calculations

A. Risk Management Services (RMS) Program Overhead

1. For FY 2005-06 calculations, appropriated Long Bill amounts and central appropriation allocations are used as reported in the Schedule 5(s) submitted with the FY 2006-07 budget request.
2. The overhead allocation percentages are derived from the proportion of each programs' premium line item in comparison to the total of all premium lines. For example, the FY 2006 overhead allocation percentages are calculated as shown in the table below:

Line Item	Total	Percent Allocation
Liability Premiums	6,170,969	14.7%
Property Premiums	5,810,255	13.8%
Workers' Compensation Premiums	30,075,696	71.5%
Total Premiums	\$42,056,920	100.0%

The tables below represent the Risk Management Services (RMS) Program Overhead cost calculations for FY 2005-06.

FY 2005-06 Program Overhead for Allocations	Total	Liability	Property	Workers' Comp
Overhead Allocation %	100.0%	14.7%	13.8%	71.5%
Personal Services	\$568,790	83,458	78,580	406,752
Pots Allocations				
Health, Life and Dental	19,711	2,892	2,723	14,096
Short-term Disability	712	104	98	509
Salary Survey	11,590	1,701	1,601	8,288
Amortization Equalization Disbursement	1,211	178	167	866
Pots Allocations Subtotal	33,224	4,875	4,590	23,759
Operating Expenses	52,225	7,663	7,215	37,347
Operating Common Policies				
Workers' Comp	3,038	446	420	2,173
Payment to Risk Mgt/Property Funds	12,584	1,846	1,739	8,999

FY 2005-06 Program Overhead for Allocations	Total	Liability	Property	Workers' Comp
Capitol Complex Leased Space	21,888	3,212	3,024	15,653
Operating Common Policies Subtotal	37,510	5,504	5,182	26,824
Audit Expense	0	0	0	0
Indirect Costs	111,768	16,400	15,441	79,927
Total Program Overhead	\$803,517	117,899	111,008	574,610

B. Reserve Levels of Risk Management Services Funds

The analysis regarding reserve balance levels for the Risk Management Services programs hinges on these primary assumptions as established in FY 2004-05:

1. A high degree of flexibility exists through regular (and emergency) budget request processes to augment or reduce allocations to agencies for Risk Management Services (RMS) programs. Should events or damages occur that require mid-fiscal year adjustments (e.g., supplemental requests) to funding levels, relatively timely action may be taken to mitigate unforeseen financial burdens on the programs. Therefore, the Department will use annual supplemental budget processes to provide any necessary stability, including regular annual adjustments with regard to actuarial soundness and scheduled premium adjustments.
2. Regarding the Workers' Compensation and the Property programs, mechanisms exist to contain extraordinary claim levels. As required by the Colorado Department of Labor and Employment for self-funded employers, the Workers' Compensation Program annually purchases excess insurance as additional financial protection in the event of a catastrophic claim or claims. For the Property Program, the general policies have an aggregate deductible level of \$1.35 million; similarly, the terrorism policy has a per-event deductible level of \$100,000.

Based on these assumptions, the following calculations are made to determine fund reserve levels for FY 2005-06 (for added expenditure detail, see respective program budget calculations provided in sections C, D and E).

Workers' Compensation Account

As a continuation of the methodology established in FY 2004-05, the targeted reserve level of the Workers' Compensation Program is calculated as 5.0% of estimated premium line expenditures. This results in a projected ending balance of \$1,503,785 for FY 2005-06. The table below outlines funding activities:

Workers' Compensation Account (11W)	Actual FY 2003-04	Actual FY 2004-05	Request FY 2005-06
Total Cash/Assets	24,037,019	28,701,637	24,471,573
Liabilities			
Current Liabilities	4,131,729	3,738,123	2,633,994
Other Liabilities - IBNR	21,722,932	21,722,932	20,333,794
Total Liabilities	25,854,661	25,461,055	22,967,788
Revenues			
Agency Billing	20,151,137	32,358,803	28,503,923
Other Income - Interest Income, Misc.	1,277,166	2,492,698	861,049
Total Revenue	21,428,303	34,851,501	29,364,972
Expenses			
Prospective Claim Payments, Premiums, Service Fees	29,842,124	27,478,224	30,075,696
Risk Management Overhead (Personal Services, CSEAP, etc.)	774,136	991,159	1,026,073
Total Expenses	30,616,260	28,469,383	31,101,769
Profit/(Loss)	(9,187,957)	6,382,118	(1,736,797)
Ending Fund Balance	(1,817,642)	3,240,582	1,503,785
Targeted Reserve (5.0% of Premium Line)			1,503,785
Ending Balance Over/(Under) Targeted Reserve			0

Property Program

As a continuation of the methodology established in FY 2004-05, the targeted reserve level of the Property Program is calculated as 5.0% of estimated premium line expenditures. This results in a projected ending balance of \$290,513 for FY 2005-06. The table below outlines funding activities:

Property Program Funding (11P)	Actual FY 2003-04	Actual FY 2004-05	Requested FY 2005-06
Total Cash/Assets	3,538,196	2,213,103	871,408
Total Liabilities	231,782	1,215,067	580,896
Revenues			
Agency Billing	10,020,288	4,410,348	4,507,844
Other Income - Interest Income, Misc.	53,139	158,557	66,393
Total Revenue	10,073,789	4,568,905	4,574,237

Property Program Funding (11P)	Actual FY 2003-04	Actual FY 2004-05	Requested FY 2005-06
Expenses			
Premiums, Fund Caps, Service Fees	7,617,016	6,751,128	5,810,255
Risk Management Overhead (Personal Services, Operating, etc.)	116,643	126,155	111,008
Total Expenses	7,733,659	6,877,283	5,921,263
Profit/(Loss)	2,340,130	(2,308,377)	(1,347,026)
Ending Fund Balance	3,306,414	998,037	290,513
Targeted Reserve (5.0% of Premium Line)			290,513
Ending Balance Over/(Under) Targeted Reserve			0

Liability Program

As a continuation of the methodology established in FY 2004-05, the targeted reserve level of the Liability Program is calculated as 16.5% of estimated premium line and legal services expenditures. This results in a projected ending balance of \$1,357,017 for FY 2005-06. The table below outlines funding activities:

Liability Program Funding (11L)	Actual FY 2003-04	Actual FY 2004-05	Requested FY 2005-06
Total Cash/Assets	10,167,205	11,599,882	6,267,010
Liabilities			
Current Liabilities	233,550	451,396	120,653
Other Liabilities - IBNR	6,258,677	4,789,340	4,789,340
Total Liabilities	6,492,227	5,240,736	4,909,993
Revenues			
Agency Billing	9,618,165	8,513,014	2,992,120
Other Income - Interest Income, Misc.	362,801	499,926	347,996
Total Revenue	9,980,966	9,012,940	3,340,117
Expenses			
Prospective Claim Payments, Premiums, Service Fees	7,124,777	5,436,926	6,170,969
Legal Services	2,036,876	2,167,842	2,053,377
Risk Management Overhead (Personal Services, Operating, etc.)	237,828	193,341	117,899
Total Expenses	9,399,481	7,798,109	8,342,246
Profit/(Loss)	581,485	1,214,831	(5,002,129)
Ending Fund Balance	3,674,979	6,359,146	1,357,017

Liability Program Funding (11L)	Actual FY 2003-04	Actual FY 2004-05	Requested FY 2005-06
Targeted Reserve (16.5% of Premium Line & Legal Services Expenses)			1,357,017
Ending Balance Over/(Under) Targeted Reserve			0

C. Liability Program Budget Calculations

The table below represents the Liability Program cost calculations for FY 2005-06. Assumptions for these calculations are provided in the 'Notes' column.

FY 2005-06 Liability Program Costs	Total	Notes
Program Overhead Expenses	\$117,899	Calculated as 14.7% of the total
Premium Line Expenses		
Prospective Losses Estimate	5,631,893	FY06 Actuarial Report (8/4/2005)
Excess Auto	438,618	FY06 Estimated renewal
Actuarial Services	35,750	FY06 Projected professional services costs
Broker Service Fees	43,008	FY06 Estimated renewal
RMIS Service Fees	21,700	FY06 Estimated renewal
Premium Line Expenses subtotal	6,170,969	
Legal Services	2,053,377	Per FY06 Long Bill
Reserve Stabilization Allowance	(5,350,126)	Maintains 16.5% Fund Reserve Balance
Total Liability Allocations	\$2,992,120	Agency billings equal allocated assessments

D. Property Program Budget Calculations

The table below represents the Property Program cost calculations for FY 2005-06. Assumptions for these calculations are provided in the 'Notes' column.

FY 2005-06 Property Program Costs	Total	Notes
Program Overhead Expenses	\$111,008	Calculated as 13.8% of the total
Premium Line Expenses*		*Policies renew annually in September
Property & Boiler Policies	2,714,039	FY06 Estimated renewal (10 months)
Terrorism Premium	584,117	FY06 Estimated renewal (10 months)
Flood Zone A Premiums	178,754	FY06 Estimated renewal (10 months)
Crime Policy	47,541	FY06 Estimated renewal
Service Fees	123,818	FY06 Estimated renewal (10 months)
RMIS Service Fees	21,700	FY06 Estimated renewal

FY 2005-06 Property Program Costs	Total	Notes
Prior Year Prepaid Premiums (from FY05)	790,286	FY06 Prepaid Premiums (2 months)
Program Fund Caps	1,350,000	Aggregate Deductible (includes \$100K for Boilers)
Premium Line Expenses subtotal	5,810,255	
Reserve Stabilization Allowance	(1,413,419)	Maintains 5% Fund Reserve Balance
Total Property Allocations	\$4,507,844	Agency billings equal allocated assessments

E. Workers' Compensation Program Budget Calculations

The table below represents the Workers' Compensation Program cost calculations for FY 2005-06. Assumptions for these calculations are provided in the 'Notes' column.

FY 2005-06 Workers' Compensation Costs	Total	Notes
Program Overhead Expenses	\$574,610	Calculated as 71.5% of the total
Premium Line Expenses		
Prospective Claims Payout	26,535,213	FY06 Actuarial Report (8/4/2005)
DHS Prior Year Claim Payments	162,440	FY05 Actuals
Excess Policy	369,585	FY06 Estimated renewal
Admin Fee	2,538,000	FY06 Estimate
Surcharge/Tax	370,000	FY06 Estimate
Actuarial Services	35,750	FY06 Projected professional services costs
RMIS Service Fees	21,700	FY06 Estimated renewal
Broker Service Fees	43,008	FY06 Estimate
Premium Line Expenses subtotal	30,075,696	
C-SEAP Funding	451,463	Per FY06 Long Bill (Base, Pots, Common Policies)
Reserve Stabilization Allowance	(2,597,846)	Maintains 5% Fund Reserve Balance
Total Workers' Compensation Allocations	\$28,503,923	Agency billings equal allocated assessments

F. C-SEAP Funding Related to the Workers' Compensation Program

Pursuant to Section 24-50-604 (1) (k) (IV) C.R.S., the Colorado State Employees Assistance Program (C-SEAP) may be funded from (but not limited to) the Risk Management Fund. As such, C-SEAP funding is incorporated within the Workers' Compensation Program billing allocations. For FY 2005-06 C-SEAP calculations, appropriated Long Bill amounts and central

appropriation allocations are used as reported in the Schedule 5(s) submitted with the FY 2006-07 budget request.

The table below represents C-SEAP Funding cost calculations for FY 2005-06.

Calculation of FY 2005-06 CSEAP Funding Request	
Personal Services	\$282,275
Pots Allocations	
Health, Life and Dental	11,701
Short-term Disability	349
Salary Survey	7,037
Amortization Equalization Disbursement	593
Pots Allocations Subtotal	19,680
Operating Expenses	37,233
Operating Common Policies	
Workers' Comp	1,519
Payment to Risk Mgt/Property Funds	6,294
Leased Space	48,870
Operating Common Policies Subtotal	56,683
Indirect Costs	55,592
Total	\$451,463

G. Revised Allocations for Risk Management

The attached appendices provide revised allocations for Risk Management Services along with the funding impacts related to supplemental appropriations for FY 2005-06. Alternative #1 is quantified in columns entitled "Revised \$ Allocation," while Alternative #2 (Make no changes) is quantified in columns entitled "Old \$ Allocation."

Appendix	Title
A	Liability Program - State Agency Allocations
B	Liability Program - Higher Education Subgroup Allocations
C	Property Program - State Agency Allocations
D	Property Program - Higher Education Subgroup Allocations
E	Payments to Risk Management and Property Funds (Combined Property and Liability) - State Agency Allocations
F	Payments to Risk Management and Property Funds (Combined Property and

Appendix	Title
	Liability) - Higher Education Subgroup Allocations
G	Workers' Compensation - State Agency Allocations
H	Workers' Compensation - Higher Education Subgroup Allocations
I	Net Payment Adjustments to Risk Management Services (All Programs) - State Agency Allocations
J	Net Payment Adjustments to Risk Management Services (All Programs) - Higher Education Subgroup Allocations
K	Flood Zone 'A' Locations and Premiums
L	Agency and School Codes

CONCERNS OR UNCERTAINTIES

The Department will continue to update allocations annually during the supplemental process in keeping with its "Truth in Rates" costing policy for this and other statewide programs. Due to the inherent actuarial unpredictability from year to year with regards to actual claims experience and premium costs from insurers, there is no reliably meaningful method to project cost allocations a full year in advance (i.e., FY 2006-07). For example, FY 2006-07 rates will be affected generally by the claims specifically experienced by the various departments, and insurance premiums will be altered by rate adjustments made by the State's insurance carriers (i.e., the effect of the record-breaking hurricane season during the past year).

Therefore, a budget amendment is not requested, since allocations will not ultimately be finalized for the request year until the next supplemental true-up. This reduces the number budget planning iterations that State budget officials need to perform from 3 to 2: one as the annual fiscal year budgets are developed by departments during the statewide common policy process, and the second during the annual supplemental true-up. At this time during the budget cycle, the Department simply has no meaningfully quantifiable way to modify allocations for the next fiscal year.

CONCLUSION/RECOMMENDATION

The Department recommends the identified program and allocation adjustments for FY 2005-06 as indicated in Alternative #1. This course of action will result in possible General Fund cost avoidance since statewide allocations will be more accurately aligned with revised programmatic expenses and reserve funding levels.

Appendix A: Liability - State Agency Allocations

Agency	Code	FY 2005-06 Supplemental			
		Revised % Allocation	Revised \$ Allocation	Old \$ Allocation	Increase/ (Decrease)
Agriculture	AG	1.724%	51,583	192,418	(140,835)
Corrections	CO	30.981%	926,988	3,338,746	(2,411,758)
Education	ED	0.087%	2,604	7,590	(4,986)
Governor	EX	0.858%	25,673	95,763	(70,090)
Pers & Admin (DPA)	GS	1.163%	34,807	134,603	(99,796)
Health Care Policy	HC	0.734%	21,976	63,618	(41,642)
Higher Education	HE	9.970%	298,307	828,022	(529,715)
Transportation	HI	24.364%	729,013	2,594,967	(1,865,954)
Human Services	HS	13.063%	390,874	1,638,902	(1,248,028)
Judicial	JD	4.626%	138,424	588,417	(449,993)
Labor & Emp.	LA	1.083%	32,394	120,875	(88,481)
Legislature	LE	0.037%	1,106	4130	(3,024)
Local Affairs	LO	0.274%	8,210	33148	(24,938)
Law Dept	LW	0.788%	23,576	95205	(71,629)
Military Affairs	MA	0.394%	11,798	47,659	(35,861)
Nat. Resources	NR	2.586%	77,379	256,818	(179,439)
Public Health	PH	0.440%	13,164	38,171	(25,007)
Public Safety	PS	4.242%	126,921	460,732	(333,811)
Reg. Agencies	RG	0.664%	19,863	80,136	(60,273)
Revenue	RV	1.796%	53,738	165,073	(111,335)
Secretary of State	ST	0.118%	3,534	17,189	(13,655)
Treasury	TR	0.006%	188	780	(592)
Allocation Totals		100.000%	2,992,120	10,802,962	(7,810,842)

Appendix B: Liability - Higher Education Subgroup Allocations

School/Agency	Code	FY 2005-06 Supplemental			
		Revised % Allocation	Revised \$ Allocation	Old \$ Allocation	Increase/ (Decrease)
Arapahoe	AR	6.130%	18,287	42,879	(24,592)
Adams	AS	2.007%	5,988	16,951	(10,963)
Auraria	AU	6.119%	18,253	36,740	(18,487)
State Board of Agriculture	BA	0.333%	993	2,167	(1,173)
Aurora CC	CA	2.572%	7,673	24,312	(16,639)
Denver CC	CD	0.187%	559	1,417	(858)
Fort Lewis	FL	1.703%	5,081	16,777	(11,695)
Front Range	FR	0.864%	2,579	6,537	(3,958)
College Access Network	GL	6.223%	18,564	47,059	(28,495)
CCHE w/ Arts & Hum (AH)	HE	0.088%	261	496	(235)
Historical Society	HS	0.186%	554	790	(236)
Lamar	LA	0.205%	612	1,695	(1,083)
Metropolitan	ME	15.234%	45,444	142,826	(97,382)
School of Mines	MI	13.224%	39,448	125,486	(86,038)
Morgan	MO	0.033%	99	217	(117)
Mesa	MS	4.159%	12,406	24,119	(11,713)
Northeastern JC	NE	0.056%	168	366	(198)
UNC	NO	19.386%	57,828	183,950	(126,122)
Northwestern JC	NW	0.047%	140	234	(94)
College Invest	OB	0.035%	103	295	(192)
CCCOES Admin	OE	0.056%	168	366	(198)
Otero	OT	0.246%	733	1,264	(531)
Pikes Peak	PP	6.296%	18,780	44,267	(25,487)
Occup Educ	PS	0.101%	301	957	(656)
Pueblo	PV	0.350%	1,044	1,489	(445)
Red Rocks	RR	1.596%	4,760	15,142	(10,382)
USC	SC	8.951%	26,702	58,237	(31,535)
Trinidad	TR	0.602%	1,796	4,029	(2,233)
Trustees Admin	TS	0.162%	484	1,539	(1,055)
Western	WS	2.849%	8,498	25,420	(16,923)
Allocation Totals		100.000%	298,307	828,022	(529,715)

Appendix C: FY 2005-06 Property Program Supplemental - State Agency Allocations

Agency	Code	Building & Contents Value	General Share of Allocations				Flood Zone A Premiums			Total Revised \$ Allocation
			Revised % Allocation	Revised \$ Allocation	Old \$ Allocation	Increase/ (Decrease)	Revised \$ Allocation	Old \$ Allocation	Increase/ (Decrease)	
Agriculture	AG	82,424,523	1.175%	50,452	75,282	(24,830)	0	0	0	50,452
Corrections	CO	924,866,684	13.186%	566,115	844,832	(278,717)	0	0	0	566,115
Education	ED	95,390,247	1.360%	58,389	87,135	(28,746)	0	0	0	58,389
Governor	EX	503,417	0.007%	308	448	(140)	0	0	0	308
Pers & Admin (DPA)	GS	576,476,510	8.219%	352,864	526,594	(173,730)	8,052	7,570	482	360,916
Health Care Policy	HC	0	0.000%	0	0	0	0	0	0	0
Higher Education	HE	3,808,363,594	54.296%	2,331,114	3,478,768	(1,147,654)	35,727	0	35,727	2,366,841
Transportation	HI	329,659,035	4.700%	201,786	301,132	(99,346)	53,013	49,160	3,853	254,799
Human Services	HS	600,625,907	8.563%	367,645	548,635	(180,990)	0	0	0	367,645
Judicial	JD	44,143,498	0.629%	27,020	40,301	(13,281)	0	0	0	27,020
Labor & Emp.	LA	40,609,695	0.579%	24,857	37,097	(12,240)	0	0	0	24,857
Legislature	LE	3,838,155	0.055%	2,349	3,523	(1,174)	0	0	0	2,349
Local Affairs	LO	7,195,542	0.103%	4,404	6,599	(2,195)	0	0	0	4,404
Law Dept	LW	4,093,656	0.058%	2,506	3,717	(1,211)	0	0	0	2,506
Military Affairs	MA	64,432,439	0.919%	39,439	58,881	(19,442)	660	585	75	40,099
Nat. Resources	NR	257,357,506	3.669%	157,530	235,074	(77,544)	90,945	80,517	10,428	248,475
Public Health	PH	38,717,982	0.552%	23,699	35,367	(11,668)	7,001	6,308	693	30,700
Public Safety	PS	74,612,405	1.064%	45,671	68,170	(22,499)	14,691	13,369	1,322	60,362
Reg. Agencies	RG	8,277,000	0.118%	5,066	7,561	(2,495)	0	0	0	5,066
Revenue	RV	46,790,078	0.667%	28,640	42,735	(14,095)	4,416	3,915	501	33,056
Secretary of State	ST	5,500,000	0.078%	3,367	4,997	(1,630)	0	0	0	3,367
Treasury	TR	189,900	0.003%	116	191	(75)	0	0	0	116
Allocation Totals		7,014,067,773	100.000%	4,293,339	6,407,039	(2,113,700)	214,505	161,424	53,081	4,507,844

Appendix D: FY 2005-06 Property Program Supplemental - Higher Education Subgroup Allocations

Agency	Code	Building & Contents Value	General Share of Allocations				Flood Zone A Premiums			Total Revised \$ Allocation
			Revised % Allocation	Revised \$ Allocation	Old \$ Allocation	Increase/ (Decrease)	Revised \$ Allocation	Old \$ Allocation	Increase/ (Decrease)	
Arapahoe	AR	89,280,500	2.344%	54,649	81,554	(26,905)	1,064	0	1,064	55,713
Adams	AS	258,324,201	6.783%	158,121	235,967	(77,846)	0	0	0	158,121
Auraria	AU	436,038,250	11.449%	266,901	398,301	(131,400)	23,628	0	23,628	290,529
Aurora CC	CA	9,138,316	0.240%	5,594	8,347	(2,754)	0	0	0	5,594
Denver CC	CD	8,476,029	0.223%	5,188	7,742	(2,554)	0	0	0	5,188
Fort Lewis	FL	172,423,230	4.527%	105,541	157,501	(51,960)	0	0	0	105,541
Front Range	FR	147,814,507	3.881%	90,478	135,022	(44,544)	0	0	0	90,478
College Access Network	GL	20,718,960	0.544%	12,682	18,926	(6,244)	0	0	0	12,682
CCHE w/ Arts & Hum (AH)	HE	593,490	0.016%	363	542	(179)	0	0	0	363
Historical Society	HS	28,621,038	0.752%	17,519	26,144	(8,625)	0	0	0	17,519
Lamar	LA	40,971,553	1.076%	25,079	37,426	(12,347)	0	0	0	25,079
Metropolitan	ME	14,839,711	0.390%	9,083	13,555	(4,472)	0	0	0	9,083
School of Mines	MI	518,346,019	13.611%	317,282	473,486	(156,204)	0	0	0	317,282
Morgan	MO	16,050,990	0.421%	9,825	14,662	(4,837)	0	0	0	9,825
Mesa	MS	272,880,327	7.165%	167,031	249,264	(82,233)	0	0	0	167,031
Northeastern JC	NE	76,400,401	2.006%	46,765	69,788	(23,023)	0	0	0	46,765
UNC	NO	724,468,447	19.023%	443,450	661,769	(218,319)	0	0	0	443,450
Northwestern JC	NW	48,237,672	1.267%	29,526	44,063	(14,536)	6,388	0	6,388	35,914
College Invest	OB	550,000	0.014%	337	502	(166)	0	0	0	337
CCCOES Admin	OE	103,816,568	2.726%	63,547	94,832	(31,285)	0	0	0	63,547
Otero	OT	56,461,594	1.483%	34,560	51,575	(17,015)	0	0	0	34,560
Pikes Peak	PP	111,654,561	2.932%	68,344	101,991	(33,647)	0	0	0	68,344
Pueblo	PV	73,790,721	1.938%	45,168	67,404	(22,237)	0	0	0	45,168
Red Rocks	RR	76,240,020	2.002%	46,667	69,642	(22,975)	4,647	0	4,647	51,314
USC	SC	172,336,853	4.525%	105,488	157,422	(51,934)	0	0	0	105,488
Trinidad	TR	92,309,356	2.424%	56,503	84,320	(27,818)	0	0	0	56,503
Trustees Admin	TS	110,000	0.003%	67	100	(33)	0	0	0	67
Western	WS	237,470,281	6.235%	145,357	216,918	(71,562)	0	0	0	145,357
Allocation Totals		3,808,363,594	100.000%	2,331,114	3,478,768	(1,147,654)	35,727	0	35,727	2,366,841

Appendix E: Payments to Risk Management and Property Funds (Combined Property and Liability) - State Agency Allocations

Agency	Code	FY 2005-06 Supplemental		
		Revised \$ Allocation	Old \$ Allocation	Increase/ (Decrease)
Agriculture	AG	102,035	267,700	(165,665)
Corrections	CO	1,493,102	4,183,578	(2,690,476)
Education	ED	60,993	94,725	(33,732)
Governor	EX	25,981	96,211	(70,230)
Pers & Admin (DPA)	GS	395,722	668,767	(273,045)
Health Care Policy	HC	21,976	63,618	(41,642)
Higher Education	HE	2,665,148	4,306,790	(1,641,641)
Transportation	HI	983,812	2,945,259	(1,961,447)
Human Services	HS	758,519	2,187,537	(1,429,018)
Judicial	JD	165,445	628,718	(463,273)
Labor & Emp.	LA	57,252	157,972	(100,720)
Legislature	LE	3,456	7,653	(4,197)
Local Affairs	LO	12,615	39,747	(27,132)
Law Dept	LW	26,082	98,922	(72,840)
Military Affairs	MA	51,897	107,125	(55,228)
Nat. Resources	NR	325,854	572,409	(246,555)
Public Health	PH	43,864	79,846	(35,982)
Public Safety	PS	187,283	542,271	(354,988)
Reg. Agencies	RG	24,930	87,697	(62,767)
Revenue	RV	86,794	211,723	(124,929)
Secretary of State	ST	6,900	22,186	(15,286)
Treasury	TR	304	971	(667)
Allocation Totals		7,499,964	17,371,425	(9,871,461)

Appendix F: Payments to Risk Management and Property Funds (Combined Property and Liability) - Higher Education Subgroup Allocations

Agency	Code	FY 2005-06 Supplemental		
		Revised \$ Allocation	Old \$ Allocation	Increase/ (Decrease)
Arapahoe	AR	74,000	124,433	(50,433)
Adams	AS	164,110	252,919	(88,809)
Auraria	AU	308,782	435,041	(126,260)
State Board of Agriculture	BA	993	2,167	(1,173)
Aurora CC	CA	13,266	32,659	(19,393)
Denver CC	CD	5,747	9,159	(3,412)
Fort Lewis	FL	110,622	174,277	(63,655)
Front Range	FR	93,056	141,558	(48,502)
College Access Network	GL	31,246	65,985	(34,739)
CCHE w/ Arts & Hum (AH)	HE	625	1,038	(414)
Historical Society	HS	18,073	26,934	(8,861)
Lamar	LA	25,691	39,121	(13,430)
Metropolitan	ME	54,528	156,382	(101,854)
School of Mines	MI	356,730	598,972	(242,242)
Morgan	MO	9,924	14,879	(4,954)
Mesa	MS	179,437	273,383	(93,946)
Northeastern JC	NE	46,933	70,154	(23,221)
UNC	NO	501,278	845,719	(344,441)
Northwestern JC	NW	36,054	44,296	(8,242)
College Invest	OB	440	797	(357)
CCCOES Admin	OE	63,714	95,197	(31,483)
Otero	OT	35,293	52,839	(17,546)
Pikes Peak	PP	87,124	146,259	(59,134)
Occup Educ	PS	301	957	(656)
Pueblo	PV	46,212	68,894	(22,682)
Red Rocks	RR	56,074	84,784	(28,710)
USC	SC	132,190	215,659	(83,468)
Trinidad	TR	58,299	88,349	(30,051)
Trustees Admin	TS	551	1,639	(1,088)
Western	WS	153,854	242,338	(88,484)
Allocation Totals		2,665,148	4,306,790	(1,641,641)

Appendix G: Workers' Compensation - State Agency Allocations

Agency	Code	FY 2005-06 Supplemental			
		Revised % Allocation	Revised \$ Allocation	Old \$ Allocation	Increase/ (Decrease)
Agriculture	AG	0.720%	204,045	178,063	25,982
Corrections	CO	19.540%	5,537,837	5,261,284	276,553
Education	ED	1.323%	374,975	528,253	(153,278)
Governor	EX	0.013%	3,719	3,124	595
Pers & Admin (DPA)	GS	0.830%	235,127	182,436	52,691
Health Care Policy	HC	0.139%	39,405	30,302	9,103
Higher Education	HE	12.710%	3,602,215	4,022,967	(420,752)
Transportation	HI	21.282%	6,031,706	5,727,059	304,647
Human Services	HS	17.544%			
Cost Allocation Share			4,972,364	6,326,224	(1,353,860)
Prior Year WC Claim Payments			162,440	143,367	19,073
Human Services subtotal			5,134,804	6,469,591	(1,334,787)
Judicial	JD	3.919%	1,110,655	1,317,038	(206,383)
Labor & Emp.	LA	1.467%	415,838	596,041	(180,203)
Legislature	LE	0.095%	26,933	29,677	(2,744)
Local Affairs	LO	0.102%	28,847	41,236	(12,389)
Law Dept	LW	0.161%	45,673	50,295	(4,622)
Military Affairs	MA	0.390%	110,419	121,520	(11,101)
Nat. Resources	NR	9.053%	2,565,831	3,276,665	(710,834)
Public Health	PH	0.990%	280,679	242,103	38,576
Public Safety	PS	6.566%	1,860,926	2,192,046	(331,120)
Reg. Agencies	RG	0.260%	73,703	56,855	16,848
Revenue	RV	2.865%	811,890	1,046,197	(234,307)
Secretary of State	ST	0.027%	7,717	8,121	(404)
Treasury	TR	0.003%	984	1,250	(266)
Allocation Totals		100.000%	28,503,923	31,382,123	(2,878,200)

Appendix H: Workers' Compensation - Higher Education Subgroup Allocations

School/Agency	Code	FY 2005-06 Supplemental			
		Revised % Allocation	Revised \$ Allocation	Old \$ Allocation	Increase/ (Decrease)
Arapahoe	AR	1.466%	52,799	45,345	7,454
Adams	AS	7.336%	264,267	301,713	(37,446)
Auraria	AU	8.538%	307,557	429,078	(121,520)
State Board of Agriculture	BA	0.007%	256	357	(101)
Aurora CC	CA	1.396%	50,304	56,151	(5,847)
Denver CC	CD	2.184%	78,671	67,564	11,107
Fort Lewis	FL	5.940%	213,961	188,079	25,882
Front Range	FR	3.956%	142,491	177,691	(35,200)
College Access Network	GL	1.237%	44,564	43,763	801
CCHE w/ Arts & Hum (AH)	HE	0.179%	6,446	7,917	(1,471)
Historical Society	HS	0.272%	9,802	9,881	(79)
Lamar	LA	0.262%	9,455	13,191	(3,736)
Metropolitan	ME	3.951%	142,339	198,579	(56,240)
School of Mines	MI	6.905%	248,743	313,748	(65,005)
Morgan	MO	0.859%	30,957	26,586	4,371
Mesa	MS	3.482%	125,429	107,721	17,708
Northeastern JC	NE	0.033%	1,191	1,023	168
UNC	NO	22.950%	826,697	947,133	(120,436)
Northwestern JC	NW	0.040%	1,436	1,233	203
College Invest	OB	0.035%	1,245	3,089	(1,844)
CCCOES Admin	OE	1.723%	62,061	63,996	(1,935)
Otero	OT	3.266%	117,632	159,749	(42,116)
Pikes Peak	PP	6.148%	221,476	190,207	31,268
Occup Educ	PS	0.013%	469	655	(185)
Pueblo	PV	3.152%	113,531	148,988	(35,456)
Red Rocks	RR	3.074%	110,734	112,386	(1,652)
USC	SC	7.446%	268,231	278,347	(10,115)
Trinidad	TR	3.202%	115,360	99,074	16,287
Trustees Admin	TS	0.022%	803	1,120	(317)
Western	WS	0.925%	33,306	28,604	4,702
Allocation Totals		100.000%	3,602,215	4,022,967	(420,752)

Appendix I: Net Payment Adjustments to Risk Management Services (All Programs) - State Agency Allocations

Agency	Code	FY 2005-06 Supplemental		
		Revised \$ Allocation	Old \$ Allocation	Increase/ (Decrease)
Agriculture	AG	306,080	445,763	(139,683)
Corrections	CO	7,030,939	9,444,862	(2,413,923)
Education	ED	435,968	622,978	(187,010)
Governor	EX	29,699	99,335	(69,636)
Pers & Admin (DPA)	GS	630,849	851,203	(220,354)
Health Care Policy	HC	61,381	93,920	(32,539)
Higher Education	HE	6,267,363	8,329,757	(2,062,393)
Transportation	HI	7,015,518	8,672,318	(1,656,800)
Human Services	HS	5,893,323	8,657,128	(2,763,805)
Judicial	JD	1,276,099	1,945,756	(669,657)
Labor & Emp.	LA	473,090	754,013	(280,923)
Legislature	LE	30,388	37,330	(6,942)
Local Affairs	LO	41,461	80,983	(39,522)
Law Dept	LW	71,755	149,217	(77,462)
Military Affairs	MA	162,316	228,645	(66,329)
Nat. Resources	NR	2,891,684	3,849,074	(957,390)
Public Health	PH	324,543	321,949	2,594
Public Safety	PS	2,048,208	2,734,317	(686,109)
Reg. Agencies	RG	98,632	144,552	(45,920)
Revenue	RV	898,684	1,257,920	(359,236)
Secretary of State	ST	14,617	30,307	(15,690)
Treasury	TR	1,288	2,221	(933)
Allocation Totals		36,003,886	48,753,548	(12,749,661)

Appendix J: Net Payment Adjustments to Risk Management Services (All Programs) - Higher Education Subgroup Allocations

Agency	Code	FY 2005-06 Supplemental		
		Revised \$ Allocation	Old \$ Allocation	Increase/ (Decrease)
Arapahoe	AR	126,799	169,778	(42,979)
Adams	AS	428,377	554,632	(126,256)
Auraria	AU	616,339	864,119	(247,780)
State Board of Agriculture	BA	1,250	2,524	(1,274)
Aurora CC	CA	63,570	88,810	(25,240)
Denver CC	CD	84,418	76,723	7,695
Fort Lewis	FL	324,583	362,357	(37,773)
Front Range	FR	235,547	319,249	(83,702)
College Access Network	GL	75,811	109,749	(33,938)
CCHE w/ Arts & Hum (AH)	HE	7,070	8,955	(1,885)
Historical Society	HS	27,875	36,814	(8,940)
Lamar	LA	35,146	52,312	(17,166)
Metropolitan	ME	196,867	354,961	(158,094)
School of Mines	MI	605,473	912,720	(307,247)
Morgan	MO	40,881	41,465	(584)
Mesa	MS	304,866	381,103	(76,237)
Northeastern JC	NE	48,124	71,177	(23,053)
UNC	NO	1,327,976	1,792,852	(464,877)
Northwestern JC	NW	37,490	45,530	(8,039)
College Invest	OB	1,685	3,887	(2,202)
CCCOES Admin	OE	125,775	159,194	(33,418)
Otero	OT	152,926	212,588	(59,662)
Pikes Peak	PP	308,600	336,466	(27,866)
Occup Educ	PS	770	1,612	(842)
Pueblo	PV	159,743	217,881	(58,138)
Red Rocks	RR	166,808	197,169	(30,362)
USC	SC	400,422	494,006	(93,584)
Trinidad	TR	173,659	187,423	(13,764)
Trustees Admin	TS	1,354	2,759	(1,405)
Western	WS	187,160	270,942	(83,782)
Allocation Totals		6,267,363	8,329,757	(2,062,393)

Appendix K: Flood Zone 'A' Locations and Premiums

Property	Dept Code	Agency Code	Street Address	City	Zip Code	County	Annual Quote \$
Electronics Laboratory	GS	IT	2452 W. Second Ave	Denver	80223	Denver	1,941
Admin./Engineering	GS	IT	2452 W. Second Ave	Denver	80223	Denver	3,912
Comm. Site S. H. D.	GS	IT	13360 W. I-76 Frontage Rd	Ft. Morgan	80701	Morgan	1,540
Lowell Annex (AVS)	HE	AR	3784 S Logan	Englewood	80110	Arapahoe	884
1200 7th St.	HE	AU	1200 7th St.	Denver	80204	Denver	7,058
Pumphouse/Irrigation	HE	AU	755 Walnut St	Denver	80204	Denver	723
Administration Bldg	HE	AU	1201 5th Street	Denver	80204	Denver	1,277
Printing/Distribution Center	HE	AU	1224-30 5th Street	Denver	80204	Denver	6,433
Auraria Office/Garage	HE	AU	1144 5th Street	Denver	80217	Denver	2,889
Parking Storage	HE	AU	1200 7th Street	Denver	80204	Denver	782
Blue Warehouse	HE	AU	1376 Walnut St	Denver	80204	Denver	1,812
Airplane Hangar	HE	NW	2248 E Main Street	Rangely	81048	Rio Blanco	3,340
County Hangar	HE	NW	2248 E Main Street	Rangely	81648	Rio Blanco	2,464
Mountain Center	HE	RR	10441 County Hwy 73	Conifer	80433	Jefferson	4,023
Maintenance Shed	HI	DH	450 B Avenue	Limon	80011	Lincoln	1,169
Maintenance Div Office	HI	DH	905 Erie	Pueblo	81001	Pueblo	7,487
Maintenance Div Garage	HI	DH	905 Erie	Pueblo	81001	Pueblo	848
Maintenance Barn	HI	DH	3335 SH 92	Hotchkiss	81419	Delta	1,397
Maintenance Barn	HI	DH	1517 Sh 187	Paonia	81428	Delta	1,071
Maintenance Barn	HI	DH	202 Centennial St	Glenwood	81610	Garfield	3,500
Garage/Storage	HI	DH	43543 Hwy 13	Meeker	81641	Rio Blanco	2,223
Maintenance Barn	HI	DH	15551 Highway 145	Telluride	81435	San Miguel	1,796
Salt Dome	HI	DH	2300 West 11th Avenue	Denver	80205	Denver	1,433
Maintenance Garage/Office	HI	DH	139 Walnut Street	Brighton	80601	Adams	444
Maintenance Shed	HI	DH	1226 Alaska	Longmont	80501	Boulder	1,078
Maintenance Shed	HI	DH	29340 Hwy 34	Brush 1	80723	Morgan	1,340
Maintenance Shed	HI	DH	29340 Hwy 34	Brush 1	80723	Morgan	1,191
Maintenance Shed	HI	DH	29340 Hwy 34	Brush 1	80723	Morgan	2,807
Maintenance Office Building	HI	DH	5701 N. Federal Blvd	Westminster	80221	Adams	2,672
Offices/Lab	HI	DH	20581 Highway 160	Durango	81301	La Plata	2,793
CSP Headquarters	HI	DH	20581 Highway 160	Durango	81301	La Plata	1,518
Supply Warehouse	HI	DH	20581 Highway 160	Durango	81301	La Plata	3,236
Traffic Shop	HI	DH	20581 Highway 160	Durango	81301	La Plata	1,589
Maintenance Garage	HI	DH	5701 N. Federal Blvd	Westminster	80221	Adams	1,864
Maintenance Shed	HI	DH	450 B Avenue	Limon	80011	Lincoln	1,468
Office Bldg	HI	DH	202 Centennial St	Glenwood	81610	Garfield	3,484
Maintenance Barn	HI	DH	360 S 7th St	Rifle	81650	Garfield	1,600
Denver Armory	MA	NG	5275 Franklin street	Denver	80216	Denver	571
Brush-Leased Office	NR	WI	122 Edison St	Brush	80723	Morgan	10,000
Lowell Ponds-Office Building	NR	WI	4160 W. 56th Way	Denver	80221	Adams	2,861
Durango Hatchery-Pump House	NR	WI	141 E 16th St	Durango	81301	La Plata	2,563
Durango Hatchery-Hatchery/Office	NR	WI	141 E 16th St	Durango	81301	La Plata	6,407
Durango Area 15-House #3 - GH58	NR	WI	151 E 16th St	Durango	81301	La Plata	3,966
Durango Hatchery-Hatchery (Old)	NR	WI	141 E 16th St	Durango	81301	La Plata	4,614
Mt Evans SWA-Machine Shed	NR	WI	1687 CTY Rd 480	Evergreen	80439	Clear Creek	3,246
Bird Farm	NR	WI	1424 NE Front Rd 125	Ft Collins	80526	Larimer	687
Pueblo Hatchery-Brick Storage BLDG	NR	WI	520 Reservoir Rd	Pueblo	81005	Pueblo	3,945
Pueblo Hatchery-Hatchery	NR	WI	500 Reservoir Rd	Pueblo	81005	Pueblo	7,428
Pueblo Hatchery-Microscreen Building	NR	WI	500 Reservoir Rd	Pueblo	81005	Pueblo	6,670
Mt Shavano Hatchery-Hatchery	NR	WI	7725 County Rd 154	Salida	81201	Chaffe	5,649
Mt Shavano Hatchery-Nurse Basin	NR	WI	7725 County Rd 154	Salida	81201	Chaffe	3,676
Salida Area 13-Warehouse West	NR	WI	7725 US HWY 50	Salida	81201	Chaffe	2,719
MT Shavano Hatchery-House - GH77	NR	WI	7725 County Rd 154	Salida	81201	Chaffe	2,006
MT Shavano Hatchery-Food Prep Building	NR	WI	7725 County Rd 154	Salida	81201	Chaffe	2,179
MT Shavano Hatchery-Office/Shop/Garage	NR	WI	7725 County Rd 154	Salida	81201	Chaffe	3,140

Appendix K: Flood Zone 'A' Locations and Premiums

Property	Dept Code	Agency Code	Street Address	City	Zip Code	County	Annual Quote \$
MT Shavano Hatchery-Food/Truck Shop	NR	WI	7725 County Rd 154	Salida	81201	Chaffe	2,831
Durango Hatchery-Recirculation BLDG	NR	WI	151 E 16th St	Durango	81301	La Plata	3,319
Bird Farm Area 4 Office	NR	WI	1424 NE Frontage Rd	Ft Collins	80524	Larimer	724
Emissions Tech. Center	PH	AP	2450 W 2nd Ave	Denver	80223	Denver	3,823
Welby Monitor Station	PH	CC	3174 E 78th Ave	Thornton	80229	Adams	2,337
CSP Durango Dist & Trp Office	PS	PA	20591 Highway 160	Durango	81301	La Plata	1,731
CSP/Vehicle/Supply/CGW	PS	PA	15203 W. 12th Avenue	Golden	80401	Jefferson	7,428
CSP Ft Morgan Office	PS	PA	13360 W I-76 Frontage Rd	Ft. Morgan	80701	Morgan	2,061
CSP Ft Morgan Garage	PS	PA	13360 W I-76 Frontage Rd	Ft. Morgan	80701	Morgan	630
CSP Steamboat Office/Garage	PS	PA	30200 Highway 40	Steamboat Springs	80487	Routt	1,206
Lottery Warehouse	RV	PE	700 W. Mississippi	Denver	80223	Denver	3,823

Appendix L: Department/Agency and School Codes

Department/Agency	Code
Agriculture	AG
Corrections	CO
Education	ED
Governor	EX
Pers & Admin (DPA)	GS
Health Care Policy	HC
Higher Education	HE
Transportation	HI
Human Services	HS
Judicial	JD
Labor & Emp.	LA
Legislature	LE
Local Affairs	LO
Law Dept	LW
Military Affairs	MA
Nat. Resources	NR
Public Health	PH
Public Safety	PS
Reg. Agencies	RG
Revenue	RV
Secretary of State	ST
Treasury	TR

School/Agency	Code
Arapahoe	AR
Adams	AS
Auraria	AU
State Board of Agriculture	BA
Aurora CC	CA
Denver CC	CD
CSU	CS
Fort Lewis	FL
Front Range	FR
College Access Network	GL
CCHE w/ Arts & Hum (AH)	HE
Historical Society	HS
Lamar	LA
Metropolitan	ME
School of Mines	MI
Morgan	MO
Mesa	MS
Northeastern JC	NE
UNC	NO
Northwestern JC	NW
College Invest	OB
CCCOES Admin	OE
Otero	OT
Pikes Peak	PP
Occup Educ	PS
Pueblo	PV
Red Rocks	RR
USC	SC
Trinidad	TR
Trustees Admin	TS
Western	WS

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Schedule 6
 FY 2005-06 STATEWIDE SUPPLEMENTAL REQUEST & FY 2006-07 BUDGET AMENDMENT REQUEST

Department: Personnel and Administration
 Priority Number: Statewide Supplemental #4, Budget Amendment #3
 Division: Executive Office, Division of Central Services
 Program: Facilities Maintenance
 Request Title: Capitol Complex Utilities Increase

Dept. Approval: [Signature]
 OSPB Approval: [Signature]
 Statutory Citation: _____

Date: January 3, 2006
 Date: 12-22-05

Budget Analyst: Cindy Baouchi-Arcuri
 Date: _____

Long Bill Line Item	Fund Source	1 Prior-Year Actual FY 2004-05	2 Appropriation FY 2005-06	3 Supplemental Request FY 2005-06	4 Total Revised Request FY 2005-06	5 Base Request FY 2006-07	6 Decision/Base Reduction FY 2006-07	7 November 1 Request FY 2006-07	8 Budget Amendment FY 2006-07	9 Total Revised Request FY 2006-07	10 Change from Base in Out Year FY 2007-08
Total of all line items	Total	\$4,737,486	\$4,936,062	\$42,766	\$4,978,828	\$4,950,890	\$0	\$4,950,890	\$406,654	\$5,357,544	\$365,122
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	560,199	489,235	(5,150)	484,085	496,205	0	496,205	15,438	511,643	0
	CF	7,485	48,950	0	48,950	48,950	0	48,950	0	48,950	0
	CFE	4,169,802	4,397,877	47,916	4,445,793	4,405,735	0	4,405,735	391,216	4,796,951	365,122
	FF	0	0	0	0	0	0	0	0	0	0
Executive Office, Capitol Complex Leased Space	Total	\$1,247,662	\$1,036,478	\$1,423	\$1,037,901	\$1,051,306	\$0	\$1,051,306	\$41,532	\$1,092,838	\$0
	FTE										
	GF	560,199	489,235	(5,150)	484,085	496,205		496,205	15,438	511,643	
	CF	7,485									
	CFE	679,978	547,243	6,573	553,816	555,101		555,101	26,094	581,195	
	FF										
Div of Central Services, Facilities Maintenance, Capitol Complex Utilities	Total	\$3,060,325	\$3,458,419	(\$30,730)	\$3,427,689	\$3,458,419	\$0	\$3,458,419	\$284,383	\$3,742,802	\$284,383
	FTE										
	GF										
	CF										
	CFE	3,060,325	3,458,419	(30,730)	3,427,689	3,458,419		3,458,419	284,383	3,742,802	284,383
	FF										
Div of Central Services, Facilities Maintenance, GJ State Svcs Bldg Utilities	Total	\$68,177	\$71,084	\$14,674	\$85,758	\$71,084	\$0	\$71,084	\$16,470	\$87,554	\$16,470
	FTE										
	GF										
	CF										
	CFE	68,177	71,084	14,674	85,758	71,084		71,084	16,470	87,554	16,470
	FF										
Div of Central Services, Facilities Maintenance, Camp George West Utilities	Total	\$361,322	\$370,081	\$57,399	\$427,480	\$370,081	\$0	\$370,081	\$64,269	\$434,350	\$64,269
	FTE										
	GF										
	CF		48,950		48,950	48,950		48,950		48,950	
	CFE	361,322	321,131	57,399	378,530	321,131		321,131	64,269	385,400	64,269
	FF										

Letter Notations:
 Cash Fund Name/Number: Fund 610
 IT Request: No
 Supplemental and Budget Amendment Criteria: New Data
 Request for New or Replacement Vehicles: No
 Request Affects Another Department(s): Yes - Statewide Request impacting multiple departments.

Efficiency and Effectiveness Analysis
FY 2005-06 Statewide Supplemental and FY 2006-07 Budget Amendment

Department: Department of Personnel & Administration

Long Bill Group/Division: Executive Office, Division of Central Services

Program: Facilities Maintenance

Priority Number: Statewide Supplemental #4, Statewide Budget Amendment #3

Request Title: Capitol Complex Utilities Increases

Summary of Request

This Supplemental and Budget Amendment Request seeks to increase Capitol Complex Leased Space rates for tenant agencies in the Capitol Complex, the Grand Junction State Services Building and Camp George West to address increases in utility costs based upon recent and projected rate increases. The total utilities increase for the three Utilities line items in Capitol Complex, Grand Junction and Camp George West as a result of this request is \$41,343 cash funds exempt for FY 2005-06 and \$365,122 cash funds exempt for FY 2006-07. In addition to adjusting recoverable program costs for Capitol Complex Leased Space to address utilities increases, this request also makes adjustments to FY 2005-06 and FY 2006-07 recoverable costs for various other components of the program costs, consistent with other current common policies and allocations of central appropriations, although any material increases are related to utilities. A corresponding increase in cash funds exempt spending authority in the Department of Personnel and Administration, Division of Central Services, Facilities Maintenance is also requested, as reflected on the attached Schedule 6.

The DPA tenant share of this Statewide Supplemental Request for FY 2005-06 is a total increase of \$1,423 to the Executive Office, Capitol Complex Leased Space line item, with a \$5,150 decrease in General fund and an \$6,573 increase in cash funds exempt. For FY 2006-07, the request reflects an increase to the DPA Capitol Complex Leased Space line item above the common policy as reflected in the FY 2006-07 Executive Budget Request of \$41,532, of which \$15,438 is estimated as General fund and \$26,094 as cash funds exempt.

Note that the FY 2006-07 portion of this request seeks to amend the FY 2006-07 Capitol Complex Leased Space Common Policy calculated by the Department, in collaboration with the Governor's Office of State Planning and Budgeting (OSPB), and distributed to departments in August. Further, included in the requested update to Capitol Complex Leased Space rates are adjustments to account for various departments' relocations within State-owned facilities, and technical corrections to address any incorrect Long Bill appropriations for Capitol Complex Leased Space for State agencies, since utilities are recoverable costs in the Capitol Complex Leased Space Common Policy.

The Utilities Model attachment, Attachments A-F, (containing the calculations and assumptions that result in the requested Capitol Complex utilities adjustment and the subsequent revised Capitol Complex Rates for both fiscal years) will be provided electronically due to the size and volume of the model.

SUMMARY OF REQUEST for FY 05-06 and FY 06-07

Long Bill Grouping and Line Item	FY 05-06 Long Bill Appropriation	FY 05-06 Estimated Expenditures	FY 05-06 Supplemental Request
Facilities Maintenance			
Capitol Complex Facilities Utilities	\$ 3,458,419	\$3,427,689	\$ (30,730)
Grand Junction State Services Building Utilities	\$ 71,084	\$85,758	\$ 14,674
Camp George West Utilities	\$ 370,081	\$427,480	\$ 57,399
Total Utilities	\$3,899,584	\$3,940,927	\$ 41,343

Long Bill Grouping and Line Item	FY 06-07 Continuation Appropriation	FY 06-07 Requested Expenditures	FY 06-07 Budget Amendment
Facilities Maintenance			
Capitol Complex Facilities Utilities	\$ 3,458,419	\$3,742,802	\$ 284,383
Grand Junction State Services Building Utilities	\$ 71,084	\$87,554	\$ 16,470
Camp George West Utilities	\$ 370,081	\$434,350	\$ 64,269
Total Utilities	\$3,899,584	\$4,264,706	\$ 365,122

Problem or Opportunity Definition

In the summer and fall of 2005 the Department, similar to the public at large, learned of anticipated significant utility rate increases, outlined in the Assumptions and Calculations section below, that would be implemented if approved during FY 2005-06 and FY 2006-07. These increases for water, natural gas, steam and electricity are beyond the control of the Department. In fact, some of the increases for natural gas, and corresponding cost increases in providing steam and electricity, stem from hurricanes in September of 2005. Despite significant gains in energy conservation measures undertaken as a result of the energy performance contract, these utility rate increases necessitate a [m]supplemental/budget amendment request at this time. This request is for a commensurate increase to utility appropriations for the Capitol Complex, the Grand Junction State Services Building, and Camp George West in order to pay vendors on behalf of tenant agencies.

This request is also designed to cover the costs of the energy performance contract entered into with Chevron Energy Solutions Company, which is financed through Citimortgage, Inc. The goal of this performance contract is to provide for savings on energy and utility costs, while at the same time enhancing and improving the facilities in the Capitol Complex and the Grand Junction State Services Building. (Camp George West is not participating in this project, but may be included for future phases of the project.) Included in planned improvements to the facilities are upgraded lighting, heating, ventilation, air conditioning, and chilled water systems, and an on-site energy

resource conservation manager to ensure long-term savings sustenance. Upon completion, preliminary estimates suggest annual energy consumption will decrease 22% for electricity, 14% for natural gas, 29% for steam and 14% for water. Additional savings will be realized through the deletion of unused meters and direct purchase of natural gas. Chevron Energy Solutions Company has guaranteed that savings through decreased energy consumption will cover the contracted schedule of payments to Citimortgage. Should actual savings fall short, Chevron is contractually obligated to pay the difference. Any excess savings is to be retained by the State. To reiterate, the utilities line items cover both payments to utility companies and the obligation to Citimortgage. The table below summarizes the State's financial obligations for this project for FY 05-06 and FY 06-07.

Scheduled Energy Contract Performance Loan Payments to Citimortgage, Inc.

Fiscal Year	Phase I Payments	Phase II Payments	Total Loan Payments
FY 04-05	\$ 294,687	\$ 0	\$ 294,687
FY 05-06	\$ 596,698	\$ 75,200	\$ 671,898
FY 06-07	\$ 611,534	\$ 302,681	\$914,215

While many factors, particularly weather and use of buildings, affect energy consumption, energy usage in FY 04-05 was considerably lower than in FY 03-04, indicating that the energy performance contract has been successful. Even greater savings are likely to be achieved in future years, since many of the contracted projects were not installed and operational for the full fiscal year in FY 2004-05. The charts below compare total energy consumption between FY 03-04 and FY 04-05 for those facilities associated with the energy performance contract projects.

ENERGY CONSUMPTION FOR CAPITOL COMPLEX FACILITIES

	Electricity (kWh)	Electricity (kw)	Natural Gas (Therms)	Water & Sewer (Kgal)	Steam (Mlbs)
FY 03-04	33,492,802	117,421	93,355	29,372,266	36,179
FY 04-05	30,884,343	108,430	149,987	22,155,730	35,810
% Difference	-7.8%	-7.7%	+60.6%	-24.6%	-1.0%

The increase in natural gas usage in FY 04-05 is largely attributable to the replacement of steam heat with natural gas boilers beginning in January 2005.

ENERGY CONSUMPTION FOR GRAND JUNCTION STATE OFFICE BUILDING

	Electricity (kWh)	Electricity (kw)	Natural Gas (Therms)	Water & Sewer (Kgal)	Steam (Mlbs)
FY 03-04	921,280	2,415	11,406	753	not used
FY 04-05	840,800	2,279	10,642	705	
% Difference	-8.7%	-5.6%	-6.7%	-6.4%	

Assumptions and Calculations

In general, the same methodology for estimating the request is used this year as last. However, there is a certain degree of complexity in the model used by the Department for calculations associated with projections of utilities consumption and related costs, as the request for the utilities line items must cover payments to Citimortgage *and* the utility companies, while at the same time a decrease in energy consumption is experienced and net rate increases are imposed. Calculations are based on "baseline" energy consumption prior to installation of any upgraded equipment under the energy performance contract. FY 03-04 is used as a baseline year for budgeting purposes. Known and anticipated utility rate changes for the request years are applied to this base. Decreased energy utilization generates "savings" that is used to finance the energy performance contract. Thus, this request only implicitly covers the loan payments for the performance contract as opposed to specifically requesting a discrete amount for this purpose.

Assumptions for Energy Utilization

In general, just as in last year's Budget Request, due to the stipulations of the Energy Performance Contract, FY 03-04 was used as a baseline for budgeting for Capitol Complex Facilities and the Grand Junction State Office Building. Since the performance contract does not apply to Camp George West, FY 04-05 energy consumption is used for budget projection purposes at that location with consideration given to actual consumption and expenditures through September 2005 (the latest month available for preparation of this request).

Capitol Complex Facilities

Electricity Usage	FY 03-04 usage
Natural Gas Usage	FY 03-04 usage
Outdoor Lights	Billed amounts for FY 04-05 without credits
Steam Usage	FY 03-04 usage
Water and Sewer	FY 03-04 usage
Storm Drainage	FY 04-05 billed amounts

Grand Junction

Electricity Usage	FY 03-04 usage
Natural Gas Usage	FY 03-04 usage
Water and Sewer	FY 03-04 usage

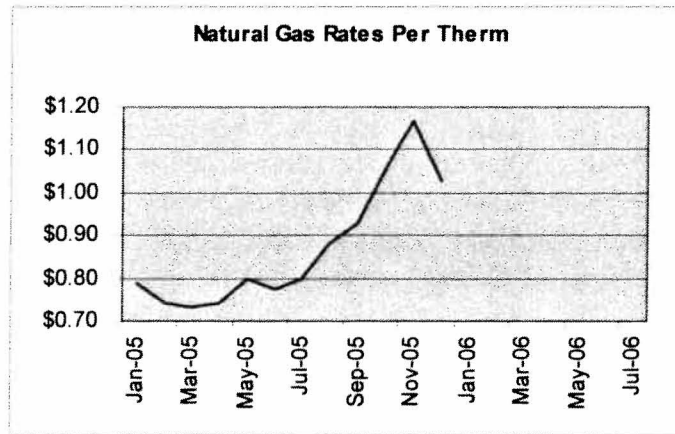
Camp George West

Electricity Usage	FY 04-05 usage and actuals through November where available
Natural Gas Usage	FY 04-05 usage and actuals through November where available
Water and Sewer	FY 04-05 usage and actuals through November where available

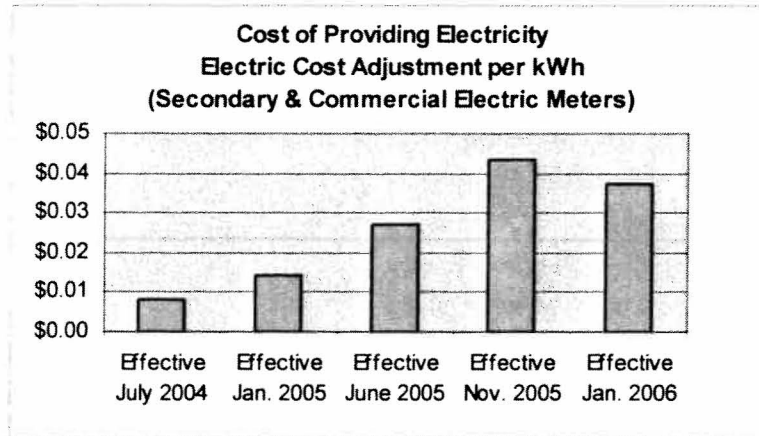
Assumptions for Rate Changes

Assumptions for numerous rate changes for water, electricity, natural gas and steam are outlined in tables at the end of each of the utilities attachments (Attachments A - F.) Department staff has worked closely with Xcel Energy representatives in estimating the electricity, natural gas and steam portions of the utilities lines. Department staff has also discussed water and sewer rate changes with analysts and representatives at various local water departments. While the rate changes are too numerous to list one by one, a few changes are noteworthy of discussion.

- Natural Gas-- Natural gas prices have soared after this year's hurricane season. Monthly fluctuations in costs are passed along to consumers. At the time this request was prepared, actual monthly natural gas costs charged per therm were known through December 2005. For purposes of this request, it is assumed that the level of December will be sustained over the forecast horizon.



- Electricity-- Energy markets worldwide have been volatile. The Colorado Public Utilities Commission (PUC) allows Xcel Energy to change its rates every January, based on the cost of purchasing fuel to produce electricity. The PUC allows for Xcel Energy to submit special rate adjustments prior to January when the costs of purchasing fuel increase at least 20% during the year. Due to increased natural gas prices, Xcel began charging a higher rate for producing electricity in November. This has been factored into the request. While this cost decreased slightly in January as a result of the annual rate adjustment; this request presumes that January's rate will hold throughout FY 05-06 and FY 06-07. The graph below illustrates the cost increase for secondary and commercial electric meters. The State also has commercial and residential metered accounts. Rate increases have been virtually identical for these accounts. Hence, separate graphs are not displayed.



- **Electricity Renewable Energy Standard Adjustment--** To cover the costs of complying with Amendment 37 (wind power, etc.) effective January 1, 2006, a Renewable Energy Standard Adjustment of 1% of the total bill (prior to franchise fees and taxes) will be charged. The request incorporates this modification.
- **Steam Credit--** In November 2004 the Department signed a contract with Xcel Energy allowing Xcel Energy to provide steam to many of its downtown Denver customers through the State's Power Plant located at 1341 Sherman Street. Lease payments for Xcel's utilization of the Power Plant are made in the form of monthly credits to the State's utility bills for steam energy. As stipulated in the contract, the value of this monthly credit is to increase by 2.5% each November. The contract will remain in effect for 20 years, with a 10-year renewal option. The table below displays the annual value of the credit.

Annual Steam Credit

FY 04-05 actual	\$168,237
FY 05-06 projected	\$256,561
FY 06-07 projected	\$262,974

- **Steam Cost Adjustment Factor--** Effective January 2006, the Steam Cost Adjustment Factor increases from \$14.399 per Mlb. to \$17.220 per Mlb. This increase has been calculated in the request.
- **Steam Rate Case for FY 06-07--**

Xcel Energy has presented a proposal to the Public Utilities Commission that redesigns its rate structure for charging customers for costs it incurs when providing steam thermal energy. Presently, the charged components for steam production are the (1) Consumption Charge (which covers the costs of water and treatment chemicals); (2) the Steam Cost Adjustment (which covers the costs of fuel); and (3) the Service and Facility Charge, which captures administrative and other general business costs. If the Public Utilities Commission approves the new rate structure, a fourth component will also be considered when determining customer charges-- a Capacity Charge.

A Capacity Charge reflects the costs of providing steam during peak demand periods and will cover the capital investment costs of recent projects that have enabled Xcel to provide steam energy during peak periods. The proposal calls for setting rates such that the customer is charged at the highest, "peak" usage in any 24-hour period over the past year during the first month in which this peak occurs, with the Capacity Charge set at 75% of that peak level for the next 12 months, or until a higher peak is reached, which establishes a new threshold.

At the time of this writing, Xcel representatives suggest that this new rate structure, including a proposed increase for the Service and Facility Charge could go into effect as early as May 2006. In preparation for this possible change, beginning in the fall of 2005, Xcel Energy began printing peak 24-hour steam usage on its monthly bills for informational purposes.

Typically, every January the Steam Cost Adjustment is reset to reflect projected costs of acquiring fuel to produce steam. As noted above, this January the rate increases from \$14.399/Mlb. to \$17.22/Mlb. Special adjustments may also occur at other times during the year if fuel costs rise 20% or more. Thus, a special adjustment could occur prior to May 2006 for this phenomenon.

The Public Utilities Commission may approve Xcel's proposal in whole or in part. Similarly, the Commission may recommend a different implementation schedule or an increase in rates that is higher or lower than requested by Xcel Energy. As a result, the estimates provided in this request may ultimately provide for appropriations that are still insufficient to cover utilities expenditures in FY 2005-06 and/or FY 2006-07 (which would necessitate additional Supplemental appropriations in the applicable fiscal year). Conversely, appropriations may be increased for utilities based upon the assumptions contained in this request, and Xcel and the Public Utilities Commission may not ultimately implement rate increases as substantially as is currently projected. Under this circumstance, any "excess spending authority" would revert.

In August 2005, Xcel Energy provided the Department with a hypothetical example of how their proposal, if accepted in whole, would have affected the utility charges for steam on the basis of actual usage from April 1, 2004 through March 1, 2005. Department staff has summarized Xcel's work and included it with this request. (See Attachment G.) While the estimated impact varies from building to building in the Capitol Complex area, as noted, on average, the proposal would increase steam utility charges by about \$114,000. The FY 06-07 request for utilities incorporates this potential increase.

- In last year's request Staff reported that for compliance with the Federal Clean Water Act, Jefferson County was preparing to charge a new annual storm drainage assessment against impervious material in unincorporated portions of the county, such as the property at Camp George West. A new Board of County Commissioners took office in January 2005 and voted to not implement or charge an assessment for this stormwater management program. Thus, this request does not include any estimates for such assessments.

The assumptions outlined above are incorporated in the utilities model found in attachments A through F, which will be provided electronically as noted previously. Please see the legend below.

Utilities Projection Models

Attachment A	Denver Area FY 05-06 Supplemental
Attachment B	Denver Area FY 06-07 Budget Amendment
Attachment C	Grand Junction State Building FY 05-06 Supplemental
Attachment D	Grand Junction State Building FY 06-07 Amendment
Attachment E	Camp George West FY 05-06 Supplemental
Attachment F	Camp George West FY 06-07 Budget Amendment

Assumptions for Leased Space for State-Owned Facilities

Leased space assumptions are as presented in the FY 2006-07 Common Policies in August 2005 with the exception of the following:

- The Colorado Department of Transportation vacated 3,456 square feet it leases at 700 Kipling at the end of November 2005. The Department of Transportation moved into private leased space at that time.
- The Department of Public Safety plans to move into the space left vacant by the Department of Transportation in January 2005.
- On an annual basis the Department of Corrections' and Correctional Industries' Capitol Complex appropriations are calculated separately by DPA. When this was done for FY 2005-06 Figure Setting, the resulting appropriations were \$139,073 for the Department of Corrections and an additional \$40,518 for Correctional Industries. When the Long Bill for the current fiscal year was drafted, the Correctional Industries appropriation was omitted. This request again reflects separate appropriations, but the Department would like to ensure that this one time omission does not occur again if this request is approved.

Calculations for Lease Rates

This legend describes Attachment H for Lease Rates.

Attachment H-1	FY 05-06 Supplemental Capitol Complex Leased Space Square Footage, Rates and Allocations as Recommended by Department
Attachment H-2	FY 06-07 Capitol Complex Leased Space Square Footage, Rates and Allocations as Recommended by Department

The table below summarizes the results of Attachment H by location.

Leased Space Rates per Useable Square Foot for FY 05-06 and FY 06-07

	Denver	Pierce Street	North Campus	Grand Junction	Camp George West
FY 05-06 Approp.	\$10.68	\$5.36	\$3.75	\$6.21	\$1.03
FY 05-06 Suppl.	\$10.56	\$5.76	\$4.04	\$6.65	\$1.10
<i>Difference</i>	<i>(\$0.12)</i>	<i>\$0.40</i>	<i>\$0.29</i>	<i>\$0.44</i>	<i>\$0.07</i>
FY 06-07 *	\$10.83	\$5.43	\$3.81	\$6.31	\$0.89
FY 06-07 Amend.	\$11.17	\$5.91	\$4.17	\$6.80	\$1.12
<i>Difference</i>	<i>\$0.34</i>	<i>\$0.48</i>	<i>\$0.36</i>	<i>\$0.49</i>	<i>\$0.23</i>

* This is the amount recommended in August's Common Policies.

Summary Calculations for Utilities Appropriations

The table below, based on results from Attachments A through F compares actual utilities expenditures and annual rates of change through FY 04-05 with the utility model's projections for FY 05-06 and FY 06-07.

Actual and Projected Utilities Expenditures				
		Capitol Complex Utilities	Grand Junction Utilities	Camp George West Utilities
FY 00-01		\$2,205,885	\$59,363	\$281,137
FY 01-02		\$2,112,294	\$58,598	\$289,876
FY 02-03		\$2,310,381	\$57,034	\$270,666
FY 03-04		\$2,744,744	\$69,826	\$323,297
FY 04-05		\$3,060,625	\$68,177	\$361,322
FY 05-06	projection	\$3,427,689	\$85,758	\$427,480
FY 06-07	projection	\$3,742,802	\$87,554	\$434,350
Annual Percentage Change				
FY 01-02		-4.2%	-1.3%	3.1%
FY 02-03		9.4%	-2.7%	-6.6%
FY 03-04		18.8%	22.4%	19.4%
FY 04-05		11.5%	-2.4%	11.8%
FY 05-06	projection	12.0%	25.8%	18.3%
FY 06-07	projection	9.2%	2.1%	1.6%

Available Alternatives

1. This request seeks to increase the Capitol Complex (and Grand Junction and Camp George West) utilities appropriations to address rate changes. This alternative incorporates the requested increases in the recoverable costs for Capitol Complex Leased Space, and as a result adjusts Capitol Complex rates (including Grand Junction and Camp George West) for both fiscal years. Lease rates for user agencies will be modified as noted in Attachment H. Also, as in prior fiscal years, this request includes updated tenant occupancy data (square footage by department) that addresses known

and anticipated agency moves, and corrects for any incorrect or omitted appropriations in the Long Bill for the current fiscal year.

2. Do Nothing.

Assessment of Alternatives

Alternative #1 (Recommended)

This Department recommends Alternative #1. Without providing for the previously identified increases requested in utilities appropriations, the Department would be unable to pay vendors for utility consumption incurred. This is not a viable option, and would result in negative consequences for the multiple State agency tenants of Capitol Complex managed facilities. In addition, without addressing the technical adjustments included in the request associated with tenant occupancy updates and incorrect Long Bill appropriations, some State departments/agencies would inequitably and inappropriately be required to subsidize other departments/agencies.

Alternative #2—(Do Nothing)

Unless user agencies' Capitol Complex Leased Space line items and DPA Utilities line items identified previously are increased to address utility rate increases, expenditures will exceed appropriations. Once over-expenditures occur, payments to vendors will be held until the issue is resolved. Delayed payment could result in late fees that would create further pressure on the already overspent lines. If statutory transfer authority is not approved to cover the over-expenditures, the amount of the over-expenditure would be restricted from the following year's appropriation, merely compounding the problem for the next year.

Other Key Issues for Decision Making

In recent years, several steps have been taken by the Division of Central Services' Facilities Management unit to conserve energy in the Capitol Complex, Grand Junction and Camp George West facilities. Current examples include the installation of pressure reducing valves to maintain constant steam pressure in buildings at night and the installation of variable frequency drives, which enable chiller motors to run more efficiently. In the fall of 2005 the chiller system was upgraded at 690 Kipling Street, the location of the Data Center (commonly referred to as the General Government Computer Center – GGCC). This should also result in lower electricity consumption. Long-range plans include the installation of a system to control all lighting through a centralized computer system in the Capitol Complex area.

Conclusion/Recommendation

As referenced above, the Department recommends Alternative 1, which contains requested increases in utilities appropriations for the Capitol Complex, the Grand Junction State Services Building, and Camp George West, along with other technical adjustments as contained within the request.

Attachment G

ATTACHMENT G

**Comparison of Costs of Current Steam Rate Structure and Proposed New Steam Rate Structure
Based on Analysis Provided by Xcel Energy Using Steam Consumption from April 1, 2004 - March 31, 2005
Proposed New Steam Rate Structure Could Become Effective May 2006**

1575 Sherman			
CURRENT RATE STRUCTURE		PROPOSED RATE STRUCTURE	
Steam Commodity Charge @ \$5.321/Mlb.	\$ 16,039.62	Capacity Charge @ \$88.31/Mlb	\$ 26,510.70
		Consumption Charge @ \$0.606/Mlb	\$ 1,826.73
Steam Cost Adjustment @ \$14.399/Mlb	\$ 43,404.35	Steam Cost Adjustment @ \$14.399/Mlb	\$ 43,404.35
Service and Facility Charge @ \$75.00/month	\$ 900.00	Service and Facility Charge @ \$130.00/month	\$ 1,560.00
Subtotal	\$ 60,343.97	Subtotal	\$ 73,301.78
Franchise Fee @ 3.0%	\$ 1,810.32	Franchise Fee @ 3.0%	\$ 2,199.05
ANNUAL COST	\$ 62,154.29	ANNUAL COST	\$ 75,500.83
		proposed increase	\$ 13,346.54
		proposed percentage increase	22%

1525 Sherman			
CURRENT RATE STRUCTURE		PROPOSED RATE STRUCTURE	
Steam Commodity Charge @ \$5.321/Mlb.	\$ 6,761.93	Capacity Charge @ \$88.31/Mlb	\$ 16,218.16
		Consumption Charge @ \$0.606/Mlb	\$ 770.10
Steam Cost Adjustment @ \$14.399/Mlb	\$ 18,298.25	Steam Cost Adjustment @ \$14.399/Mlb	\$ 18,298.25
Service and Facility Charge @ \$75.00/month	\$ 900.00	Service and Facility Charge @ \$130.00/month	\$ 1,560.00
Subtotal	\$ 25,960.18	Subtotal	\$ 36,846.51
Franchise Fee @ 3.0%	\$ 778.81	Franchise Fee @ 3.0%	\$ 1,105.40
ANNUAL COST	\$ 26,738.99	ANNUAL COST	\$ 37,951.91
		proposed increase	\$ 11,212.92
		proposed percentage increase	42%

201 East Colfax			
CURRENT RATE STRUCTURE		PROPOSED RATE STRUCTURE	
Steam Commodity Charge @ \$5.321/Mlb.	\$ 15,720.26	Capacity Charge @ \$88.31/Mlb	\$ 31,768.32
		Consumption Charge @ \$0.606/Mlb	\$ 1,790.35
Steam Cost Adjustment @ \$14.399/Mlb	\$ 42,540.13	Steam Cost Adjustment @ \$14.399/Mlb	\$ 42,540.13
Service and Facility Charge @ \$75.00/month	\$ 900.00	Service and Facility Charge @ \$130.00/month	\$ 1,560.00
Subtotal	\$ 59,160.39	Subtotal	\$ 77,658.80
Franchise Fee @ 3.0%	\$ 1,774.81	Franchise Fee @ 3.0%	\$ 2,329.76
ANNUAL COST	\$ 60,935.20	ANNUAL COST	\$ 79,988.56
		proposed increase	\$ 18,498.41
		proposed percentage increase	31%

Capitol			
CURRENT RATE STRUCTURE		PROPOSED RATE STRUCTURE	
Steam Commodity Charge @ \$5.321/Mlb.	\$ 48,186.44	Capacity Charge @ \$88.31/Mlb	\$ 56,034.93
		Consumption Charge @ \$0.606/Mlb	\$ 5,487.88
Steam Cost Adjustment @ \$14.399/Mlb	\$ 130,395.90	Steam Cost Adjustment @ \$14.399/Mlb	\$ 130,395.90
Service and Facility Charge @ \$75.00/month	\$ 900.00	Service and Facility Charge @ \$130.00/month	\$ 1,560.00
Subtotal	\$ 179,482.34	Subtotal	\$ 193,478.71
Franchise Fee @ 3.0%	\$ 5,384.47	Franchise Fee @ 3.0%	\$ 5,804.36
ANNUAL COST	\$ 184,866.81	ANNUAL COST	\$ 199,283.07
		proposed increase	\$ 13,996.37
		proposed percentage increase	8%

200 East 14th Avenue 1			
CURRENT RATE STRUCTURE		PROPOSED RATE STRUCTURE	
Steam Commodity Charge @ \$5.321/Mlb.	\$ 741.00	Capacity Charge @ \$88.31/Mlb	\$ 2,899.93
		Consumption Charge @ \$0.606/Mlb	\$ 84.39
Steam Cost Adjustment @ \$14.399/Mlb	\$ 2,005.20	Steam Cost Adjustment @ \$14.399/Mlb	\$ 2,005.20
Service and Facility Charge @ \$75.00/month	\$ 900.00	Service and Facility Charge @ \$130.00/month	\$ 1,560.00
Subtotal	\$ 3,646.20	Subtotal	\$ 6,549.52
Franchise Fee @ 3.0%	\$ 109.39	Franchise Fee @ 3.0%	\$ 196.49
ANNUAL COST	\$ 3,755.59	ANNUAL COST	\$ 6,746.01
		proposed increase	\$ 2,903.32
		proposed percentage increase	80%

200 East 14th Avenue 2			
CURRENT RATE STRUCTURE		PROPOSED RATE STRUCTURE	
Steam Commodity Charge @ \$5.321/Mlb.	\$ 6,940.71	Capacity Charge @ \$88.31/Mlb	\$ 10,645.79
		Consumption Charge @ \$0.606/Mlb	\$ 790.47
Steam Cost Adjustment @ \$14.399/Mlb	\$ 18,782.06	Steam Cost Adjustment @ \$14.399/Mlb	\$ 18,782.06
Service and Facility Charge @ \$75.00/month	\$ 900.00	Service and Facility Charge @ \$130.00/month	\$ 1,560.00
Subtotal	\$ 26,622.77	Subtotal	\$ 31,778.32
Franchise Fee @ 3.0%	\$ 798.68	Franchise Fee @ 3.0%	\$ 953.35
ANNUAL COST	\$ 27,421.45	ANNUAL COST	\$ 32,731.67
		proposed increase	\$ 5,155.55
		proposed percentage increase	19%

1375 Sherman			
CURRENT RATE STRUCTURE		PROPOSED RATE STRUCTURE	
Steam Commodity Charge @ \$5.321/Mlb.	\$ 22,853.16	Capacity Charge @ \$88.31/Mlb	\$ 31,724.25
		Consumption Charge @ \$0.606/Mlb	\$ 2,602.71
Steam Cost Adjustment @ \$14.399/Mlb	\$ 61,842.27	Steam Cost Adjustment @ \$14.399/Mlb	\$ 61,842.27
Service and Facility Charge @ \$75.00/month	\$ 900.00	Service and Facility Charge @ \$130.00/month	\$ 1,560.00
Subtotal	\$ 85,595.43	Subtotal	\$ 97,729.23
Franchise Fee @ 3.0%	\$ 2,567.86	Franchise Fee @ 3.0%	\$ 2,931.88
ANNUAL COST	\$ 88,163.29	ANNUAL COST	\$ 100,661.11
		proposed increase	\$ 12,133.80
		proposed percentage increase	14%

1341 Sherman Absorber			
CURRENT RATE STRUCTURE		PROPOSED RATE STRUCTURE	
Steam Commodity Charge @ \$5.321/Mlb.	\$ 25,265.17	Capacity Charge @ \$88.31/Mlb	\$ 70,057.46
		Consumption Charge @ \$0.606/Mlb	\$ 2,877.41
Steam Cost Adjustment @ \$14.399/Mlb	\$ 68,369.33	Steam Cost Adjustment @ \$14.399/Mlb	\$ 68,369.33
Service and Facility Charge @ \$75.00/month	\$ 900.00	Service and Facility Charge @ \$130.00/month	\$ 1,560.00
Subtotal	\$ 94,534.50	Subtotal	\$ 142,864.20
Franchise Fee @ 3.0%	\$ 2,836.04	Franchise Fee @ 3.0%	\$ 4,285.93
ANNUAL COST	\$ 97,370.54	ANNUAL COST	\$ 147,150.13
		proposed increase	\$ 48,329.70
		proposed percentage increase	51%

1341 Sherman 3			
CURRENT RATE STRUCTURE		PROPOSED RATE STRUCTURE	
Steam Commodity Charge @ \$5.321/Mlb.	\$ 3,698.89	Capacity Charge @ \$88.31/Mlb	\$ 3,612.11
		Consumption Charge @ \$0.606/Mlb	\$ 421.26
Steam Cost Adjustment @ \$14.399/Mlb	\$ 10,009.46	Steam Cost Adjustment @ \$14.399/Mlb	\$ 10,009.46
Service and Facility Charge @ \$75.00/month	\$ 900.00	Service and Facility Charge @ \$130.00/month	\$ 1,560.00
Subtotal	\$ 14,608.35	Subtotal	\$ 15,602.83
Franchise Fee @ 3.0%	\$ 438.25	Franchise Fee @ 3.0%	\$ 468.08
ANNUAL COST	\$ 15,046.60	ANNUAL COST	\$ 16,070.91
		proposed increase	\$ 994.48
		proposed percentage increase	7%

1313 Sherman			
CURRENT RATE STRUCTURE		PROPOSED RATE STRUCTURE	
Steam Commodity Charge @ \$5.321/Mlb.	\$ 15,066.86	Capacity Charge @ \$88.31/Mlb	\$ 27,950.15
		Consumption Charge @ \$0.606/Mlb	\$ 1,715.94
Steam Cost Adjustment @ \$14.399/Mlb	\$ 40,771.98	Steam Cost Adjustment @ \$14.399/Mlb	\$ 40,771.98
Service and Facility Charge @ \$75.00/month	\$ 900.00	Service and Facility Charge @ \$130.00/month	\$ 1,560.00
Subtotal	\$ 56,738.84	Subtotal	\$ 71,998.07
Franchise Fee @ 3.0%	\$ 1,702.17	Franchise Fee @ 3.0%	\$ 2,159.94
ANNUAL COST	\$ 58,441.01	ANNUAL COST	\$ 74,158.01
		proposed increase	\$ 15,259.23
		proposed percentage increase	27%

TOTAL OF ALL BUILDINGS			
CURRENT RATE STRUCTURE		PROPOSED RATE STRUCTURE	
Steam Commodity Charge @ \$5.321/Mlb.	\$ 161,274.04	Capacity Charge @ \$88.31/Mlb	\$ 277,421.80
		Consumption Charge @ \$0.606/Mlb	\$ 18,367.24
Steam Cost Adjustment @ \$14.399/Mlb	\$ 436,418.93	Steam Cost Adjustment @ \$14.399/Mlb	\$ 436,418.93
Service and Facility Charge @ \$75.00/month	\$ 9,000.00	Service and Facility Charge @ \$130.00/month	\$ 15,600.00
Subtotal	\$ 606,692.97	Subtotal	\$ 747,807.97
Franchise Fee @ 3.0%	\$ 18,200.79	Franchise Fee @ 3.0%	\$ 22,434.24
ANNUAL COST	\$ 624,893.76	ANNUAL COST	\$ 770,242.21
		proposed increase	\$ 141,115.00
		proposed percentage increase	23%

Attachment H-1

FY06-06 Costs for Capitol Complex Rates -- SUPPLEMENTAL

FY06-06 Recoverable Costs													
Line Items	FY06 Estimated Cost	Denver Request	FTE	Pierce Street Request	FTE	North Campus Request	FTE	Grand Junction Request	FTE	Camp George West Request	FTE	Total	Double Check
FY06 Personal Services Appropriation	2,496,458	2,246,812	47.9	199,717	4.3	49,929	1.1	43,583	1.0		1.0	2,496,458	0.00
FY06 Personal Services Appropriation	43,583											43,583	0.00
FY06 Personal Services Appropriation	59,835									59,835		59,835	0.00
FY05 Sal Surv Adjustment to Base - Included above	-	-	-	-	-	-	-	-	-	-	-	-	0.00
FY05 PBP Adjustment to Base - Included above	-	-	-	-	-	-	-	-	-	-	-	-	0.00
FY06 Personal Services Estimate	2,599,876	2,246,812	47.9	199,717	4.3	49,929	1.1	43,583	1.0	59,835	1.0	2,599,876	0.00
FY06 Salary Survey Estimate	71,339	64,205		5,707		1,427						71,339	0.00
FY06 Salary Survey Estimate	1,288							1,288				1,288	0.00
FY06 Salary Survey Estimate	1,860								1,860			1,860	0.00
FY06 Performance Based Pay Estimate	-	-	-	-	-	-	-	-	-	-	-	-	0.00
FY06 AED	5,581	5,023		446		112						5,581	0.00
FY06 AED	96							96				96	0.00
FY06 AED	136								136			136	0.00
FY06 Workers' Comp Estimate	23,025	20,723		1,842		461						23,025	0.00
FY06 Workers' Comp Estimate	433							433				433	0.00
FY06 Workers' Comp Estimate	433								433			433	0.00
FY06 Shift Differential Estimate	10,511	10,511										10,511	0.00
FY06 Short-Term Disability Estimate	3,281	2,953		263		66						3,281	0.00
FY06 Short-Term Disability Estimate	57							57				57	0.00
FY06 Short-Term Disability Estimate	80								80			80	0.00
FY06 Health/Life/Dental Estimate	107,665	96,899		8,613		2,153		415				107,665	0.00
FY06 Health/Life/Dental Estimate	415							415				415	0.00
FY06 Health/Life/Dental Estimate	1,453								1,453			1,453	0.00
Sub-total	2,827,529	2,447,126		216,588		54,147		45,872		63,797		2,827,529	0.00
FY06 Operating Expenses	1,637,466	1,473,719		130,997		32,749		76,873				1,637,466	0.00
FY06 Operating Expenses	76,873							76,873				76,873	0.00
FY06 Operating Expenses	164,185								164,185			164,185	0.00
FY06 Operating Expenses - Cap Complex Repairs	56,520	50,868		4,522		1,130						56,520	0.00
FY06 Risk Management and Property Funds Estimate	-	-	-	-	-	-	-	-	-	-	-	-	0.00
FY06 Risk Management and Property Funds Estimate	-	-	-	-	-	-	-	-	-	-	-	-	0.00
FY06 Risk Management and Property Funds Estimate	-	-	-	-	-	-	-	-	-	-	-	-	0.00
FY06 Purchase of Services from Data Center Estimate	-	-	-	-	-	-	-	-	-	-	-	-	0.00
FY06 Legal Services Estimate	-	-	-	-	-	-	-	-	-	-	-	-	0.00
FY06 Document Solutions Group Payments Estimate	-	-	-	-	-	-	-	-	-	-	-	-	0.00
FY06 Multi-Use Network Payments Estimate	-	-	-	-	-	-	-	-	-	-	-	-	0.00
FY06 Capitol Complex Leased Space Estimate	25,574	25,574										25,574	0.00
FY06 Vehicle Lease Payments Estimate	6,051	5,446		484		121						6,051	0.00
FY06 Depreciation Estimate	27,372	27,372										27,372	0.00
FY06 Leased Space Estimate	1,875	1,594		131		38		56		56		1,875	0.00
FY06 Utilities - Denver	3,427,689	3,088,054		268,519		71,117						3,427,689	0.00
FY06 Utilities - GJ	85,758							85,758				85,758	0.00
FY06 Utilities (water & sewer only) - CGW	74,523								74,523			74,523	0.00
FY06 Capitol Complex Security	260,379	260,379										260,379	0.00
DCS Overhead Estimate	302,745	257,333		21,192		6,055		9,082		9,082		302,745	0.00
FY06 Compensated Absences Estimate	-	-	-	-	-	-	-	-	-	-	-	-	0.00
FY06 Indirect Cost Assessment Common Policy	311,204	264,523		21,784		6,224		9,336		9,336		311,204	0.00
Sub-total	6,458,214	5,454,862		447,629		117,434		181,106		257,182		6,458,214	0.00
Total Costs	9,285,744	7,901,988		664,217		171,581		226,978		320,980		9,285,744	0.00
1.0 Blakely Vacancy	92,857	79,020		6,642		1,716		2,270		3,210		92,857	0.00
Sprint Leased Tower Space	(9,600)	-	-	-	-	-	-	-	-	(9,600)	-	(9,600)	0.00
Total Billable Costs	9,369,001	7,981,008		670,859		173,297		229,248		314,589		9,369,001	0.00
Allocated Square Footage		755,441		116,448		42,871		34,499		285,755			0.00
FY06 Estimated Cost Per Square Foot-- Suppl		\$ 10.56		\$ 5.78		\$ 4.04		\$ 6.65		\$ 1.10			0.00
FY05 Cost/Square Foot (FY 05 Supplemental)		\$ 10.76		\$ 5.68		\$ 3.99		\$ 6.57		\$ 0.92			0.00
Difference		\$ (0.20)		\$ 0.08		\$ 0.05		\$ 0.08		\$ 0.18			0.00

Camp George West Utilities - Electric & Gas	
Corrections	107,160
Correctional Industries	23,699
Local Affairs	15,377
Military Affairs	29,440
Public Safety	147,564
Transportation	27,199
CSU Forest Service	2,517
Total	352,956

FY06 Cost Per Square Foot SUPPLEMENTAL	\$	10.56	\$	5.76	\$	4.04	\$	6.65	\$	1.10
FY06 Cost Per Square Foot FY 05-06 Long Bill	\$	10.68	\$	5.36	\$	3.75	\$	6.21	\$	1.03
Difference	\$	(0.11)	\$	0.40	\$	0.29	\$	0.43	\$	0.07

FY 05-06 SUPPLEMENTAL

Square Footage by Agencies

Agencies	Denver	Pierce Street	North Campus	Grand Junction	Camp George West	Total
Agriculture	13,553	-	-	-	-	13,553
Corrections	-	-	-	-	42,624	42,624
Correctional Industries	-	-	-	-	18,672	18,672
Education	44,433	-	-	-	-	44,433
General Assembly	111,981	-	-	-	-	111,981
Governor, Lt Governor, OSPB	21,157	-	-	-	-	21,157
HCPF	31,512	-	-	-	-	31,512
Human Services	99,087	-	-	3,104	-	102,191
Law	92,431	-	-	-	-	92,431
Local Affairs	33,228	-	-	3,458	17,084	53,770
Military Affairs	-	-	-	-	49,032	49,032
Natural Resources	69,107	-	-	-	-	69,107
Personnel & Administration	83,809	-	32,807	2,990	-	119,606
Public Health	-	-	-	3,996	-	3,996
Public Safety	66,930	-	-	-	134,386	201,316
Regulatory Agencies	-	-	-	162	-	162
Revenue	74,580	116,448	5,700	5,869	-	202,597
Transportation	-	-	-	12,305	18,251	30,556
Treasurer	4,379	-	-	-	-	4,379
Labor & Employment	-	-	4,364	1,295	-	5,659
CSU Forest Service	-	-	-	1,320	5,706	7,026
Construction-Annex Life/Safety	9,254	-	-	-	-	9,254
Total	755,441	116,448	42,871	34,499	285,755	1,235,014

FY05-06 Recommendations for Capitol Complex Leased Space by Agencies

Agencies	Denver	Pierce Street	North Campus	Grand Junction	Camp George West	Camp George West Utilities (Electric/Gas)	Total
Agriculture	\$ 143,183	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 143,183
Corrections	\$ -	\$ -	\$ -	\$ -	\$ 46,925	\$ 107,160	\$ 154,085
Correctional Industries	\$ -	\$ -	\$ -	\$ -	\$ 20,556	\$ 23,699	\$ 44,255
Education	\$ 469,421	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 469,421
General Assembly	\$ 1,183,046	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,183,046
Governor, Lt Governor, OSPB	\$ 223,517	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 223,517
HCPF	\$ 332,915	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 332,915
Human Services	\$ 1,046,824	\$ -	\$ -	\$ 20,626	\$ -	\$ -	\$ 1,067,451
Law	\$ 976,506	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 976,506
Local Affairs	\$ 351,044	\$ -	\$ -	\$ 22,979	\$ 18,808	\$ 15,377	\$ 408,207
Military Affairs	\$ -	\$ -	\$ -	\$ -	\$ 53,980	\$ 29,440	\$ 83,420
Natural Resources	\$ 730,095	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 730,095
Personnel & Administration	\$ 885,417	\$ -	\$ 132,615	\$ 19,869	\$ -	\$ -	\$ 1,037,901
Public Health	\$ -	\$ -	\$ -	\$ 26,554	\$ -	\$ -	\$ 26,554
Public Safety	\$ 707,095	\$ -	\$ -	\$ -	\$ 147,946	\$ 147,564	\$ 1,002,606
Regulatory Agencies	\$ -	\$ -	\$ -	\$ 1,076	\$ -	\$ -	\$ 1,076
Revenue	\$ 787,915	\$ 670,859	\$ 23,041	\$ 39,000	\$ -	\$ -	\$ 1,520,816
Transportation	\$ -	\$ -	\$ -	\$ 81,767	\$ 20,093	\$ 27,199	\$ 129,059
Treasurer	\$ 46,263	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,263
Labor & Employment	\$ -	\$ -	\$ 17,641	\$ 8,605	\$ -	\$ -	\$ 26,246
CSU Forest Service	\$ -	\$ -	\$ -	\$ 8,771	\$ 6,282	\$ 2,517	\$ 17,570
Construction-Annex Life/Safety	\$ 97,766	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,766
Total Billable Costs	\$ 7,981,008	\$ 670,859	\$ 173,297	\$ 229,248	\$ 314,589	\$ 352,956	\$ 9,721,957

Department of Personnel and Administration
 Central Services-Capitol Complex
 Useable Space (Square Feet) Assigned to Departments
 FY05-06 Supplemental Request

Buildings																	
Department	Capitol	Centennial	State Services	Human Services	Capitol Annex	State Office Bldg	690 Kipling	700 Kipling	Legislative Services	1570 Grant Street	Power Plant	Total Denver Buildings	Pierce St	North Campus	Grand Junction	Camp George West	Total All Buildings
Agriculture								13,553				13,553					13,553
Corrections												0				42,624	42,624
Correctional Industries												0				18,672	18,672
Education			1,445			42,988						44,433					44,433
General Assembly	90,778								21,203			111,981					111,981
Governor, Lt Governor & OSPB	21,157											21,157					21,157
Health Care Policy										31,512		31,512					31,512
Human Services				99,087								99,087			3,104		102,191
Law			92,431									92,431					92,431
Local Affairs		33,228										33,228			3,458	17,084	53,770
Military Affairs												0				49,032	49,032
Natural Resources		69,107										69,107					69,107
Personnel & Administration (DPA)		53,507	2,398				27,904					83,809		32,807	2,990		119,608
Public Health												0			3,996		3,996
Public Safety	575						27,007	36,854			2,494	66,930				134,386	201,316
Regulatory Agencies												0			162		162
Revenue					74,580							74,580	116,448	5,700	5,869		202,597
Transportation								0				0			12,305	18,251	30,556
Treasurer	4,379											4,379					4,379
Labor & Employment												0		4,364	1,295		5,659
CSU Forest Service												0			1,320	5,706	7,026
University of Colorado												0					0
Construction-Annex Life/Safety			9,254									9,254					9,254
Storage												0					0
Total Square Footage Billed	116,889	185,842	105,528	99,087	74,580	42,988	54,911	50,407	21,203	31,512	2,494	755,441	116,448	42,871	34,499	285,755	1,235,014

Department of Transportation is vacating 3,456 sq. ft. at 700 Kipling on November 30, 2005.
 Department of Public Safety will take over the space vacated by the Department of Transportation January 2005. ??

Attachment H-2

FY06-07 BUDGET AMENDMENT Costs for Capitol Complex Rates

FY06-07 Recoverable Costs													
Line Items	FY07 Estimated Cost	Denver Request	FTE	Pierce Street Request	FTE	North Campus Request	FTE	Grand Junction Request	FTE	Camp George West Request	FTE	Total	Double Check
FY07 Personal Services Appropriation	2,562,661	2,306,395	47.9	205,013	4.3	51,253	1.1					2,562,661	0.00
FY07 Personal Services Appropriation	44,697							44,697				44,697	0.00
FY07 Personal Services Appropriation	61,572									61,572		61,572	0.00
FY06 Sal Surv Adjustment to Base - Included above													0.00
FY06 PBP Adjustment to Base - Included above													0.00
FY07 Personal Services Estimate	2,668,930	2,306,395	47.9	205,013	4.3	51,253	1.1	44,697	1.0	61,572	1.0	2,668,930	0.00
FY07 Salary Survey Estimate													0.00
FY07 Salary Survey Estimate													0.00
FY07 Salary Survey Estimate													0.00
FY07 Performance Based Pay Estimate	19,970	17,348		1,542		386		256		439		19,970	0.00
FY07 AED	17,308	15,577		1,385		346						17,308	0.00
FY07 AED	314							314				314	0.00
FY07 AED	408									408		408	0.00
FY07 Workers' Comp Estimate	23,025	20,723		1,842		461						23,025	0.00
FY07 Workers' Comp Estimate	433							433				433	0.00
FY07 Workers' Comp Estimate	433									433		433	0.00
FY07 Shift Differential Estimate	11,492	11,492										11,492	0.00
FY07 Short-Term Disability Estimate	3,560	3,204		285		71						3,560	0.00
FY07 Short-Term Disability Estimate	63							63				63	0.00
FY07 Short-Term Disability Estimate	84									84		84	0.00
FY07 Health/Life/Dental Estimate	138,303	124,473		11,064		2,766						138,303	0.00
FY07 Health/Life/Dental Estimate	588							588				588	0.00
FY07 Health/Life/Dental Estimate	2,106									2,106		2,106	0.00
Sub-total	2,887,017	2,499,211		221,131		55,283		46,351		65,042		2,887,017	0.00
FY07 Operating Expenses	1,637,466	1,473,719		130,997		32,749						1,637,466	0.00
FY07 Operating Expenses	76,873							76,873				76,873	0.00
FY07 Operating Expenses	166,280									166,280		166,280	0.00
FY07 Operating Expenses - Cap Complex Repairs	56,520	50,868		4,522		1,130						56,520	0.00
FY07 Risk Management and Property Funds Estimate													0.00
FY07 Risk Management and Property Funds Estimate													0.00
FY07 Risk Management and Property Funds Estimate													0.00
FY07 Purchase of Services from Data Center Estimate													0.00
FY07 Legal Services Estimate													0.00
FY07 Document Solutions Group Payments Estimate													0.00
FY07 Multi-Use Network Payments Estimate													0.00
FY07 Capitol Complex Leased Space Estimate	25,968	25,968										25,968	0.00
FY07 Vehicle Lease Payments Estimate	8,545			524		131						8,545	0.00
FY07 Depreciation Estimate	27,372											27,372	0.00
FY07 Leased Space Estimate	1,969	1,673		138		39		59		59		1,969	0.00
FY07 Utilities - Denver	3,742,802	3,395,797		273,883		73,122						3,742,802	0.00
FY07 Utilities - GJ	87,554							87,554				87,554	0.00
FY07 Utilities - CGW (water & sewer only)	74,523									74,523		74,523	0.00
FY07 Capitol Complex Security	260,379	260,379										260,379	0.00
DCS Overhead Estimate	284,129	241,510		19,889		5,683		8,524		8,524		284,129	0.00
FY07 Compensated Absences Estimate													0.00
FY07 Indirect Cost Assessment Common Policy	434,644	369,447		30,425		8,693		13,039		13,039		434,644	0.00
Sub-total	6,883,023	5,852,624		460,377		121,547		186,049		262,426		6,883,023	0.00
Total Costs	8,770,041	8,351,835		681,508		176,830		232,400		327,467		8,770,041	0.00
1.0 Billable Vacancy	97,700	83,518		6,815		1,768		2,324		3,275		97,700	0.00
Sprint Leased Tower Space	(9,600)									(9,600)		(9,600)	0.00
Total Billable Costs	8,858,141	8,435,354		688,323		178,598		234,724		321,142		8,858,141	0.00
Allocated Square Footage		755,441		116,448		42,871		34,499		285,755			0.00
FY07 Estimated Cost Per Square Foot		\$ 11.17		\$ 5.91		\$ 4.17		\$ 6.80		\$ 1.12			0.00
FY06 Cost/Square Foot (FY 05 Supplemental)		\$ 10.68		\$ 5.36		\$ 3.75		\$ 6.21		\$ 1.03			0.00
Difference		\$ 0.49		\$ 0.55		\$ 0.42		\$ 0.59		\$ 0.09			0.00

Camp George West Utilities - Electric & Gas	
Corrections	109,246
Correctional Industries	24,181
Local Affairs	15,678
Military Affairs	30,013
Public Safety	150,436
Transportation	27,729
CSU Forest Service	2,566
Total	389,827

FY07 Cost Per Square Foot Budget Amend

FY07 Cost Per Square Foot Aug Common Policy Difference \$ 11.17 \$ 5.91 \$ 4.17 \$ 6.80 \$ 1.12

FY 06-07 BUDGET AMENDMENT

Square Footage by Agencies

Agencies	Denver	Pierce Street	North Campus	Grand Junction	Camp George West	Total
Agriculture	13,553	-	-	-	-	13,553
Corrections	-	-	-	-	42,624	42,624
Correctional Industries	-	-	-	-	18,672	18,672
Education	44,433	-	-	-	-	44,433
General Assembly	111,981	-	-	-	-	111,981
Governor, Lt Governor, OSPB	21,157	-	-	-	-	21,157
HCPF	31,512	-	-	-	-	31,512
Human Services	99,087	-	-	3,104	-	102,191
Law	92,431	-	-	-	-	92,431
Local Affairs	33,228	-	-	3,458	17,084	53,770
Military Affairs	-	-	-	-	49,032	49,032
Natural Resources	69,107	-	-	-	-	69,107
Personnel & Administration	83,809	-	32,807	2,990	-	119,606
Public Health	-	-	-	3,996	-	3,996
Public Safety	66,930	-	-	-	134,386	201,316
Regulatory Agencies	-	-	-	162	-	162
Revenue	74,580	116,448	5,700	5,869	-	202,597
Transportation	-	-	-	12,305	18,251	30,556
Treasurer	4,379	-	-	-	-	4,379
Labor & Employment	-	-	4,364	1,295	-	5,659
CSU Forest Service	-	-	-	1,320	5,706	7,026
Construction-Annex Life/Safety	9,254	-	-	-	-	9,254
Total	755,441	116,448	42,871	34,499	285,755	1,235,014

FY06-07 BUDGET AMENDMENT for Capitol Complex Leased Space by Agencies

Agencies	Denver	Pierce Street	North Campus	Grand Junction	Camp George West	Camp George West Utilities (Electric/Gas)	Total
Agriculture	\$ 151,335	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,335
Corrections	\$ -	\$ -	\$ -	\$ -	\$ 47,902	\$ 109,246	\$ 157,148
Correctional Industries	\$ -	\$ -	\$ -	\$ -	\$ 20,984	\$ 24,161	\$ 45,145
Education	\$ 496,145	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 496,145
General Assembly	\$ 1,250,395	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,250,395
Governor, Lt Governor, OSPB	\$ 236,242	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 236,242
HCPF	\$ 351,867	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 351,867
Human Services	\$ 1,106,418	\$ -	\$ -	\$ 21,119	\$ -	\$ -	\$ 1,127,537
Law	\$ 1,032,097	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,032,097
Local Affairs	\$ 371,028	\$ -	\$ -	\$ 23,528	\$ 19,200	\$ 15,676	\$ 429,431
Military Affairs	\$ -	\$ -	\$ -	\$ -	\$ 55,104	\$ 30,013	\$ 85,117
Natural Resources	\$ 771,658	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 771,658
Personnel & Administration	\$ 935,822	\$ -	\$ 136,672	\$ 20,343	\$ -	\$ -	\$ 1,092,838
Public Health	\$ -	\$ -	\$ -	\$ 27,188	\$ -	\$ -	\$ 27,188
Public Safety	\$ 747,349	\$ -	\$ -	\$ -	\$ 151,028	\$ 150,436	\$ 1,048,813
Regulatory Agencies	\$ -	\$ -	\$ -	\$ 1,102	\$ -	\$ -	\$ 1,102
Revenue	\$ 832,770	\$ 688,323	\$ 23,746	\$ 39,932	\$ -	\$ -	\$ 1,584,770
Transportation	\$ -	\$ -	\$ -	\$ 83,721	\$ 20,511	\$ 27,729	\$ 131,961
Treasurer	\$ 48,896	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,896
Labor & Employment	\$ -	\$ -	\$ 18,180	\$ 8,811	\$ -	\$ -	\$ 26,991
CSU Forest Service	\$ -	\$ -	\$ -	\$ 8,981	\$ 6,413	\$ 2,566	\$ 17,960
Construction-Annex Life/Safety	\$ 103,331	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 103,331
Total Billable Costs	\$ 8,435,354	\$ 688,323	\$ 178,598	\$ 234,724	\$ 321,142	\$ 359,827	\$ 10,217,968

Department of Personnel and Administration
 Central Services-Capitol Complex
 Useable Space (Square Feet) Assigned to Departments
 FY06-07

Incorporating Moves After the August 2005 Common Policy
 Buildings

Department	Capitol	Centennial	State Services	Human Services	Capitol Annex	State Office Bldg	690 Kipling	700 Kipling	Legislative Services	1570 Grant Street	Power Plant	Total Denver Buildings	Pierce St	North Campus	Grand Junction	Camp George West	Total All Buildings
Agriculture								13,553				13,553					13,553
Corrections												0				42,624	42,624
Correctional Industries												0				18,672	18,672
Education			1,445			42,988						44,433					44,433
General Assembly	90,778								21,203			111,981					111,981
Governor, Lt Governor & OSPB	21,157											21,157					21,157
Health Care Policy										31,512		31,512					31,512
Human Services				99,087								99,087			3,104		102,191
Law			92,431									92,431					92,431
Local Affairs		33,228										33,228			3,458	17,084	53,770
Military Affairs												0				49,032	49,032
Natural Resources		69,107										69,107					69,107
Personnel & Administration (DPA)		53,507	2,398				27,904					83,809		32,807	2,990		119,806
Public Health												0			3,996		3,996
Public Safety	575						27,007	36,854			2,494	66,930				134,386	201,316
Regulatory Agencies												0			162		162
Revenue					74,580							74,580	116,448	5,700	5,869		202,597
Transportation								0				0			12,305	18,251	30,556
Treasurer	4,379											4,379					4,379
Labor & Employment												0		4,364	1,295		5,659
CSU Forest Service												0			1,320	5,706	7,026
University of Colorado												0					0
Construction-Annex Life/Safety			9,254									9,254					9,254
Storage												0					0
Total Square Footage Billed	116,889	155,842	105,528	99,087	74,580	42,988	54,911	50,407	21,203	31,512	2,494	755,441	116,448	42,871	34,499	285,755	1,235,014

Department of Transportation is vacating 3,456 sq. ft. at 700 Kipling on November 30, 2005.
 Department of Public Safety will take over the space vacated by the Department of Transportation January 2005. ??

**Schedule 6
FY 2005-06 STATEWIDE SUPPLEMENTAL REQUEST & FY 2006-07 BUDGET AMENDMENT REQUEST**

Department: Personnel and Administration
Priority Number: Statewide Supplemental #5, Budget Amendment #4
Division: Executive Office, Division of Information Technology
Program: Communications Services
Request Title: Communications Services Mid-year Supplemental True-up

Dept. Approval: *[Signature]*
OSPB Approval: *[Signature]*
Statutory Citation: _____

Date: January 3, 2006
Date: 12-22-05
Date: _____

Budget Analyst: Robb Fuller

Long Bill Line Item	Fund Source	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2004-05	Appropriation FY 2005-06	Supplemental Request FY 2005-06	Total Revised Request FY 2005-06	Base Request FY 2006-07	Decision/Base Reduction FY 2006-07	November 1 Request FY 2006-07	**Budget Amendment FY 2006-07	Total Revised Request FY 2006-07	Change from Base in Out Year FY 2007-08
Total of all line items	Total	\$141,095	\$140,895	\$28,988	\$169,883	\$141,448	\$0	\$141,448	\$24,650	\$166,098	\$24,650
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	440	0	1,541	1,541	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	140,655	140,895	27,447	168,342	141,448	0	141,448	24,650	166,098	24,650
	FF	0	0	0	0	0	0	0	0	0	0
Executive Office, Communications Services Payments	Total	\$390	\$543	\$4,338	\$4,881	\$1,096	\$0	\$1,096	\$0	\$1,096	\$0
	FTE										
	GF			1,541	1,541					0	
	CF										
	CFE	390	543	2,797	3,340	1,096		1,096		1,096	
Division of Information Technology, Communications Svcs, Utilities	Total	\$140,705	\$140,352	\$24,650	\$165,002	\$140,352	\$0	\$140,352	\$24,650	\$165,002	\$24,650
	FTE										
	GF	440									
	CFE	140,265	140,352	24,650	165,002	140,352		140,352	24,650	165,002	24,650
	FF										

**The Statewide realignment to true-up departmental allocations is only for FY 06 - the FY 07 Budget Amendment is for requested increases to the Communications Services Utilities appropriation only.

Letter Notations:
 Cash Fund Name/Number: Fund 605
 IT Request: No
 Supplemental and Budget Amendment Criteria: New Data
 Request for New or Replacement Vehicles: No
 Request Affects Another Department(s): Yes - Statewide Request impacting multiple departments.

**Efficiency and Effectiveness Analysis
FY 2005-06 Statewide Supplemental Request
&
FY 2006-07 Budget Amendment Request**

Department: Department of Personnel & Administration
Long Bill Group/Division: Division of Information Technology
Program: Communication Services
Request Title: Communication Services Mid-Year Supplemental True-up
Request Criteria New Data
Priority Number: Statewide Supplemental # 5 (Budget Amendment # 4)

Summary of Request

This is a statewide Supplemental Request impacting the Communications Services Payments line item appropriations for all departments using services as provided by the Division of Information Technology, Communications Services, and includes adjustments to recoverable program costs. The Communications Services Payments line item represents a department's share of the overhead related to the public safety communications infrastructure. The total statewide request is for a decrease of \$24,083 in appropriations for Communications Services Payments, and anticipated billings. This request includes a spending authority adjustment that is necessary for the Division of Information Technology, Communications Services as a result of this request; an increase of \$24,650 cash funds exempt is requested for the Communications Services Utilities line item. The background and justification associated with the additional spending authority requested is detailed later in the request. Further, please refer to Attachment A for individual department needs and a summary of FY 2005-06 recoverable costs for the program.

The DPA user share of this statewide request, as reflected on the attached Schedule 6, is for an increase of \$4,338 (\$1,541 is General Fund and \$2,797 is cash funds exempt) to the Executive Office, Communications Services Payments line item.

Problem or Opportunity Definition

Communications Services changed to a cost allocation billing methodology in FY 2003-04 as a result of SB 03-178. The Joint Budget Committee sponsored SB 03-178 during the 2003 legislative session to lift restrictions on the revenue the Department could collect for Communication Services Payments. This methodology establishes department appropriations

based upon the total inventory of mobile, portable and DTR radios in use by departments. Departments are billed a fixed monthly fee that is equivalent to 1/12th of the appropriation.

The first component of this Supplemental Request proposes that the departmental allocations for Communications Services be redistributed based upon an update to the inventory/number of radios in use by departments. (Subsequent to the development of the FY 2005-06 departmental allocations, departments provided updated radio inventories in the fall of 2005.) This request and the underlying methodology will make minimal adjustments to the appropriations made in the FY 2005-06 Long Bill, SB 05-209 based upon updated radio inventory. This cost allocation methodology, based on actual utilization, is similar to that used in the annual statewide supplemental true-up requests for the Purchase of Services from the Computer Center (GGCC) and for Administrative Law Judge Services (ALJ). This request seeks to realign FY 2005-06 appropriations to reflect the most current radio inventory by department.

The second component of this request involves updating the recoverable costs for the program. This is consistent with other similar Common Policy oriented supplemental true ups (i.e. GGCC, ALJ, MNT, etc). The initial program cost estimates for the program for FY 2005-06 were calculated and approved during the figure setting process in the spring of 2005. DPA is now able to provide a much more precise and accurate projection of recoverable costs at the midpoint of FY 2005-06, and this request seeks to update the cost basis for this Common Policy appropriation to ensure that billings for the remainder of the fiscal year are sufficient to fund personal services, operating expenses, indirect costs, the program's share of central departmental appropriations and POTS, and other overhead associated with the provision of the statewide Public Safety Network for the benefit of State agency and local government entities.

Requested Increases in Spending Authority/Recoverable Costs

Included in the updates to recoverable program costs is a requested increase to the Communications Services Operating Expenses and Utilities appropriations. This request seeks to increase the appropriation for DoIT Communications Services Operating Expenses by \$32,000 cash funds exempt for FY 2005-06 with the intention of submitting a separate request this budget cycle (a stand alone Budget Amendment) to have the requested increase maintained in the continuation base for FY 2006-07 and future years. With regard to utilities, last fiscal year the General Assembly approved a base increase of \$41,395 for the Communications Services Utilities line item, resulting in an appropriation of \$140,352 in the current fiscal year. While this increase proved sufficient for FY 2004-05, the Department currently projects the need for an additional appropriation of \$24,650 of spending authority based on utilities rate increases.

The table below summarizes calculations associated with the requested increase of \$24,650 for the Communications Services Utilities line item. The continuation level appropriation of \$140,352 contained in the FY 2005-06 Long Bill is forecast to be short of meeting actual utilities costs based on historical and current year utilities consumption, along with the impact of current and anticipated utilities rate increases. Refer to the table below for historical detail, and the assumptions related to the rate increase. Note that the requested increase would be designated as cash funds exempt and that associated revenues would be recovered through the Communications Services Payments allocations to agencies and subsequent billings.

Summary of Communications Services Utilities FY 2002-03 through FY 2005-06

	FY 03	FY 04	FY 05	FY 06 (Est)
Appropriation	\$98,957	\$98,957	\$140,352	\$140,352
Expenditures from Utilities Line Item	\$98,957	\$98,909	\$140,705	
Expenditures absorbed in other line items	\$29,430	\$37,680	\$7,945	
Total Utilities Expenditures	\$128,387	\$136,589	\$148,650	\$165,002
% increased year over year	26%	6%	9%	11%
Underappropriation	\$29,430	\$37,632	\$8,298	\$24,650

Note that the estimated increase in utilities expenditures in the current fiscal year assumes a 15% increase in natural gas rates based upon information provided by Xcel Energy. In addition, the analysis include the impact of the addition of ten new DTR tower sites and equipment upgrades at ten other existing sites during last fiscal year. In addition, although State appropriations for the continued buildout of the DTR network (Capital Construction) continue to be unavailable in the current fiscal year due to statewide budgetary constraints, the Department continues to receive grant related funding and other resources from other sources (primarily local government) that have allowed the project to continue to move toward completion. Due to the nature of the project, as DTR continues to expand, utilities related costs and other operating expenses for Communications Services incrementally increase as well, rather than remaining at stable continuation levels.

For reference, Communication Services is required by statute to provide seamless, uninterrupted voice and data communications deemed essential for Public Safety agencies throughout the State of Colorado. To meet this requirement Communication Services has added significant infrastructure during the last six years. During this same six-year period the base appropriation for Communications Services Operating Expenses has been reduced from a high of \$161,067 in FY 2000-01 to \$126,631 for FY 2003-04 and subsequent fiscal years. While the Department is cognizant of the need to reduce State expenditures where possible during the fiscal constraints inherent in recent budget cycles, the combined impact of significant increases in fuel prices for Fleet vehicles and unforeseen levels of maintenance costs associated with legacy equipment and microwave towers have made the State's efforts to stay within budget significantly more challenging. As the Department and Communications Services are statutorily charged with performing the infrastructure and equipment maintenance functions identified above, the associated expenditures cannot readily be avoided. Similarly, as identified above, the operating appropriation continues to be adversely impacted by fuel price increases in prior and current fiscal years. This is exacerbated in this program due to the significant number of vehicles allocated to the program, along with the fact that most such vehicles are larger four wheel drive vehicles (as a result of the fact that many of the Digital Trunked Radio tower sites are either in rural or mountainous areas) which tend to get less miles/gallon than sedans and other passenger vehicles. In addition, as DTR continues to expand with additional sites and equipment added, travel and maintenance costs continue to increase incrementally. The Department would like to note that at some point in the future an increase in the Operating Expense appropriations will be unavoidable, and at such time, any increase will be incorporated into recoverable program costs, and will be included in allocations to agencies and subsequent billings.

Available Alternatives

Alternative #1 (Recommended)

The cost allocation billing methodology must meet with federal guidelines (for example, OMB circular A-87 establishes that budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards but may be used for interim accounting purposes) and must be consistently applied in order for the State to avoid federal penalties, which can be substantial. The adjustment must be made in order to follow the cost allocation methodology. The only alternative is to make the adjustment through the supplemental process annually.

The DPA methodology is compliant with the nature of the cost allocation methodology associated with Common Policies that require an annual true-up, as the DPA methodology identifies necessary adjustments on a department-by-department basis, which yields more accurate results for individual agencies, as well as in aggregate. Furthermore, State and federal government mandates require a methodology that is both consistent with established guidelines and consistent in its application, and this request adheres to both of these principles. In addition, the recommended alternative is consistent with the Truth-in-Rates methodology, which is always a key objective of any statewide request submitted by the Department.

Alternative #2

Alternative #2 would continue with the status quo, which is inequitable, and inconsistent with the Truth-in-Rates methodology. This alternative also takes no action to realign statewide Communications Services Payments appropriations to reflect updates to utilization (radio inventory) and cost basis, which would not be prudent under any circumstance, nor does it address the increased costs associated with program operational costs.

Statutory and Other Authority

Section 24-30-908, C.R.S.

Linkage to Objectives

DPA FY 2006-07 Strategic Plan:

Departmental goal: *Maintain the Truth-in-Rates Philosophy Departmentwide.*

Associated objectives included the following: *Continue the Truth-in-Rates philosophy to ensure that rates recover the cost of services and remain competitive.*

Departmental goal: *Create and Enhance Stakeholder Relationships.*

Associated objectives included the following: *Facilitate and coordinate statewide and Common Policy related Change Requests and legislation that affects multiple stakeholders and State departments.*

Assessment of Alternatives

Alternative #1 (Recommended)

Alternative 1 would provide the mechanism to update appropriations for State agency customers that would reflect the most current radio inventory for FY 2005-06, and updated recoverable costs. This alternative would also provide for additional appropriated spending authority to address utilities needs (which has been incorporated into recoverable costs and included in the allocations billed to agencies). If this request is not approved, some customers would be billed inappropriately for inventory that belonged to other agencies, resulting in an inequitable allocation methodology; in addition, without the requested increases in the Utilities line item, the program would be unable to recover its full costs for providing services. Therefore, Alternative 1 is the recommended alternative.

Alternative #2

Alternative 2 would continue with the status quo, and would leave appropriations for GGCC at current levels, as appropriated in the FY 2005-06 Long Bill. This alternative is not recommended as it would leave current year appropriations at a level that was originally calculated based on utilization data (inventory) from over a year ago, and includes cost basis assumptions that are nearly a year out of date, and do not reflect true recoverable costs.

Additional Considerations

The Department is concerned that the State could be subject to penalties if an accurate allocation methodology is not approved for Communications Services. In addition, an issue to be considered in this and future fiscal years relates to the "local government share" of the allocated billings. In early June of 2005, the Department met with federal auditors to discuss the funding and cost allocation mechanisms for this Common Policy, especially as it relates to the local government participation. Although the auditors recognized the significant investment that local governments have made to date in the development and implementation of the Digital Trunked Radio (DTR) system, they indicated that local governments should still be billed based upon their inventory/utilization of DTR and legacy systems, similar to State agencies.

For background, since 1998, the State has approved and invested approximately \$48 million for the development and implementation of the DTR system. This statewide public safety communication system was designed to meet the requirements of H.B. 98-1068. DPA is statutorily charged (Section 24-30-908.5, C.R.S.) with the implementation, administration, and ongoing maintenance of this system for all of State and local government entities. It must be

noted that the true investment in the development of the network is currently in excess of \$75 million, with the majority of the additional funding and resources above the State investment (approximately \$30 million) provided by local government entities.

To date, local government has made a substantial investment in DTR that the State derives direct use of and benefit from, at no cost to the State. This includes system infrastructure, access, and use of radio communication sites and facilities. In exchange local government is allowed to utilize the benefit of DTR infrastructure purchased by the State of Colorado. To date DTR is comprised of 64 radio communications transmitter sites. Of these local government owns, operates and maintains 30 of these that the State has direct use of. Today there is no exchange of funds between State and local government, only an agreement to share common infrastructure for the benefit of all to achieve seamless interoperability between Public Safety agencies. Ultimately the State would have been forced to incur millions of dollars of additional costs if not for the willingness of local government to contribute transmitter/tower sites for the benefit of the State and DTR.

An additional critical and tangible benefit/resource provided by local government entities relates to radio frequencies. The necessary spectrum of FCC radio frequencies is critical in this project, however, frequencies are no longer available in Colorado – all channels in Colorado are licensed to locals (and already were licensed to locals by the time that the State received initial funding to begin the project in 1998). If established partnerships fail and local government does not continue to participate in DTR, there will no longer be sufficient FCC radio frequencies to meet the business, technical and operational requirements of State government. As a result, if the State no longer could rely on the contribution of frequencies by local government entities, the State would no longer be able to achieve functional interoperability among local government, State, and federal public safety radio communications systems.

The practical benefits to the State that will result from completion of the DTR project include improved efficiencies in public safety response times, solutions to interoperability problems with all participating government entities, elimination of duplication of State owned radio systems, and data and voice transmissions over a single integrated network. To achieve the best value for the State of Colorado's investment, the State and the project receive the benefit of shared infrastructure that has been recently purchased by local governments whenever possible. This methodology, leverage of market conditions, and the use of State FTE for implementation, has substantially decreased the original cost estimates for the project from \$135 million to the current estimate of less than \$75 million. The benefits derived from the project philosophy have already been demonstrated in the first four phases of the project, and without the sharing of infrastructure and leveraging of other resources provided by local government entities (and other sources including federal), the project would be nowhere near its current state of progress as a result of budget shortfalls, and lack of capital construction funding at the State level for the past three to four fiscal years.

Finally, since the beginnings of the project in 1998, the State has partnered with local government to purchase, build and maintain the Digital Trunked Radio System (DTR). The development and construction of DTR is consistent with the intent and requirements stated in HB 98-1068. In summary, the State committed to partner with local government in funding for DTR through HB 98-1068. Establishing credibility was difficult with local government, and any

efforts to alter the current landscape would put the resources and funding invested in the project by the State at risk. Essentially, due to fiscal and budgetary constraints that the State of Colorado has faced in recent years, the investment made in DTR by local government entities may soon equal and even exceed the State's investment.

Given this fact, any efforts to charge local government participants for "services provided" anytime before the local entities have received a sufficient return on investment, are likely to be perceived as an irreconcilable difference by local government entities. At best, if the State were to begin charging local government participants for services at this point, revenues would most likely be offset by new costs charged by local governments for use of their investment. The mechanism that was implemented beginning in FY 2003-04 when Communications Services Payments became a Common Policy was to calculate the local government "share", and to request General fund to cover the costs associated with the resulting allocation for local governments. In FY 2003-04 and FY 2004-05 the appropriated General Fund in the Long Bill was \$369,361 annually, which exceeded the final "share" of local government in both fiscal years (associated assumptions and calculations can be provided upon request). For FY 2005-06, the Department decided to not include General Fund in the request, and instead "covered" the local government share through funding appropriated from the Public Safety Trust Fund, which originated as General Fund. This allowed the Department to continue to ensure that the local government share was addressed, without the need for State agencies to subsidize the locals. The current estimate for the local government share for the current fiscal year is reflected in the table below, along with similar estimates for previous fiscal years. The Department anticipates continuing to use the appropriations from the Public Safety Trust fund in lieu of General Fund in this manner next fiscal year as well, to continue to relieve General Fund pressures.

The benefit received by local government participants for services provided by DPA/DoIT/Communications Services over the past three years is summarized in the table below:

FY 2003-04 (final calculated allocation)	\$294,117
FY 2004-05 (final calculated allocation)	\$330,636
FY 2005-06 (based on supplemental recommendation)	\$459,817
3 year total	\$1,084,570

At this point, the Department will need to continue to track the level of benefit provided to local government participants in future fiscal years, and at the point where local government entities begin to approach the level where they have received sufficient return on their investment, the Department will work with the Executive Branch and the Legislative Branch to explore the possibilities of beginning to charge these entities for services provided. It must be noted, however, that this will be a moving target, especially to the extent that locals have outpaced the State in recent years with regard to investment in DTR. Ultimately, whatever the breakeven point is determined to be, it is far greater than the \$1,084,570 in "benefit" received by local government participants to date, and it will take many fiscal years to reach this level at the current pace.

Assumptions and Calculations

Refer to Attachment A for the requested statewide supplemental appropriations for FY 2005-06 by department and detail of the recoverable costs for Communications Services Payments.

Conclusion/Recommendation:

The Department recommends Alternative #1, which updates statewide appropriations for Communications Services Payments for FY 2005-06, ensures equitable treatment of State agency customers, remains consistent with the Truth-in-Rates philosophy, and continues to allow for the provision of the statewide Public Safety Network at the necessary service levels for our customers in current and future fiscal years.

Attachment A

FY 2005-06 Supplemental Allocations for Communications Services

Department	Mobile	Portable	DTR	TOTAL	% of Inventory	Recommendation
Agriculture	20	0	41	61	0.4%	15,671
Corrections	456	2,492	2,380	5,328	34.7%	1,368,791
Education	2	10	0	12	0.1%	3,083
Higher Education	93	108	128	329	2.1%	84,522
Human Services	20	208	62	290	1.9%	74,502
Judicial	16	14	12	42	0.3%	10,790
Labor	1	2	0	3	0.0%	771
Law	0	0	18	18	0.1%	4,624
Local Affairs	26	20	0	46	0.3%	11,818
Military Affairs	0	0	39	39	0.3%	10,019
Natural Resources	1,066	810	1,128	3,004	19.6%	771,743
Personnel	1	13	5	19	0.1%	4,881
Public Health	13	0	6	19	0.1%	4,881
Public Safety	994	430	1,333	2,757	17.9%	708,288
Revenue	88	71	120	279	1.8%	71,677
Transportation	906	343	1,869	3,118	20.3%	801,030
TOTAL	3,702	4,521	7,141	15,364		3,947,091

Higher Education Inventory and Allocations

<u>Institution</u>	<u>Mobile</u>	<u>DTR</u>	<u>TOTAL</u>	<u>% of total</u>	<u>Recommendation</u>
HISTORICAL SOCIETY	1	0	1	0.30%	\$ 257
UNIV OF COLO-HSC	0	29	29	8.81%	\$ 7,450
UNIV OF CO @ COLO SPRINGS	4	4	8	2.43%	\$ 2,055
COLORADO ST UNIVERSITY					\$ -
CSU COOP EXTENSION SVC	0	0	0	0.00%	\$ -
COLO STATE FOREST SERVICE	149	22	171	51.98%	\$ 43,931
FORT LEWIS COLLEGE					\$ -
SECURITY	10	0	10	3.04%	\$ 2,569
PHYSICAL PLANT	0	0	0	0.00%	\$ -
ADAMS STATE COLLEGE	14	10	24	7.29%	\$ 6,166
UNIV OF NORTHERN COLORADO	0	27	27	8.21%	\$ 6,936
ARAPAHOE COMM COLLEGE	0	0	0	0.00%	\$ -
PIKES PEAK COMM COLLEGE	8	0	8	2.43%	\$ 2,055
LAMAR COMM COLLEGE	1	0	1	0.30%	\$ 257
RED ROCKS COMM COLLEGE	14	0	14	4.26%	\$ 3,597
Auraria Higher Education Center Public Safety	0	36	36	10.94%	\$ 9,249
TOTAL	201	128	329	100.00%	\$ 84,522

Recoverable Costs	
Personal Services	3,335,383
HLD	131,369
Salary Survey	84,435
STD	4,501
AED	7,656
Operating Expenses	126,631
Training	22,000
Utilities	165,002
Indirect Costs	300,166
Workers Comp	19,909
Liability & Property	34,079
Leased Space	126,654
Capitol Complex Leased Space	7,304
Vehicle Lease Payments	125,287
SnoCat Purchase	244,000
Local Systems Dev	<u>121,000</u>
TOTAL	4,855,376
Less Offsetting funding	
Public Safety Trust	(721,134)
EMSA	(66,151)
Local Systems	(121,000)
Total Billings	3,947,091

Note that some components of recoverable costs may need to be updated as the result of actions taken at figure setting. In addition, the requested increases for Communications Services Utilities and Communications Services Operating Expenses are incorporated into the recoverable program costs above.

**Schedule 6
FY 2005-06 STATEWIDE SUPPLEMENTAL REQUEST**

Department: Personnel and Administration
 Priority Number: Statewide Supplemental # 6
 Division: Executive Office, Division of Information Technology
 Program: Computer Services
 Request Title: GGCC Mid-year Supplemental True-up

Dept. Approval: *[Signature]*
 OSPB Approval: *[Signature]*
 Statutory Citation: _____

Date: January 3, 2006
 Date: 12-22-05
 Date: _____

Budget Analyst: Robb Fuller

Long Bill Line Item	Fund Source	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2004-05	Appropriation FY 2005-06	Supplemental Request FY 2005-06	Total Revised Request FY 2005-06	Base Request FY 2006-07	Decision/Base Reduction FY 2006-07	November 1 Request FY 2006-07	Budget Amendment FY 2006-07	Total Revised Request FY 2006-07	Change from Base in Out Year FY 2007-08
Total of all line items	Total	\$1,270,753	\$1,218,989	(\$123,580)	\$1,095,409	\$1,077,769	\$0	\$1,077,769	\$0	\$1,077,769	\$0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	1,198,320	1,138,763	(115,447)	1,023,316	1,006,837	0	1,006,837	0	1,006,837	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	72,433	80,226	(8,133)	72,093	70,932	0	70,932	0	70,932	0
	FF	0	0	0	0	0	0	0	0	0	0
Executive Office, Purchase of Services from Computer Center	Total	\$1,270,753	\$1,218,989	(\$123,580)	\$1,095,409	\$1,077,769	\$0	\$1,077,769	\$0	\$1,077,769	\$0
	FTE										
	GF	1,198,320	1,138,763	(115,447)	1,023,316	1,006,837		1,006,837		1,006,837	
	CFE	72,433	80,226	(8,133)	72,093	70,932		70,932		70,932	
	FF										

Letter Notations:

Cash Fund Name/Number: Fund 602

IT Request: No

Supplemental and Budget Amendment Criteria: New Data

Request for New or Replacement Vehicles: No

Request Affects Another Department(s): Yes - Statewide Request impacting multiple departments.

**Efficiency and Effectiveness Analysis
FY 2005-06 Statewide Supplemental Request**

Department: Department of Personnel & Administration

Long Bill Group/Division: Division of Information Technology

Program: Computer Services

Request Title: Purchase of Services from Computer Center (GGCC) Mid-Year Supplemental True-up

Request Criteria New Data

Priority Number: Statewide Supplemental #6

Summary of Request

This is a statewide Supplemental Request that adjusts the distribution of appropriations to all departments utilizing services from the Department of Personnel & Administration's Data Center (also known as the General Government Computer Center). The request realigns all department appropriations for Purchase of Services from the Computer Center (GGCC) based upon updated utilization data, and includes a change to the total recoverable program costs. The total statewide request is for an increase of \$48,398 in appropriations and anticipated billings for GGCC. There is no spending authority adjustment necessary to the Division of Information Technology, Computer Services as a result of this request. Refer to Attachment A for individual department needs and a summary of FY 2005-06 recoverable costs.

The DPA share of this statewide request, as reflected on the attached Schedule 6, is for a decrease of \$123,580 total funds (with a corresponding decrease of \$115,447 General Fund) to the Executive Office, Purchase of Services from Computer Center line item.

Note: In prior years, a footnote to the Long Bill required that an annual mid year review of the cost allocation methodology for General Government Computer Center services be submitted to the JBC for review no later than January 1 for statewide supplemental consideration. This footnote was eliminated from the Long Bill last fiscal year, however, JBC staff noted during figure setting for FY 2004-05 that while the footnote was no longer necessary that the Department and the Committee have established the necessary expectations regarding the need for an annual supplemental for this program.

Problem or Opportunity Definition

The General Government Computer Center (GGCC) changed to a cost allocation billing methodology in FY 2001-02. This methodology establishes department appropriations based upon historical usage patterns. Departments are charged a fixed monthly fee that is 1/12 of the departments' appropriation.

To summarize the cost allocation methodology, as reflected on the DoIT website: "*The Data Center uses a Fixed Allocation method for billing for services for State agencies. The fixed allocation method is based on projected costs to deliver services and customer historical/actual utilization from previous fiscal years. The method develops a percentage for each state department by taking the whole of all consumed services and dividing by the portion that each department utilized. This percentage is then used as the factor to determine the dollars appropriated for Data Center payment based on projected cost of delivering the service.*

For example, total utilization by all departments for all services was 12,000,000 units. Department A utilized 3,000,000 units or 25% of the total. The total cost projected to deliver all services is \$11,500,000. Department A would be allocated \$2,875,000 to pay the Data Center for services used for that fiscal year.

Due to State budgetary submission deadlines not all the actual information is available when creating cost estimates for a new budget year. DPA, in collaboration with the OSPB, corrects this budgetary estimate once final figures are available by use of a mid-year supplemental adjustment each year. This adjustment ensures that departments are getting charged for actual utilization by always going back (at our first budgetary opportunity) to true up our estimates to actual utilization and the related billing."

In FY 2002-03, FY 2003-04 and FY 2004-05 the Department submitted supplemental requests to adjust departmental appropriations based upon the most recent full-year utilization rates available at the time. This Supplemental Request updates FY 2005-06 appropriations to reflect final FY 2004-05 utilization data and updated program cost estimates. (The current FY 2006-07 Common Policy request is already based upon FY 2004-05 utilization data, and during FY 2006-07, will be adjusted via another Supplemental Request based upon final FY 2005-06 utilization.)

The Department has also included in this request a revision to the costs to be recovered through the historical cost allocation methodology. This is consistent with all previously submitted supplemental mid-year true ups, for GGCC which have always included similar updated program cost estimates for the Data Center. Further, the Department is not requesting adjustments to the DPA spending authority, as the appropriated spending authority, as approved by the Committee during FY 2005-06 figure setting, is sufficient. The Department is merely seeking to recover its costs, which is required by statute, and would not be possible without adding the updated cost basis to the cost allocation model.

It is necessary to adjust the program cost estimates for the Data Center in the true-up supplemental due to timing issues. For example, the FY 2005-06 Common Policy for this program was initially developed in July/August 2004. This was prior to the development of the

Department's initial base budget estimate in August, prior to the Department's November 1st budget submission to the JBC, and prior to the JBC figure setting process. Therefore, the Department develops the Data Center Common Policies based upon historical base budget adjustments rather than upon current fiscal year budget adjustments approved by OSPB or the JBC. This is not problematic as the Common Policy figures included in the Long Bill each year are simply initial estimates of recoverable program costs and allocations to agencies, to be updated through the annual supplemental true-up process.

The cost basis for the Data Center as contained in this FY 2005-06 Supplemental Request is based upon the FY 2005-06 program appropriations and program allocations from central appropriations (POTs). Therefore, the Joint Budget Committee has already approved the departmental costs. This supplemental seeks only to ensure that the Department is able to recover costs equal to these approved appropriations.

Available Alternatives

Alternative #1 (Recommended)

The cost allocation billing methodology must meet with federal guidelines (for example, OMB circular A-87 establishes that budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards but may be used for interim accounting purposes) and must be consistently applied in order for the State to avoid federal penalties, which can be substantial. The adjustment must be made in order to follow the cost allocation methodology. The only alternative is to make the adjustment through the supplemental process.

The method proposed by DPA in calculating the mid-year departmental adjustments for this request performs a true-up for each individual department for the previous year in order to distribute the over-collection or under-collection based on actual usage, and then separately adjusts the department's current year appropriation based on the most recent usage percentage. The combination of the two adjustments results in the net Supplemental Request for a particular department.

The DPA methodology is compliant with the nature of the cost allocation methodology associated with Common Policies that require an annual true-up, as the DPA methodology identifies necessary adjustments on a department-by-department basis. This yields more accurate results for individual agencies, as well as in aggregate. Furthermore, State and federal government mandates require a methodology that is both consistent with established guidelines and consistent in its application, and this request adheres to both of these principles.

Alternative #2

Alternative #2 would continue with the status quo, which is inequitable, and inconsistent with the Truth-in-Rates methodology. This alternative also takes no action to realign statewide GGCC appropriations to reflect updates to utilization and cost basis, which would not be prudent under any circumstance.

Statutory and Other Authority

Section 24-30-1606, C.R.S.

Linkage to Objectives

DPA FY 2006-07 Strategic Plan:

Departmental goal: *Extend the Truth-in-Rates Philosophy Departmentwide.*

Associated objectives included the following: *Continue the Truth-in-Rates philosophy to ensure that rates recover the cost of services and remain competitive.*

Departmental goal: *Create and Enhance Stakeholder Relationships.*

Associated objectives included the following: *Facilitate and coordinate statewide and Common Policy related Change Requests and legislation that affects multiple stakeholders and State departments.*

Departmental goal: *Play a Central Role in Using Information Technology to Streamline Government.*

Associated objectives included the following: *Continue to maximize network and computer infrastructure priorities to generate optimal capacity and efficiencies in costs.*

Additional Considerations

During the latter portion of FY 2003-04 through the end of FY 2004-05, DoIT actually went through a process to refine the Data Center rates. This “rate refresh” project was initiated for a variety of reasons. One of the primary reasons was to ensure accuracy with regard to utilization data, as utilization data combined with recoverable costs are a substantial determining factor in the cost allocation model, and resulting appropriations and billings to State departments. This is often a concern with regard to federal auditors, who thoroughly review all aspects of the cost allocation model to ensure that no inappropriate cross-subsidization occurs, especially as it relates to federally funded agencies. Furthermore, it is sound business practice to periodically review any process that relates to a service provided and billed to customers, and this had not been undertaken for several years.

The overall objective of the process was to identify and capture services offered by the Data Center in order to modify/establish cost based rates for the services. This process involved refining definitions of activities (including measures/units of service), services and resources - for every service DPA needs to be able to cost it, price it and bill it. Based upon the existing cost allocation methodology the Department was cognizant of the need to eliminate under recovery and/or over recovery related to double counts inherent in utilization data, and thoroughly

reviewed customer specific utilization trends and profiles to ensure that the Data Center was adequately meeting the needs of its State agency customers. The underlying analysis gave consideration to the scope of work driven by programmatic and operational needs at the individual State agency level along with any complexities that might need to be addressed specifically within the cost allocation methodology.

DoIT staff and management, and other subject matter experts began by identifying every service offered by the Data Center, and working to validate some of the following issues for each service:

- Title and Description;
- Refine and validate the definition of each service level offering;
- Identify known and measurable resource consumption levels;
- Determine the cost of resources utilized;
- Identify metrics (units of Service usage);
- Can usage be tied to a billable customer;
- Once usage quantity is known, we can set the rate.

Ultimately, all identified activities performed at the Data Center were assigned/distributed to applicable services. This step included 11 primary activities that were identified, which are reflected below:

- Administer Business;
- Provide Administrative Support;
- Develop Offerings;
- Administer Software;
- Support Hardware;
- Support Operational Computing Infrastructure;
- Operate Computing Facility;
- Assist Mainframe Customers;
- Assist Non-Mainframe Customers;
- Administer Applications; and
- Provide Consulting.

Some of the next steps involved in this lengthy process including assigning/distributing services to resources (including hardware, software, etc), verifying the cost and time allocated by function (incorporating loaded cost and overhead where applicable). During this process, it was necessary to consider certain anomalies associated with billing mechanisms. Certain services are billed on resources and some on activity, and there are various mechanisms that have been and could be utilized to bill customers of the Data Center. Examples include direct IT billing, fixed cost allocation, direct cost plus overhead, and subscription pricing.

The Department reviewed the conclusions that were subsequently incorporated into the Data Center rates with federal auditors in the summer of 2005, and the resulting changes to the utilization basis will ultimately be reflected beginning with current fiscal year (FY 2005-06) utilization data, which will be used to calculate the initial FY 2007-08 GGCC Common Policy in the summer of 2006 and the FY 2006-07 Supplemental true-up during the next budget cycle.

Assessment of Alternatives

Alternative #1 (Recommended)

As referenced in prior requests, the GGCC cost allocation billing methodology must meet with federal guidelines and must be consistently applied in order for the State to avoid federal penalties, which can be substantial. In the current fiscal year, this adjustment should be made through the FY 2005-06 supplemental process. If this request is not approved, the Department would be unable to justify that its level of billings to customers is equitable, and based on actual utilization. Further, if the Joint Budget Committee does not approve the revised cost basis, the Department will not fully recover all of its costs for GGCC services. Section 24-30-1606 (1), C.R.S. requires "Users of GGCC services shall be charged by the department of personnel the full cost of the particular service, which shall include the cost of all material, labor, equipment, software, services, and overhead." As a result, Alternative 1 is recommended in order to remain consistent with the Truth-in-Rates initiative.

Alternative #2

Alternative 2 would continue with the status quo, and would leave appropriations for GGCC at current levels as appropriated in the FY 2005-06 Long Bill. This alternative is not recommended, as it would leave current year appropriations at a level that was originally calculated based on FY 2003-04 (not FY 2004-05) utilization, and includes cost basis assumptions that are nearly a year out of date.

Concerns or Uncertainties

The Department is concerned that the State will be subject to federal penalties if an accurate allocation methodology is not adopted for the Purchase of Services from the Data Center.

Conclusion/Recommendation:

The Department recommends Alternative #1, which is consistent with Truth-in-Rates. This alternative updates the statewide allocation for GGCC for FY 2005-06 to ensure equitable treatment of State agency GGCC customers, to remain consistent with the Truth-in-Rates philosophy, and continues to allow for the provision of GGCC at the necessary service levels for our customers in current and future fiscal years.

Attachment A

GGCC FY 2005-06 Supplemental Allocations		
Department	FY 2004-05 Utilization	FY 2005-06 Supplemental Allocation
Agriculture	0.018%	2,063
Corrections	0.281%	32,944
Education	0.078%	9,158
Governor	0.019%	2,230
HCPF	0.801%	93,799
Higher Education - appropriated	0.054%	6,299
Higher Education - non appropriated	0.398%	46,582
Human Services	42.598%	4,989,712
Judicial	0.860%	100,699
Labor	12.103%	1,417,693
Law	0.256%	29,986
Legislature	0.075%	8,815
Local Affairs	0.029%	3,447
Military Affairs	0.016%	1,857
Natural Resources	1.462%	171,257
Personnel	9.352%	1,095,409
Public Health	1.359%	159,241
Public Safety	0.374%	43,824
Regulatory Agencies	0.202%	23,681
Revenue	29.314%	3,433,678
Revenue - Lottery	0.046%	5,445
State	0.007%	845
Transportation	0.285%	33,335
Treasury	0.007%	803
Local Gov't	<u>0.005%</u>	<u>563</u>
Total	100.00%	11,713,365

Attachment A – continued

FY 2005-06 GGCC Recoverable Costs

Administration

Personal Services	245,905
POTS Expenditures Includes STD	
Salary Survey	8,543
HLD	12,782
STD	328
AED	558
Operating Expenses	4,193
Subtotal - Administration	272,308

Customer Services

Personal Services	721,202
POTS Expenditures Includes STD	
Salary Survey	21,708
HLD	25,138
STD	986
AED	1,676
Operating Expenses	12,431
Subtotal - Customer Services	783,142

Computer Services

Personal Services	2,531,421
POTS Expenditures	
Salary Survey	73,954
HLD	136,396
STD	3,361
AED	5,717
Operating Expenses	6,181,350
CPU	336,034
Indirect Costs	595,768
HIPAA	<u>87,152</u>
Subtotal - Computer Services	9,951,153

Overhead

Capitol Complex	297,934
Workers' Comp	24,194
Shift	40,834
Property and Liability	41,414
MNT	17,429
Legal Services	351
Add Depreciation	258,506
Add Compensated Absences	<u>26,100</u>
Subtotal - Overhead	706,762
TOTAL	11,713,365

**Statewide
Supplemental #7**

**Schedule 6
FY 2005-06 STATEWIDE SUPPLEMENTAL REQUEST**

Department: Personnel and Administration
 Priority Number: Statewide Supplemental # 7
 Division: Executive Office, Division of Central Services
 Program: Fleet Mgmt & Motor Pool Svcs
 Request Title: FY 2005-06 Vehicle Lease Line Reconciliation

Dept. Approval: *[Signature]*
 OSPB Approval: *[Signature]*
 Statutory Citation: _____

Date: January 3, 2006
 Date: 12-21-05

Budget Analyst: Cindy Baouchi-Arcuri

Date: _____

Long Bill Line Item	Fund Source	1 Prior-Year Actual FY 2004-05	2 Appropriation FY 2005-06	3 Supplemental Request FY 2005-06	4 Total Revised Request FY 2005-06	5 Base Request FY 2006-07	6 Decision/Base Reduction FY 2006-07	7 November 1 Request FY 2006-07	8 Budget Amendment FY 2006-07	9 Total Revised Request FY 2006-07	10 Change from Base in Out Year FY 2007-08
Total of all line items	Total	\$12,715,668	\$13,547,738	(\$840,431)	\$12,707,307	\$13,547,738	\$882,638	\$14,430,376	\$0	\$14,430,376	\$0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	3,480	3,574	0	3,574	3,574	0	3,574	0	3,574	0
	CF	1,625,888	1,847,561	0	1,847,561	1,847,561	0	1,847,561	0	1,847,561	0
	CFE	11,086,300	11,696,603	(840,431)	10,856,172	11,696,603	882,638	12,579,241	0	12,579,241	0
	FF	0	0	0	0	0	0	0	0	0	0
Executive Office, Vehicle Lease Payments	Total	\$98,317	\$207,679	(\$71,647)	\$136,032	\$207,679	\$16,198	\$223,877	\$0	\$223,877	\$0
	FTE										
	GF	3,480	3,574		3,574	3,574		3,574		3,574	
	CF										
	CFE	94,837	204,105	(71,647)	132,458	204,105	16,198	220,303		220,303	
	FF										
Division of Central Services, SFM, Vehicle Replacement Lease, Purchase or Lease/Purchase	Total	\$12,617,351	\$13,340,059	(\$768,784)	\$12,571,275	\$13,340,059	\$866,440	\$14,206,499	\$0	\$14,206,499	\$0
	FTE										
	GF										
	CF	1,625,888	1,847,561		1,847,561	1,847,561		1,847,561		1,847,561	
	CFE	10,991,463	11,492,498	(768,784)	10,723,714	11,492,498	866,440	12,358,938		12,358,938	
	FF										

Letter Notations:

Cash Fund Name/Number: Fund 607

IT Request: No

Supplemental and Budget Amendment Criteria: New Data

Request for New or Replacement Vehicles: No

Request Affects Another Department(s): Yes - Statewide Request impacting multiple departments.

**Efficiency and Effectiveness Analysis
FY 2006-07 Statewide Supplemental Request**

Department: Department of Personnel & Administration
Long Bill Group/Division: Executive Office, Central Services
Program: State Fleet Management
Priority Number: Statewide Supplemental #7
Request Title: Statewide Vehicle Lease Line Reconciliation

Summary of Request

This is a statewide technical Supplemental Request to reduce statewide appropriations in various departments' Vehicle Lease Payment line items by a total of \$513,678. Some specific adjustments of note include an adjustment to the appropriation for the Department of Corrections to include \$31,900 for a non-fleet bus that is allocated in the Long Bill in the Department Of Corrections' Vehicle Lease Payments line item, an adjustment of \$10,668 in agency fixed payments for the Department of Natural Resources based upon JBC action during figure setting that resulted in the addition of 6 new vehicles for FY 2005-06 that were omitted from the current year's Long Bill, and an increase of \$2,860 in the fixed agency payment for the Department of Military Affairs associated with a prior year overexpenditure of their Vehicle Lease Payments line item in order to address a current year restriction. The corresponding reduction to State Fleet Management's spending authority for FY 2005-06 is currently estimated at \$768,784.

Note also that the DPA department share of this statewide request is a decrease of \$71,647, all Cash Funds Exempt, in the Executive Office, Vehicle Lease Payments line item.

It is the intent of this request to reconcile the spending authority in DPA's Central Services, Fleet Management Program and Motor Pool Services (referred to herein as State Fleet Management) with departmental appropriations for Vehicle Lease Payments to reflect departments' needs in the associated line items.

Problem or Opportunity Definition:

Adjustment of Vehicle Lease Payments to Cover Existing Costs:

Vehicle Lease Payment line items are used to pay for existing vehicle leases and associated management fees. Prior to FY 2002-03, when vehicle leases expired, reductions in affected departments did not occur on a consistent basis. When funding for vehicle replacements was requested, the estimated appropriations that built up in these line items was used to offset the total monthly cost of the replacements. Estimating the incremental base amount needed for both State Fleet Management (SFM) and State agencies inherently created variances between actual agency

appropriations and SFM spending authority as vehicles changed and exact vehicle amounts became known. For the last five fiscal years, SFM has used this base dollar approach to help fund new replacements.

In FY 2001-02 SFM, in coordination with the OSPB and various state agencies, developed the attached worksheet to reconcile the funding differences between appropriated dollars and actual lease payments. This reconciliation used the full amount of vehicle leases to be billed to agencies, less appropriations no longer required due to expiring leases. This approach gives a more accurate and verifiable calculation of base vehicle funding requirements. Due to the implementation of this new methodology, vehicle replacement requests now identify total estimated replacement costs and not just the estimated incremental costs. This reconciliation is conducted on an annual basis to determine whether appropriated funds will need to be adjusted in the Vehicle Lease Payments line items of affected agencies.

As a result of the analysis (see attached spreadsheet), it has been determined that SFM has excess cash funds exempt spending authority estimated at \$768,784 and agencies statewide have excess appropriations of \$513,678. This will result in a technical adjustment to the Vehicle Lease Payment line items for SFM user agencies as well as an adjustment to SFM program spending authority. (Note that the estimate of excess SFM spending authority is based upon current FY 2005-06 estimates.)

Recommendation:

The Department of Personnel & Administration recommends, that the Vehicle Lease Payments line item appropriations for State agencies be reduced by a total of \$513,678 (see attached agency detail), and SFM cash funds exempt spending authority be reduced by an estimated \$768,784.

Attachment A

FISCAL YEAR 2005-06							
A	B	C	D	E	F	G	G-C
DEPT	Division	FY06 Agency Long Bill Appropriation	July Billing X 12 FY06 Annualized Current Fixed Base OCT 2005	FY06 Replace List Replace/Adds Fixed Paymts CBP-6, Other-4	Lease End Analysis Leases Ending By 6/30/06	D + E + F Projected Agency FY06 Fixed Paymts (Including Mgmt Fee)	Variance FY06 Billing from FY06 Long Bill
Total Long Bill Appropriated Agencies							
CDPS	EDO (Fire Safety & Criminal Justice)	47,538.00	16,476.00	17,630.00	277.00	34,383.00	(13,155.00)
	Colorado State Patrol (see note)	4,568,345.00	4,184,484.00	776,600.00	(349,601.00)	4,611,483.00	43,138.00
	CBI	145,624.00	126,840.00	63,268.00	(10,077.00)	180,031.00	34,407.00
	CDPS Total	4,761,507.00	4,327,800.00	857,498.00	(359,401.00)	4,825,897.00	64,390.00
DOAG	Agriculture	157,321.00	133,587.00	12,084.00	(5,736.00)	139,935.00	(17,386.00)
	State Fair	-	-	-	-	-	-
DOC	Department of Corrections	1,650,845.00	1,355,360.00	206,836.00	(54,994.00)	1,539,104.00	(111,741.00)
DOH	Department of Health	189,935.00	193,514.00	8,899.00	(1,206.00)	201,207.00	11,272.00
DOHS	Department of Human Services	660,586.00	563,842.00	95,429.00	(20,983.00)	638,288.00	(22,298.00)
DOLA	Local Affairs	79,028.00	65,100.00	6,865.00	(4,087.00)	67,678.00	(11,350.00)
DOLE	Labor and Employment	76,108.00	72,514.00	7,673.00	(9,932.00)	70,255.00	(5,853.00)
DOMA	Military Affairs	20,724.00	35,634.00	4,516.00	-	43,010.00	22,286.00
DONR	Natural Resources	2,559,483.00	2,078,484.00	176,484.00	(17,807.00)	2,237,161.00	(322,322.00)
DOR	EDO	226,458.00	187,224.00	23,735.00	(4,335.00)	206,624.00	(19,834.00)
	Lottery	113,790.00	120,936.00	9,563.00	(1,818.00)	128,681.00	14,891.00
	Gaming	67,720.00	47,939.00	5,888.00	(1,720.00)	52,107.00	(15,613.00)
DORA	Regulatory Agencies	183,457.00	142,424.00	26,147.00	(8,004.00)	160,567.00	(22,890.00)
GOV	Economic Development	5,562.00	4,357.00	1,572.00	-	5,929.00	347.00
DPA	Department of Personnel (not MP)	207,679.00	106,296.00	29,736.00	-	136,032.00	(71,647.00)
CDOT	Aviation	1,920.00	5,441.00	1,572.00	-	7,013.00	5,093.00
DOL	Attorney General	24,253.00	22,451.00	3,521.00	(620.00)	25,352.00	1,099.00
DOS	Secretary of State	1,680.00	-	-	-	-	(1,680.00)
JUDICIAL	Public Defender	53,045.00	40,200.00	9,992.00	(1,247.00)	48,945.00	(4,100.00)
	Courts	81,645.00	77,035.00	12,912.00	(14,644.00)	75,303.00	(6,342.00)
		-	-	-	-	-	-
	TOTAL LONG BILL APPROPRIATED AGENCIES	11,122,766.00	9,580,138.00	1,500,724.00	(506,534.00)	10,609,088.00	(513,678.00)
Non Long Bill Appropriated Agencies							
DOE	Department of Education	22,836.00	15,840.00	6,996.00	-	22,836.00	-
DOT	DOT Non-Appropriated Total	2,357,569.00	1,706,628.00	139,789.00	(8,074.00)	1,838,343.00	(519,226.00)
DOHE	Higher Education Total	637,694.00	469,908.00	73,717.00	(7,298.00)	467,678.00	(169,818.00)
		-	-	-	-	-	-
	STATEWIDE TOTAL	14,140,865.00	11,772,514.00	1,721,226.00	(521,906.00)	12,938,143.00	(1,202,722.00)

DPA Motor Pool	
OCT 05 Billing *12	141,943.00
FY06 Lease Ending	(1,641.00)
FY06 Repl (4 mos)	10,494.00
TOTAL FY06:	150,796.00

Assumptions:

Prorations for FY06 are from "FY06 Replacements (740)-Approved-Dist.xls"
Prorations for FY07 are from "FY07 Replacements WORKING (737).xls"
Higher Education is not appropriated a specific line for Vehicle Lease Payments
Unforeseen include Accident Replacements, Mission Critical Uneconomic Repair Replacements, etc.
Education is not appropriated dollars for Vehicle Lease Payments
Dollars for Additional Vehicles Not Approved or Known to SFM are Not Included
Leases ending during FY06 (col. "F") and FY07 (col. "J") are determined by # of months not needed.
Motorpool lease payments are not allocated in the long bill under Dept of Personnel.
CDPS note: CSP proration assumes staggered delivery of replacements (1/2 delivered in November and 1/2 delivered in March) Use 6 month payments
DNR adjusted up from 165,816 to account for 6 Add'l Veh for DONR, omitted from Long Bill. Total \$ for 6 vehicles = \$2,667 per monthx4 months = 10,668 increase.
Department of Corrections includes \$31,900 for a non Fleet Corrections Bus
Department of Military Affairs includes a \$2,860 increase in fixed agency payments specifically related to a prior year overexpenditure per SCO

Statewide Supplemental #8

**Schedule 6
FY 2005-06 STATEWIDE SUPPLEMENTAL REQUEST**

Department: Personnel and Administration
 Priority Number: Statewide Supplemental # 8
 Division: Executive Office, Office of Administrative Courts
 Program: Administrative Courts
 Request Title: ALJ Mid-year Supplemental True-up

Dept. Approval: *[Signature]*
 OSPB Approval: *[Signature]*
 Statutory Citation: _____

Date: January 3, 2006
 Date: 12-22-05

Budget Analyst: Eric Fiolkoski
 Date: _____

Long Bill Line Item	Fund Source	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2004-05	Appropriation FY 2005-06	Supplemental Request FY 2005-06	Total Revised Request FY 2005-06	Base Request FY 2006-07	Decision/Base Reduction FY 2006-07	November 1 Request FY 2006-07	Budget Amendment FY 2006-07	Total Revised Request FY 2006-07	Change from Base in Out Year FY 2007-08
Total of all line items	Total	\$1,781	\$1,972	\$468	\$2,440	\$2,495	\$0	\$2,495	\$0	\$2,495	\$0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	1,781	1,972	468	2,440	2,495	0	2,495	0	2,495	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
Executive Office, Administrative Law Judge Services	Total	\$1,781	\$1,972	\$468	\$2,440	\$2,495	\$0	\$2,495	\$0	\$2,495	\$0
	FTE										
	GF	1,781	1,972	468	2,440	2,495		2,495		2,495	
	CF										
	CFE										
	FF										

Letter Notations:

Cash Fund Name/Number: Fund 611

IT Request: No

Supplemental and Budget Amendment Criteria: New Data

Request for New or Replacement Vehicles: No

Request Affects Another Department(s): Yes - Statewide Request impacting multiple departments.

**Efficiency and Effectiveness Analysis
FY 2005-06 Statewide Supplemental Request**

Department: Department of Personnel & Administration

Long Bill Group/Division: Division of Administrative Hearings

Program: Administrative Law Judge Services

Request Title: Administrative Law Judge Services (ALJ) Mid-Year Supplemental True-up

Request Criteria: New Data

Priority Number: Statewide Supplemental #8

Summary of Request

This is a statewide Supplemental Request that adjusts the distribution of appropriations to all departments using Administrative Law Judge Services (ALJ), and includes any applicable updates to total recoverable program costs. The total statewide request is for a decrease of \$5,485 in appropriations for Administrative Law Judge Services, and anticipated billings. There is no spending authority adjustment necessary to the Division of Administrative Hearings as a result of this request. Please refer to Attachment A for individual department needs and a summary of FY 2005-06 recoverable costs for the program.

The DPA share of this statewide request, as reflected on the attached Schedule 6, is for an increase of \$468 General fund to the Executive Office, Administrative Law Judge Services line item.

Note: In prior years, a footnote to the Long Bill required that an annual mid year review of the cost allocation methodology for Administrative Law Judge Services be submitted to the JBC for review no later than January 1 for statewide supplemental consideration. This footnote was eliminated from the Long Bill in the current fiscal year. However, JBC staff noted during figure setting that while the footnote was no longer necessary, the Department and the Committee have established the necessary expectations regarding the need for an annual supplemental for this program.

Problem or Opportunity Definition

The Department changed to a cost allocation billing methodology for Administrative Law Judge Services in FY 2001-02. This methodology establishes department appropriations based upon historical usage patterns. Departments are charged a fixed monthly fee that is equal to 1/12th of their ALJ Services appropriation.

In FY 2002-03, FY 2003-04, and FY 2004-05 the Department submitted supplemental requests to adjust departmental appropriations based upon the most recent full-year utilization data available. This was done to allow for a more current and equitable distribution of program costs to agencies utilizing ALJ services. This Supplemental Request updates FY 2005-06 appropriations to reflect the FY 2004-05 utilization rates and updated program cost estimates. (The current FY 2006-07 Common Policy request is already based upon FY 2004-05 utilization rates and, during FY 2006-07, will be adjusted via another Supplemental Request based upon final FY 2005-06 utilization.)

The Department has also included in this request a revision of the costs to be recovered through the historical cost allocation methodology. This is consistent with all previously submitted supplemental mid-year true-ups, which have previously included similar updated program cost estimates for the Division of Administrative Hearings. Further, the Department is not requesting adjustments to the DPA spending authority, as the appropriated spending authority, as approved by the Committee during FY 2005-06 figure setting, is sufficient. The Department is merely seeking to recover its costs, which would not be possible without adding the updated cost basis to the cost allocation model.

It is necessary to adjust the program cost estimates for Administrative Law Judge Services in the true-up supplemental due to timing issues. For example, the FY 2005-06 Common Policy for this program was initially developed in July/August 2004. This is prior to the development of the Department's initial base budget estimate annually in August, prior to the Department's submission of the Executive Budget Request to the JBC, and prior to the JBC figure setting process. Therefore, the Department develops the ALJ Common Policy based upon historical base budget adjustments rather than upon current fiscal year budget adjustments approved by OSPB or the JBC. This is not problematic because the Common Policy figures included in the Long Bill each year are simply initial estimates (both recoverable program costs and allocations to agencies) to be updated through the supplemental true-up process.

The cost basis for the provision of Administrative Law Judge Services as contained in this FY 2005-06 Supplemental Request is based upon the FY 2005-06 program appropriations and program allocations from central appropriations (POTS). Therefore, the Joint Budget Committee has already approved the departmental costs. This supplemental seeks only to ensure that the Department is able to recover costs equal to these approved appropriations.

Available Alternatives

Alternative #1 (Recommended) - Refer to Attachment A for departmental allocations under this alternative.

Cost allocation billing methodologies must meet federal guidelines (for example, OMB circular A-87 establishes that budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards but may be used for interim accounting purposes), and must be consistently applied in order for the State to avoid federal penalties, which can be substantial. Adjustments must be made in order to follow the cost allocation methodology and the only alternative is to make an adjustment through the supplemental process.

DPA's proposed method in calculating the mid-year departmental adjustments for this request performs a true-up for each individual department for the previous year in order to distribute the over-collection or under-collection based on actual usage, and then separately adjusts the department's current year appropriation based on the most recent usage percentage. The combination of the two adjustments results in the net Supplemental Request for a particular department.

The DPA methodology complies with the cost allocation methodology associated with Common Policies that require an annual true-up because the DPA methodology identifies necessary adjustments on a department-by-department basis. This yields more accurate results for individual agencies as well as in aggregate. Furthermore, State and federal government mandates require a methodology that is both consistent with established guidelines and consistent in its application. This request adheres to both of these principles.

Alternative #2 – Status Quo

Alternative #2 would continue with the status quo, which is inequitable, and inconsistent with the Truth-in-Rates methodology. This alternative also takes no action to realign statewide ALJ appropriations to reflect updates to utilization and cost basis, which would not be prudent under any circumstances.

Additional Considerations

A driving factor on the Division's workload increases in current or future fiscal years is related to legislation from past legislative sessions, and pending legislation in the current session. The following is taken from the Department's response to several fiscal note requests in the 2004 legislative session:

"The Department would like to point out that this proposed legislation, in its current form, does not generate the need for additional administrative law judge resources. Because of the numerous bills pending in the current session that may ultimately have impact on the resources and workload of the Division of Administrative Hearings, it is important to note that the collective impact of several bills may not be able to be absorbed within existing resources. Of course, the aggregate impact of several bills cannot, and should not, be reflected in any single

fiscal note. However, if several bills pass that impact administrative law judge services during the current legislative session, it would potentially be necessary that an associated change request be developed and submitted for additional resources."

Statutory and Other Authority

24-4-1001 & 1002, C.R.S.

Linkage to Objectives

DPA FY 2006-07 Strategic Plan:

Departmental goal: *Extend the Truth-in-Rates Philosophy Departmentwide.*

Associated objectives included the following: *Continue the Truth-in-Rates philosophy to ensure that rates recover the cost of services and remain competitive.*

Departmental goal: *Create and Enhance Stakeholder Relationships.*

Associated objectives included the following: *Facilitate and coordinate statewide and Common Policy related Change Requests and legislation that affects multiple stakeholders and State departments.*

Assessment of Alternatives

Alternative #1 (Recommended)

As referenced in prior requests, the ALJ cost allocation billing methodology must meet with federal guidelines and must be consistently applied in order for the State to avoid federal penalties, which can be substantial. In the current fiscal year, this adjustment should be made through the FY 2005-06 supplemental process. If this request were not approved, the Department would be unable to justify that its level of billings to customers is equitable and based on actual utilization. Further, if the Joint Budget Committee does not approve the revised cost basis, the Department will not fully recover all of its costs for ALJ services.

Alternative #2

Alternative 2 would continue with the status quo, and would leave appropriations for ALJ services at current levels as appropriated in the FY 2005-06 Long Bill. This alternative is not recommended, as it would leave current year appropriations at a level that was originally calculated based on FY 2003-04 (not FY 2004-05) utilization, and includes cost basis assumptions that are nearly a year out of date.

Concerns or Uncertainties

The Department is concerned that the State could be subject to federal penalties if an accurate allocation methodology is not approved for Administrative Law Judge Services.

Conclusion/Recommendation:

The Department recommends Alternative #1, which is consistent with Truth-in-Rates. This alternative updates the statewide allocation for FY 2005-06 ALJ services to ensure equitable treatment of State agency ALJ customers, to remain consistent with the Truth-in-Rates philosophy, and continues to allow for the provision of ALJ at the necessary service levels for our customers in current and future fiscal years.

Attachment A – Consistent with Alternative #1

FY06 Supplemental Allocations for Administrative Law Judge Services

Department	ALJ Hours	Paralegal Hours	Utilization Hours	Utilization Percent	FY06 Supplemental Allocations
Corrections-Adult Parole	63.5	-	63.5	0.20%	\$ 7,747
Education	174.6	24.5	199.1	0.63%	24,291
Public Health & Env	89.1	5.5	94.6	0.30%	11,542
Health Care Policy & Fin	3,722.1	424.6	4,146.7	13.12%	505,921
Human Services	5,514.2	813.2	6,327.4	20.03%	771,979
DOLE-Workers' Comp	16,529.2	1,559.9	18,089.1	57.25%	2,206,972
DPA	-	20.0	20.0	0.06%	2,440
Law	0.2	-	0.2	0.00%	24
Natural Resources - Wildlife	0.2	-	0.2	0.00%	24
Public Safety - Motor Carrier Safety	9.8	-	9.8	0.03%	1,196
Regulatory Agencies	1,094.7	305.4	1,400.1	4.43%	170,820
Revenue - Lottery	4.9	2.5	7.4	0.02%	903
Secretary of State	784.9	116.5	901.4	2.85%	109,976
Transportation	95.1	2.5	97.6	0.31%	11,908
Misc School Districts	239.7	0.5	240.2	0.76%	29,306
Colorado Student Loan	-	-	-	0.00%	0
Total			31,597.3	100.00%	\$ 3,855,049

Attachment A – Continued (Consistent with Alternative #1)

FY 06 Recoverable Costs

(updated 12/05)

Personal Services	2,871,380
Salary Survey	80,199
Performance Based Pay	0
HLD	98,095
STD	3,605
AED	6,130
Operating Expenses	148,000
Indirect Costs	<u>235,049</u>

Subtotal **3,442,458**

Overhead

Leased Space	330,855
Cap Complex Leased Space	12,836
Workers' Comp	16,879
Prop and Liability	28,893

MNT 4,182

GGCC 14,581

Legal Services 4,365

Subtotal **412,591**

TOTAL **3,855,049**

Departmental
Requests

DPA Supplemental
#1

**Schedule 6
FY 2005-06 SUPPLEMENTAL REQUEST & FY 2006-07 BUDGET AMENDMENT REQUEST**

Department: Personnel and Administration
 Priority Number: DPA Supplemental # 1 & Budget Amendment # 1
 Division: Executive Office
 Program: HIPAA
 Request Title: HIPAA Ongoing Maintenance & Licensing Expenses

Dept. Approval: *[Signature]*
 OSPB Approval: *[Signature]*
 Statutory Citation: _____

Date: January 3, 2006
 Date: 12-22-05
 Date: _____
 Budget Analyst: Eric Fiolkoski

Long Bill Line Item	Fund Source	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2004-05	Appropriation FY 2005-06	Supplemental Request FY 2005-06	Total Revised Request FY 2005-06	Base Request FY 2006-07	Decision/Base Reduction FY 2006-07	November 1 Request FY 2006-07	Budget Amendment FY 2006-07	Total Revised Request FY 2006-07	Change from Base in Out Year FY 2007-08
Total of all line items	Total	\$437,365	\$150,695	\$31,337	\$182,032	\$154,487	\$0	\$154,487	\$56,337	\$210,824	\$31,337
	FTE	1.6	2.0	0.0	2.0	2.0	0.0	2.0	0.0	2.0	0.0
	GF	96,145	63,543	0	63,543	67,509	0	67,509	0	67,509	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	341,220	87,152	31,337	118,489	86,978	0	86,978	56,337	143,315	31,337
Executive Office, HIPAA Security Remediation	FF	0	0	0	0	0	0	0	0	0	0
	Total	\$437,365	\$150,695	\$31,337	\$182,032	\$154,487	\$0	\$154,487	\$56,337	\$210,824	\$31,337
	FTE	1.6	2.0		2.0	2.0		2.0		2.0	
	GF	96,145	63,543		63,543	67,509		67,509		67,509	
	CF									0	
CFE	341,220	87,152	31,337	118,489	86,978		86,978	56,337	143,315	31,337	
FF											

Letter Notations: Supplemental funding requested for FY 06 is from Fund 11W, & for the FY 07 Budget Amendment \$43,837 is from Fund 11W & \$12,500 is from the Group Benefits Plan Reserve Fund.

Cash Fund Name/Number: Fund 11W & Group Benefits Plan Reserve Fund

IT Request: No

Supplemental and Budget Amendment Criteria: New Data

Request for New or Replacement Vehicles: No

Request Affects Another Department(s): No

Efficiency and Effectiveness Analysis
FY 2005-06 Supplemental Request
&
FY 2006-07 Budget Amendment Request

Department: Department of Personnel & Administration

Long Bill Group/Division: Divisions of Human Resources & Information Technology

Program: HIPAA Security Remediation

Request Title: HIPAA Ongoing Maintenance and Licensing Expenses

Request Criteria New Data

Priority Number: DPA Supplemental # 1, Budget Amendment # 1

Summary of Request

This analysis includes a Supplemental Request for FY 2005-06 and a Budget Amendment Request for FY 2006-07 related to the Health Insurance Portability and Accountability Act (HIPAA) of 1996. Specifically, this request is for additional appropriations to support the Department of Personnel & Administration's implementation and ongoing maintenance associated with the federal HIPAA Security Rule mandated to be effective April 21, 2005.

This request includes no General Fund, and seeks only \$31,337 of cash funds exempt spending authority for FY 2005-06 associated with the development of applications and provision of information systems maintenance and support necessary to achieve HIPAA related objectives associated with CSEAP as a hybrid covered entity. The funding source for this appropriation would be the Workers' Compensation Fund, as it is the funding stream appropriate for CSEAP related expenses. This is an ongoing request that will be required for FY 2005-06, FY 2006-07 and future fiscal years.

In addition, during FY 2006-07, the additional spending authority necessary totals \$56,337 and includes the costs associated with a biannual requirement to perform a risk assessment (\$25,000). The additional \$25,000 would be split between the two hybrid covered entities in the Department, CSEAP, and Employee Benefits Services (with this portion funded from the Group Benefits Reserves Fund).

This request essentially incorporates additional recurring expenses that were unknown at the time that the original DPA request associated with HIPAA Security remediation was submitted during the spring of FY 2003-04. Where applicable, the Department has addressed these issues within

existing appropriations thus far in order to be fiscally responsible, however, as the DPA appropriation to HIPAA has now been reduced to post implementation levels (beginning with the current fiscal year) the existing level of funding is insufficient to address the needs contained in this request in current and future fiscal years.

Background/Problem or Opportunity Definition

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) seeks to simplify health care administration by standardizing data transactions, codes, and identifiers. The United States Department of Health and Human Services is implementing the Health Insurance Portability and Accountability Act at the federal level through a sequence of federal regulations. Each new HIPAA rule must be implemented within two years of being made final. Additionally, the Health Insurance Portability and Accountability Act is accompanied by stiff federal penalties for non-compliance (both financial and criminal) that varies by rule.

The federally mandated HIPAA Security Rule specified a series of administrative, technical, and physical security procedures for covered entities to use to assure the confidentiality of electronic protected health information. The implementation of this Security Rule impacted all aspects of the Department's computer systems and complimented the HIPAA privacy rule, which was previously implemented. The Department completed an assessment of the Security Rule feasibility study, outlined the Department's security system enhancement requirements to make the Department compliant with the new rule by April 21, 2005, and submitted a FY 2003-04 Supplemental/FY 2004-05 Budget Amendment to secure the necessary appropriations and FTE within DPA.

When the initial DPA HIPAA request was submitted during the FY 2003-04 budget cycle as an initial step toward implementation of the Security Rule, the Departments of Health Care Policy & Financing, Human Services, and Personnel & Administration jointly issued a Request for Proposals for a Security Rule feasibility study in which the contract was awarded to CH2MHill. The contractor's feasibility study recommended minimal compliance for the Department of Personnel & Administration as a hybrid covered entity, and a best practice compliance level that met the industry security rule standards. Based upon the contractor's recommendations, combined with an in-depth departmental audit of the Security Rule feasibility study, the Department's initial request was developed and submitted. It must be noted that the requested level of funding, while less than the contractor's recommendation, was determined to be appropriate and fiscally responsible as the Department was able to accomplish many of the initial remediation efforts necessary for compliance within existing resources.

As referenced briefly above, similar to the implementation of any initiative/mandate with programmatic and operational impact, certain factors related to out year needs were not known initially, therefore they were not included in the original request two budget cycles prior to the current cycle. Most of the components are related to ongoing maintenance and software licenses, and are summarized below:

- Disk Net Maintenance - authentication software, which allows for a third level of authentication (in addition to user name and password) before a user is allowed access to a CSEAP computer - \$220 annually.
- Data Vault Maintenance - encryption software, which is used to encrypt the entire hard drive of all of the computers that CSEAP personnel use. This ensures that if a computer is stolen that the HIPAA data on the machine cannot be accessed - \$60 annually.
- VPN - Virtual Private Networking. This is software, which creates a secure encrypted "tunnel" from desktop or laptop computers to the server on which the CSEAP application resides. This is important because we have counselors who reside in Sterling, Pueblo, Brighton, Canon City, Grand Junction and Colorado Springs and enter data into the CSEAP Application/database every day - \$1,152 annually.
- DSL - Digital Subscriber Lines, due to the overhead that encryption software places on data transmission rates, it was necessary to upgrade the connections from the remote sites from dial-up lines to DSL to provide enough bandwidth for counselors to do their jobs - \$4,200 annually.
- CSEAP Application Maintenance - provides for version updates and security patches for this application/database - \$2,300 annually.
- Docuvault Offsite Tape Storage - the Department is required by HIPAA compliance standards to keep a complete, offsite, and up-to-date copy of our databases for disaster recovery purposes. Docuvault is the company that provides this service - \$3,000 annually.
- Training Module Maintenance - annual HIPAA training is required to keep employees up to date on HIPAA ePHI handling procedures. We have an Internet training package built to provide this training, but will require periodic updates for changes to HIPAA compliance standards and best practices - \$500 annually.
- HIPAA Monitoring and Audit Applications – this item includes eTrust access control, eAudit, eSecurity Command Center and associated licensing of CSEAP as a HIPAA hybrid covered entity. These annual licensing costs total \$19,905 annually, and were not included in the original request from two years ago.

The HIPAA monitoring and auditing applications were purchased last year by the Department within existing appropriations, and with HIPAA funds. These products allow us to keep a historical audit trail of every instance of access of HIPAA compliant data, allows us to log and analyze the massive amounts of data received from our firewall logs and other network detection devices, and facilitates forensic auditing of our system if a breach occurs.

With regard to the cost estimates reflected above, it is relevant to note that all of the requested spending authority is cash funds exempt, is associated with the *Colorado State Employee Assistance Program* (CSEAP) and will reflect the funding mechanism appropriate to that fund - reserves from the Workers' Compensation Fund. (For reference CRS 24-50-604 provides the statutory authorization for the Colorado State Employee Assistance Program. In accordance

with statute, starting in FY 2003-04 and any fiscal year thereafter, sources of funding for the program may include, but need not be limited to, the group benefit plans reserve fund, the risk management fund, and interest derived from the investment of said funds.)

For background, CSEAP is a “hybrid covered entity” within DPA for HIPAA purposes, and the program has a database that includes “e-PHI”, that is accessed remotely from multiple locations throughout the State. While this allows CSEAP to have the flexibility to address the needs of a sizeable and geographically disparate population of State employees, it doesn’t come without a technical cost. The components that are included in the request, as identified above, are specifically related to CSEAP and the technical needs of CSEAP staff and management to remotely access information/data electronically without operational inefficiencies or cybersecurity related concerns.

For reference, CSEAP is a DPA administered program that provides a diverse array of services based in the behavioral sciences integrating organizational and individual assistance to optimize the productivity, safety and well being of the Colorado State workforce. CSEAP provides two primary services within State government: organizational assistance and individual assistance. Organizational assistance provides a system-wide approach to the comprehensive management of behavioral risk through consultation and problem solving regarding workplace conflict, violence risk, poor communication, sexual harassment, and many other workplace issues. Organizational assistance also addresses performance improvement and skills development for a more positive and productive workplace. In addition to consultation, organizational assistance tools offered to supervisors, managers, and HR professionals include coaching, employee referral, mediation, facilitated groups, workshops/training, crisis intervention, and continuing education. For individual employees, individual assistance services are designed to maintain and strengthen mental health and productivity through assessment, short term counseling, and referral. Individual assistance addresses work related problems that affect job performance, personal problems to help reduce the impact these problems have on the employee, the workplace, and coworker; work/life balance and personal/career goal attainment. Employees in the greater Denver metro area may visit CSEAP office at 633 17th Street, Suite 1120, a new location for the program providing security, privacy and convenience. CSEAP offices are also located at the School for the Deaf and the Blind in Colorado Springs, Pueblo Community College and Colorado Mental Health Institute in Pueblo, the Department of Corrections Visitors Center in Canon City, the Regional Center in Grand Junction, and Northeastern Junior College in Sterling.

Finally, an additional cost that was previously not included is the need for a biannual HIPAA risk assessment. This is mandated by federal HIPAA rules. During FY 2003-04, the initial assessment was performed by CH2Mhill on behalf of the State and the Department. During FY 2004-05, the Department absorbed the costs for the assessment and performed it in-house within existing resources. For FY 2006-07, the Department will again be required to complete the risk assessment and intends to pay an outside contractor to perform the assessment. The Department expects to cycle this requirement each time it is necessary, alternating between in-house resources and outside contractors, to ensure an objective analysis. This is anticipated to cost \$25,000 for FY 2006-07, which should be funded by a combination of CSEAP and Employee Benefits Services.

Available Alternatives

Alternative #1 (Recommended)

Alternative #1 seeks an additional supplemental appropriation of \$31,337 for FY 2005-06 (cash funds exempt from the Workers' Compensation Fund – Fund 11W), and an additional appropriation of \$56,337 for FY 2006-07 (\$43,837 in cash funds exempt from the Workers' Compensation Fund – Fund 11W, and \$12,500 in cash funds exempt from the Group Benefits Reserve Fund) in order to recalibrate the DPA HIPAA Security Remediation appropriation. For reference, the \$31,337 should be considered a permanent base increase, while the funding for the biannual risk assessment will be requested as needed via Change Request, as applicable. Note that the request requires the appropriation of no new General Fund in either year. The funding mechanism is consistent with prior HIPAA Security Remediation appropriations where the revenue source is related to the “end user”, in this circumstance, the Workers' Compensation Fund as a result of CSEAP technical needs discussed above, and the Group Benefits Reserve Fund.

Alternative #2

Alternative #2, the status quo, would not provide for the additional appropriations contained within this request, and would leave the current fiscal year and future year continuation appropriation at existing levels. Under this alternative, the Department would be forced to absorb the amounts identified above within existing appropriations annually, which would divert funding and resources from other critical departmental and statewide priorities unnecessarily.

Statutory and Other Authority

Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, title II, subtitle F, amending Social Security Act, title XI, part C, sections 1171 through 1179, entitled “Administrative Simplification”.

Linkage to Objectives

DPA FY 2006-07 Strategic Plan:

Departmental goal: *Maintain Truth-in-Rates Philosophy Departmentwide.*

Associated objectives included the following: *Continue the Truth-in-Rates philosophy to ensure that rates recover the cost of services and remain competitive.*

Departmental goal: *Create and Enhance Stakeholder Relationships.*

Associated objectives included the following: *Facilitate and coordinate statewide and Common Policy related Change Requests and legislation that affects multiple stakeholders and State departments.*

Assessment of Alternatives

Alternative #1 (Recommended)

As reflected above, Alternative #1 will allow the Department to continue to ensure that it meets its obligations under federal HIPAA rules and mandates, without becoming subject to potential penalties for non-compliance. In addition, the Department would like to highlight the fact that the amount of resources requested for FY 2005-06 and future fiscal years is fairly small, albeit not absorbable within existing appropriations, and requires no additional General Fund. Further, it is not uncommon in a program such as HIPAA that certain ongoing, recurring expenses are not considered when the “program” is established. In this case, however, the initial projections from two fiscal years previous were quite accurate, requiring only the relatively minor funding increases reflected above.

Alternative #2

Alternative #2 would not provide additional resources necessary to address ongoing maintenance and software licensing costs. As a result of the negative implications associated with a lack of compliance with various federal HIPAA rules, the Department believes that this course of action would be problematic, and strongly recommends against it. (Each regulation to date has stipulated stiff financial, and sometimes criminal, penalties for failure to comply.)

Conclusion/Recommendation:

The Department recommends Alternative #1, which will allow for continued compliance with HIPAA Security Rules without diverting resources unnecessarily from other critical departmental and statewide priorities, while requiring no appropriations of additional General Fund in current and future fiscal years.

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DPA Supplemental #2

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**Schedule 6
FY 2005-06 SUPPLEMENTAL REQUEST & FY 2006-07 BUDGET AMENDMENT REQUEST**

Department: Personnel and Administration
 Priority Number: Supplemental #2, Budget Amendment #2
 Division: Division of Central Services
 Program: Document Solutions Group
 Request Title: Base Increase for DSG Utilities

Dept. Approval: *[Signature]*
 OSPB Approval: *[Signature]*
 Statutory Citation: _____

Date: January 3, 2006
 Date: 12-22-05

Budget Analyst: Cindy Baouchi-Arcuri
 Date: _____

Long Bill Line Item	Fund Source	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2004-05	Appropriation FY 2005-06	Supplemental Request FY 2005-06	Total Revised Request FY 2005-06	Base Request FY 2006-07	Decision/Base Reduction FY 2006-07	November 1 Request FY 2006-07	Budget Amendment FY 2006-07	Total Revised Request FY 2006-07	Change from Base in Out Year FY 2007-08
Total of all line items	Total	\$12,969	\$10,763	\$20,982	\$31,745	\$10,763	\$0	\$10,763	\$20,982	\$31,745	\$20,982
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	12,969	10,763	20,982	31,745	10,763	0	10,763	20,982	31,745	20,982
Division of Central Services, IDS, Document Solutions Group Utilities	FF	0	0	0	0	0	0	0	0	0	0
	Total	\$12,969	\$10,763	\$20,982	\$31,745	\$10,763	\$0	\$10,763	\$20,982	\$31,745	\$20,982
	FTE										
	GF									0	
	CF									0	
CFE	12,969	10,763	20,982	31,745	10,763		10,763	20,982	31,745	20,982	
FF											

Letter Notations:
 Cash Fund Name/Number: Fund 601
 IT Request: No
 Supplemental and Budget Amendment Criteria: New Data
 Request for New or Replacement Vehicles: No
 Request Affects Another Department(s): No

Efficiency and Effectiveness Analysis

FY 2005-06 Supplemental Request & FY 2006-07 Budget Amendment

Department: Department of Personnel and Administration
Long Bill Group/Division: Division of Central Services
Program: Integrated Document Factory
Priority Number: DPA Supplemental #2 & Budget Amendment #2
Request Title: Base Increase for Document Solutions Group Utilities

Summary of Request

This request is for an increase in base funding in the Utilities line item within the Division of Central Services, Document Solutions Group in Pueblo. This appropriation has remained unchanged since FY 2001-02, despite utility rate increases and other operational changes experienced by the Document Solutions Group.

Presently, the appropriation for this line item is \$10,763. This request seeks to increase the ongoing appropriation to \$31,745 for FY 2005-06, FY 2006-07 and beyond.

Problem or Opportunity

The appropriation for utilities for the Document Solutions Group has remained at \$10,763 since FY 2001-02. Since that time, numerous things have occurred which have increased demands on that appropriation.

- Utility rates have risen. Utility costs for the winter of 2005-06 will be exceptionally high.
- The addition of MNT related equipment necessary to address DSG data needs and uninterrupted power supply servers has increased utility consumption.
- The expansion of leased space occupied and increased business activity has contributed to higher energy demand.
- The Document Solutions Group became responsible for paying the water and sewage utilities associated with the increased space beginning in FY 2004-05.

The Document Solutions Group has leased portions of a building in Pueblo since October 1982. Initially, 5,859 square feet of usable office space was leased. Beginning April 1, 2004, an additional 3,500 square feet of rentable floor area was leased. The Document Solutions Group is

also responsible for the water and sewage costs of this additional 3,500 square feet. The Department now has collected over a year of utilities expenditures incorporating these factors, and is now able to estimate the increased utilities associated with this expansion.

The table below illustrates the effect of this fixed appropriation over time. As permitted by the State Controller, general operating appropriations were transferred to cover utilities costs that exceeded the appropriation to the utilities line item in FY 2002-03, FY 2003-04 and again in FY 2004-05 (within the parameters of the \$2 million statewide appropriation transfer limit). In FY 2004-05 utilities costs by far exceeded the appropriated amount such that general business operating needs could not be met if the full over-expenditure were drawn from the operating line. Thus, in FY 2004-05 the Department transferred \$2,300 from the Capitol Complex Facilities Utilities line item for Denver with the remaining \$15,863 covered by the Document Solutions Group's Operating Expenses line item.

Fiscal Year	Utilities Appropriation	Utilities Expenditures	Amount Over Appropriation Covered by Operating or Other Utilities Lines
FY 02-03	\$10,763	\$12,511	\$1,748
FY 03-04	\$10,763	\$16,526	\$5,753
FY 04-05	\$10,763	\$28,926	\$18,163
FY 05-06 estimate	\$10,763	\$31,745	\$20,982
FY 06-07 estimate	\$10,763	\$31,745	\$20,982

Available Alternatives

Alternative #1 - Increase the Base Appropriation for Utilities to address historic shortfalls and current utilities rate increases.

Alternative #2 - Do nothing – Status Quo

Assessment of Alternatives

Alternative #1-- Increase the Base Appropriation for Utilities

Despite utility rate increases and other operational changes for the Document Solutions Group in Pueblo, the utilities' appropriation has remained unchanged since FY 2001-02. In FY 2003-04, additional space was leased to accommodate increasing workloads, resulting in higher utility costs. Also, in FY 2004-05, the Document Solutions Group became responsible for the water and sewage costs at its Pueblo facility. Since FY 2002-03, Document Solutions Group has covered utility expenditures beyond the appropriation, addressing the shortfall with funding from the Operating Expenses line item. However, as referenced above, in FY 2004-05, sufficient funds were not available in the Operating line to cover the shortfall in the utilities appropriation. As a result, in FY 2004-05 \$2,300 was transferred from the Capitol Complex Facilities Utilities line item for Denver with the remaining \$15,863 covered by Document Solutions Group's Operating line.

Increased utilities expenditures are foreseen to continue into FY 05-06 and beyond due to anticipated rate increases in providing electricity, natural gas and water. While addressing any shortfall in the DSG utilities appropriation primarily from the DSG Operating Expenses line item has been a suitable and fiscally responsible mechanism historically, as experienced in FY 2004-05, the Document Solutions Group is no longer able to absorb higher utility costs through its Operating Expenses line item. Moreover, "raiding" the Operating Expenses line to cover utilities makes it increasingly difficult to effectively expand its business operations to meet increased customer demand, particularly for its on-line data entry services. In fact, the Department is actually requesting an increased appropriation for the DSG Operating Expenses line item for current and future fiscal years in another request, which is necessary even if that line item no longer is required to subsidize the DSG Utilities appropriation.

Calculations:

FY 05-06 Request: Due to the fact that leased space was increased during FY 2003-04 and water and sewer charges were not billed to this line until FY 2004-05, FY 2004-05 is the only year that can be used to discern a monthly spending pattern for the Document Solutions Group's utilities that would be similar to what is currently experienced.

Calculation Method

Refer to Attachment A. Based on FY 2004-05's expenditure pattern, expenditures through September represent 24.8% of total expenditures for the year. This implies that FY 2005-06 total expenditures for the year would be \$29,330. The costs of providing electricity and natural gas increased substantially during the winter of 2005-06. For purposes of this request, natural gas and electricity expenditures from November through February of FY 2004-05 are increased by 25% to estimate utility expenditures for this winter. This adds \$2,415 to the estimate, resulting in a request of \$31,745. (Calculation: $\$29,330 + \$2,415 = \$31,745$.)

FY 06-07 Request: At this time, the Department recommends the FY 2005-06 requested base appropriation remain constant for FY 2006-07. Due to numerous uncertainties in estimating this line, such as the long-term effect of Hurricane Katrina on energy costs, and the fact that the Department only has the FY 2004-05 expenditure pattern to use as a basis for estimating the Supplemental Request, the Department recommends holding the appropriation for the FY 2006-07 budget amendment at the requested FY 2005-06 supplemental level until newer data suggests otherwise.

Alternative #2-- Do Nothing

Increased utilities expenditures are expected to continue into FY 2005-06 and beyond due to anticipated rate increases associated with electricity, natural gas and water. As demonstrated in FY 2004-05, the Document Solutions Group is no longer able to absorb higher utility costs through its Operating Expenses line item; while managing the problem within existing appropriations might have been both prudent and responsible in prior fiscal years due to budgetary constraints, to absorb higher and higher utility costs each year only exacerbates the problem. Furthermore, using appropriations from the Operating line to cover utilities makes it increasingly difficult to

effectively expand DSG's business operations to meet increased customer demand, particularly for its on-line data entry services.

Recommendation

As outlined above, the Department's recommends Alternative #1, which would increase the base appropriation for the Document Solutions Group Utilities line item to \$31,745 for FY 2004-05 and future fiscal years to cover ongoing increases in utilities costs.

ATTACHMENT A

DSG Utilities Costs by Type for FY 05-06 (based on actuals through September)

Code Name	JUL (actual)	AUG (actual)	SEP (actual)	OCT (est.)	NOV (est.)	DEC (est.)	JAN (est.)	FEB (est.)	MAR (est.)	APR (est.)	MAY (est.)	JUN (est.)	YTD Total	Year-End Estimate	Plus Winter Rate Increases
Water and Sewage	\$ 150.00	\$ 95.40	\$ 39.14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284.54		
Electricity	\$ 2,303.56	\$ 4,320.92	\$ 336.85	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,961.33		\$ 1,727.63
Natural Gas	\$ 300.00	\$ (286.76)	\$ 2.92	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16.16		\$ 687.10
TOTAL UTILITIES	\$ 2,753.56	\$ 4,129.56	\$ 378.91	\$ 2,110.18	\$ 1,888.44	\$ 2,159.95	\$ 3,186.38	\$ 2,917.85	\$ 2,890.35	\$ 1,771.71	\$ 2,773.45	\$ 2,065.96	\$ 7,262.03	\$ 29,330	\$ 31,745

DSG Utilities Costs by Type for FY 04-05

Code Name	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD Total	Year-End Total
Water and Sewage	\$ 36.17	\$ 50.00	\$ 23.50	\$ 40.00	\$ 119.10	\$ 100.00	\$ 149.81	\$ 124.82	\$ 133.94	\$ 151.98	\$ 150.00	\$ 83.43	\$ 1,162.75	
Electricity	\$ 2,392.41	\$ 2,308.25	\$ 2,317.93	\$ 2,040.18	\$ 1,458.21	\$ 1,659.95	\$ 1,879.95	\$ 1,912.39	\$ 2,156.41	\$ 1,945.14	\$ 2,323.45	\$ 2,219.11	\$ 24,613.38	
Natural Gas	\$ 6.73	\$ 20.00	\$ 7.01	\$ 30.00	\$ 311.13	\$ 400.00	\$ 1,156.62	\$ 880.64	\$ 600.00	\$ (325.41)	\$ 300.00	\$ (236.58)	\$ 3,150.14	
TOTAL UTILITIES	\$ 2,435.31	\$ 2,378.25	\$ 2,348.44	\$ 2,110.18	\$ 1,888.44	\$ 2,159.95	\$ 3,186.38	\$ 2,917.85	\$ 2,890.35	\$ 1,771.71	\$ 2,773.45	\$ 2,065.96	\$ 28,926.27	\$ 28,926
Year-to Date Share of Total Expenditures	8.4%	16.6%	24.8%	32.1%	38.6%	46.1%	57.1%	67.2%	77.1%	83.3%	92.9%	100.0%		

**DPA Supplemental
#3**

**Schedule 6
FY 2005-06 SUPPLEMENTAL REQUEST**

Department: Personnel and Administration
 Priority Number: DPA Supplemental #3
 Division: Division of Central Services
 Program: Document Solutions Group
 Request Title: Document Solutions Group Base Increase

Dept. Approval: *[Signature]*
 OSPB Approval: *[Signature]*
 Statutory Citation: _____

Date: January 3, 2006
 Date: 12-22-05

Budget Analyst: Cindy Baouchi-Arcuri

Date: _____

Long Bill Line Item	Fund Source	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2004-05	Appropriation FY 2005-06	Supplemental Request FY 2005-06	Total Revised Request FY 2005-06	Base Request FY 2006-07	Decision/Base Reduction FY 2006-07	November 1 Request FY 2006-07	Budget Amendment FY 2006-07	Total Revised Request FY 2006-07	Change from Base in Out Year FY 2007-08
Total of all line items	Total	\$2,839,837	\$2,346,847	\$618,200	\$2,965,047	\$2,390,006	\$0	\$2,390,006	\$0	\$2,390,006	\$0
	FTE	45.9	46.7	0.0	46.7	46.7	0.0	46.7	0.0	46.7	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	2,839,837	2,346,847	618,200	2,965,047	2,390,006	0	2,390,006	0	2,390,006	0
	FF	0	0	0	0	0	0	0	0	0	0
Division of Central Services, IDS, Document Solutions Group, Personal Services	Total	\$2,839,837	\$2,346,847	\$618,200	\$2,965,047	\$2,390,006	\$0	\$2,390,006	\$0	\$2,390,006	\$0
	FTE	45.9	46.7		46.7	46.7		46.7		46.7	
	GF										
	CF										
	CFE	2,839,837	2,346,847	618,200	2,965,047	2,390,006		2,390,006		2,390,006	
	FF										

Letter Notations:

Cash Fund Name/Number: Fund 601

IT Request: No

Supplemental and Budget Amendment Criteria: New Data

Request for New or Replacement Vehicles: No

Request Affects Another Department(s): No

Efficiency and Effectiveness Analysis FY 2005-06 Supplemental Request

Department: Department of Personnel & Administration

Long Bill Group/Division: Executive Office, Division of Central Services

Program: Integrated Document Solutions (formerly Integrated Document Factory)

Priority Number: DPA Supplemental #3

Request Title: Document Solutions Group Base Increase

Summary of Request

The Integrated Document Solutions (formerly known as the Integrated Document Factory) requests additional supplemental spending authority in FY 05-06 for ongoing Document Solutions Group (DSG) operations. In recent years, workload of the Document Solutions Group (DSG) has increased, particularly in the data entry unit, as the group has become increasingly competitive in terms of price, quality and technology. The request seeks additional spending authority for the DSG Personal Services line item for temporary personal services for data entry operators. It is relevant to note that this request is simply for spending authority within DPA, has no direct General Fund impact, and a substantial portion of the requested spending authority is either classified as Cash Funds (from counties) and Federal Funds (from the Department of Public Safety). At this time it is unknown if additional spending authority will also be required in FY 06-07. The Department will continue to monitor workload for the projects mentioned specifically in this request, as well as other new opportunities. Thus, while additional spending authority is not requested at this time for FY 06-07, it is possible that it could be necessary in the future.

SUMMARY OF REQUEST

	FY 05-06 Long Bill Appropriation	FY 05-06 Estimated Expenditures	FY 05-06 Supplemental Request
Document Solutions Group			
Personal Services	\$ 2,346,847	\$ 2,965,047	\$618,200
	FY 06-07 Continuation Appropriation	FY 06-07 Requested Expenditures	FY 06-07 Budget Amendment
Document Solutions Group			
Personal Services	\$ 2,346,847	\$ 2,346,847	\$0

* Of the Personal Services amount \$298,200 is Cash Funds from counties and \$240,250 is Federal Funds from the Department of Public Safety. Refer to Attachment A.

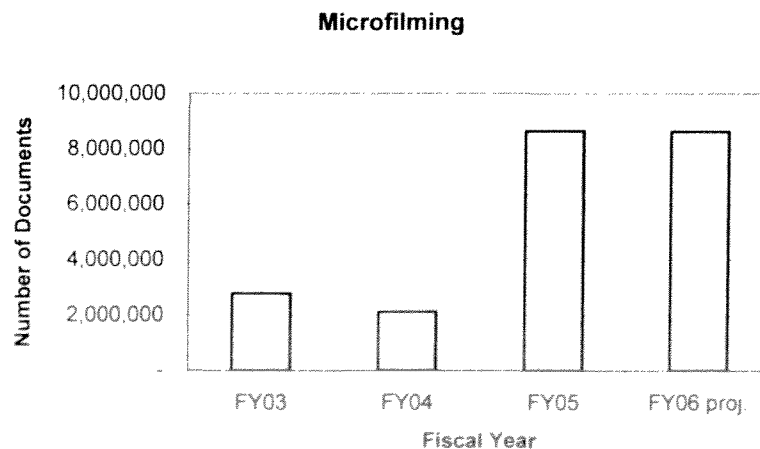
Problem or Opportunity Definition

The Document Solutions Group (DSG) offers State agencies and political subdivisions document conversion, data manipulation, document preservation and content management Services. DSG services also include micrographic, data entry, digital imaging, optical character recognition, on-line forms development and indexing for database retrieval.

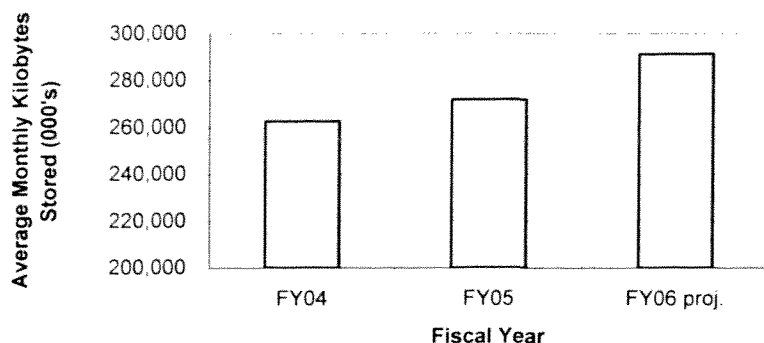
The Document Solutions Group operates as part of the Integrated Document Solutions, a functional unit of the Division of Central Services, and is a labor-intensive operation; workload fluctuations directly impact personal services. Changes in technology have given the DSG Pueblo Center the opportunity to provide services throughout the State of Colorado. In general, the fact that the center is outside the Denver metro area is no longer an obstacle. By utilizing the high-speed network access capabilities of the Multi-Use Network (MNT), the DSG on-line services are able to connect to any database, given the proper authorization. Increasingly, State agencies are using the Document Solutions Group for the low-cost, high-quality services it provides including data entry, data conversion and microfilm services. For example, in FY 2004-05 DSG began contracting with the Department of Revenue to microfilm income tax filings. This alone increased DSG's workload by over 7,000,000 documents per year.

While increased use of DSG services has decreased pressures on State agencies' operating and personal services budgets, the increased workload to the Document Solutions Group has not been met with increased spending authority. This request seeks additional spending authority to fill that gap. It is not anticipated that increased appropriations to departments' operating and/or personal services line items are necessary because of the Document Solutions Group's cost efficiencies.

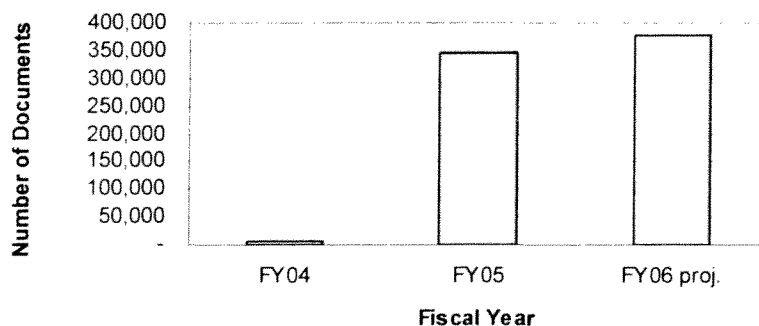
The charts and graphs below illustrate how workloads have recently increased.



Electronic Data Warehouse Imaging

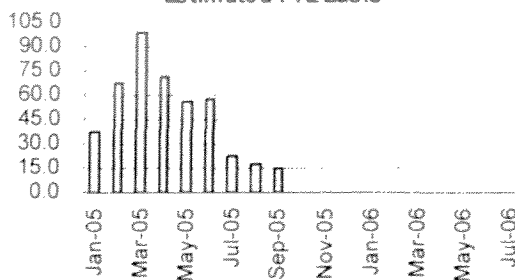


On-Line Services



The graph below illustrates how the need for temporary personnel increases cyclically on an annual basis. While the need for temporary personnel peaks annually during income tax filing periods, year-to-date this fiscal year, the need for temporary services has been significantly higher than in past years. Thus, this request also seeks to increase the appropriation for temporary personal services.

DSG Temporary Personnel Estimated FTE Basis



Below are a few specific examples of the programs for which DSG provides on-line services and is requesting increased spending authority in personal services.

Department of Public Safety – Colorado State Patrol

DSG has trained State data operators to access a federal program, "Safety Net", inputting Truck Count Reports (TCRs). A Colorado Department of Transportation identification number is required and the database retrieves any information related to this number. There are several levels of reports, containing information pertinent to the type of form, for instance, vehicle inspection reports, traffic violations, and weight and checkpoint reports. The data is entered via the Safety Net program for uploading into an Oracle database. A log is maintained to provide information regarding the records entered into the system each day and to provide a quality assurance monitoring process. The project is time critical; all records must be input by a specified due date in order for the agency to continue to receive federal funds.

Department of Public Safety – Colorado Bureau of Investigation

DSG is working on two projects for the Colorado Bureau of Investigation (CBI). The first project is viewing the Colorado Criminal History (CCH) and updating the data in the Colorado Crime Information Computer (CCIC) system. The second project is updating information regarding the Sex Offender files. Note that both of these projects are funded solely with federal funds.

These projects and ongoing assignments from CBI require extensive background checks. DSG's ultimate goal is to have a pool of qualified State data operators to provide data entry services to CBI. It is costly to the State every time a background and polygraph test is performed on a temporary employee. The Colorado Bureau of Investigations reported to DPA that the costs for these investigations ranges between \$112.50 and \$250.00 per person, depending on whether CBI does the check itself in-house, or contracts the work out to a private company. Other costs to the State include DSG's costs to continually retrain a new worker.

Department of Public Health-- Vital Statistics

DSG trained State data entry operators to enter death certificates for the Department of Public Health and Environment (DPHE). DPHE scans the information and DSG logs onto a data entry program to enter the information from an imaged document. DSG does both the entry of the form and uploads and stores the image in the Electronic Document Warehouse (EDW), located at DPA's Division of Information Technology (DoIT). The agency is able to retrieve a document through a web browser with a user name and password. The EDW also gives the customer the opportunity to print, mail and view the information.

Colorado Benefits Management System

In FY 2004-05 DSG trained under the guidance of the Department of Health Care Policy and Financing (HCPF) to process Family Medical and Children's Health Plan Plus applications in the Colorado Benefits Management System (CBMS). Once the necessary process(es) were implemented, DSG assisted the counties and CHP+ program offices in meeting their mandated

deadlines. DSG worked closely with HCPF as well as numerous counties to enter caseload information into the Colorado Benefits Management System (CBMS) during FY 2004-05 and numerous legacy public benefits systems for all counties when they were converted into this system in September 2004. Through DSG's on-line services, DSG was able to log on to the CBMS system from a remote location and enter the necessary information to process a case file. DSG trained over 100 operators, including a dozen or so Spanish-speaking personnel to process caseloads. DSG also worked with the State help desk on problem cases to identify and resolve system errors. By the end of FY 2004-05, DSG had processed over 50,000 benefits cases. In this case DSG ultimately served as much more than data entry operators/clerks. In fact, DSG staff actually took on a considerable amount of responsibility and contributed positive impact throughout the process, including training county eligibility technicians. DSG's assistance in this project was critical in helping adults, children, newborns and pregnant women receive medical assistance benefits on a timely basis.

This service will continue this fiscal year and beyond. Presently, DSG is processing both current and backlog cases. In addition to data entry, DSG also provides scanning and storage services for these cases. Weld and Pueblo counties are now contracting directly themselves with DSG for its expertise in this area. Negotiations are underway with the City and County of Denver and proposals have been submitted to Arapahoe and El Paso counties. DSG's technical skill is expected to continue to contribute to the success of the Colorado Benefits Management System. *Note that the spending authority requested for this project is Cash Funds, as its source is county governments.*

Assumptions and Calculations

See Attachment A for the breakdown of spending authority needed to continue serving DSG customers. The following assumptions apply.

Personal Services

- The estimated average annual hours worked per project are estimated by annualizing the hours spent per project, and multiplying the average hours per month spent between July and September 2005 by 12 months. The exception to this is the CBMS project. For this project, August hours are presumed to be representative of average monthly hours throughout the year.
- To calculate the temporary "FTE" included in this request, along with the associated additional personal services need, it is assumed that each person works an average of 173.33 hours per month. Note, however, that no actual FTE are requested under this proposal. This calculation merely demonstrates the magnitude of temporary personnel relied on for these projects.
- On average, data entry operators are paid \$12.50 per hour consistent with established DSG rates for the current year.

Available Alternatives

1. Increase FY 05-06's spending authority for the Document Solutions Group's Personal Services line item to cover the costs of providing data conversion services for valued projects.
2. Do Nothing.

Assessment of Alternatives

Alternative #1 (Recommended)

Workload of the Document Solutions Group (DSG) has increased in recent years, particularly in the data entry unit, as the group has become increasingly competitive in terms of price, quality and technology. Requested at this time is an initial increase in appropriated personal services spending authority for data entry operators in FY 05-06. The Department will continue to monitor the workload associated with these projects. An ongoing increase in Personal Services spending authority for temporary personal services in FY 06-07 and future fiscal years is not requested at this time, but may be next year depending on an analysis of the scope of ongoing volumes anticipated.

Alternative #2—(Do Nothing)

Without additional spending authority for the vital projects the Document Solutions Group completes for the Department of Public Health and Environment, Department of Public Safety and the Colorado Benefits Management System, the Document Solutions Group will be limited in the savings it can provide the State. Outsourcing these projects will likely be more costly for agencies' operating and personal services budgets. Moreover, since DSG's rates (prices) are volume-driven, as fixed costs are spread over a smaller customer base, higher rates will be charged for existing services. This could be a hardship for many State agencies, and may require increased appropriations to departments in some instances. By appropriating the spending authority outlined in this request, DSG can continue to provide lower-cost, high quality services.

Other Key Issues for Decision Making

In FY 04-05 DSG was able to achieve a substantial savings for the State and participating counties for CBMS data entry work. DSG learned from the Department of Health Care Policy and Financing and several counties that companies in the private sector charged over \$30.00 per hour to input information into the CBMS system, while the DSG hourly billing rate was \$16.50 per hour. Approving this request allows cost savings, such as this, to continue for State agencies and several counties for a variety of projects with redeeming social value.

This request specifically contains an increase in DSG Personal Services to address needs for temporary services that the current continuation level appropriation will not support. While the Department has previously identified the nature of the need for additional spending authority for

personal services, DSG continues to experience difficulty managing within continuation level appropriations for operating expenses.

With regard to personal services, this request recommends adjustments to personal services in the Document Solutions Group for temporary services. As identified previously, while the need for temporary personnel peaks annually during income tax filing periods, the need for temporary services has been significantly higher in recent years than historically. This is in part due to the continuation of some specific workload and volumes over time (DOR tax filing, CBMS, and other projects discussed specifically in the request), but also results from the ongoing efforts that the Department and DSG have made to improve in the areas of price competitiveness and quality of service.

With regard to DSG Operating Expenses, the Department would like to clarify the nature of the potential need for additional appropriated spending authority in future fiscal years. For example, the funding requested in this Supplemental Request is roughly equivalent to a 23.0 FTE level, and if the request were for additional permanent State FTE, it would include a \$500 annual allocation for office supplies, and an initial year capital outlay for office furniture-- primarily computer workstations for data entry. What is most relevant in this case is that while the level of temporary services utilized in DSG has continued to be substantial (and has been increasing) over the last several fiscal years, the Department has never received even a minimal operating increase to specifically address the operating needs associated with DSG's "staff" of temporary personnel. In fact, the appropriation has remained at materially constant levels, or decreased, over the past several years. The Department's position is that even though additional FTE are not contained in the request in favor of funding for temporary services, it is reasonable to expect that the appropriation for DSG Operating Expenses should be increased at some point, in order to address this ongoing need. Essentially, the scope of temporary personnel required on an ongoing basis have operating requirements that are similar to permanent State FTE, and the operating appropriation for DSG should in the future address this historical disparity.

Conclusion/Recommendation

An increase in Personal Services spending authority for temporary personal services is the most cost-effective way to continue to provide vital services for the Department of Public Health and Environment, the Department of Public Safety, and county CBMS needs. The requested increase will continue to facilitate DSG's provision of its services to State agencies while maintaining an employment base in Pueblo that positively impacts local economic development.

**ATTACHMENT A
Personal Services Request**

Department of Public Safety

	Actual Hours per Project- July - September 05	Estimated Annual Average Hours per Project	Estimated FTE Need per Project	Estimated Average Hourly Wages	Estimated Spending Authority Needed in FY 05
DSG - On-line Data Entry Services					
CBI	3,387	13,548	6.51	\$12.50	\$169,350
Truck Count Report	1,422	5,688	2.73		\$71,100
Total July-September 2005	4,809		9.25		
Total Estimated Personal Services Spending Authority					\$240,450

Department of Public Health

	Actual Hours per Project- July - September 05	Estimated Annual Average Hours per Project	Estimated FTE Need per Project	Estimated Average Hourly Wages	Estimated Spending Authority Needed in FY 05
DSG - On-line Data Entry Services					
Death Certificates	1591	6,364	3.06	\$12.50	\$79,550
Total Estimated Personal Services Spending Authority					\$79,550

Colorado Benefits Management System

	Actual Hours per Project- August 05*	Estimated Annual Average Hours per Project	Estimated Temp Staff Need per Project	Estimated Average Hourly Wages	Estimated Spending Authority Needed in FY 05
DSG - On-line Data Entry Services					
Client Information Application for Benefits	1,988	23,856	11.47	\$12.50	\$298,200

* CBMS project hours for August are presumed to be representative of average monthly hours throughout.

TOTAL Personal Services SUPPLEMENTAL REQUEST					\$618,200
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**DPA Supplemental
#4**

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**Schedule 6
FY 2005-06 SUPPLEMENTAL REQUEST & FY 2006-07 BUDGET AMENDMENT REQUEST**

Department: Personnel and Administration
Priority Number: DPA Supplemental #4, Budget Amendment #3
Division: Division of Finance & Procurement
Program: Collections Services
Request Title: Private Collection Entity Costs

Dept. Approval: *[Signature]*
OSPB Approval: *[Signature]*
Statutory Citation: _____

Date: January 3, 2006
Date: 12-22-05

Budget Analyst: Eric Fiolkoski

Date: _____

Long Bill Line Item	Fund Source	1 Prior-Year Actual FY 2004-05	2 Appropriation FY 2005-06	3 Supplemental Request FY 2005-06	4 Total Revised Request FY 2005-06	5 Base Request FY 2006-07	6 Decision/Base Reduction FY 2006-07	7 November 1 Request FY 2006-07	8 Budget Amendment FY 2006-07	9 Total Revised Request FY 2006-07	10 Change from Base in Out Year FY 2007-08
Total of all line items	Total	\$0	\$0	\$875,000	\$875,000	\$0	\$0	\$0	\$875,000	\$875,000	\$875,000
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	CF	0	0	456,459	456,459	0	0	0	456,459	456,459	456,459
	CFE	0	0	418,541	418,541	0	0	0	418,541	418,541	418,541
	FF	0	0	0	0	0	0	0	0	0	0
Division of Finance & Procurement, Collections Services, Private Collection Entity Costs	Total	\$0	\$0	\$875,000	\$875,000	\$0	\$0	\$0	\$875,000	\$875,000	\$875,000
	FTE										
	GF										
	CF			456,459	456,459				456,459	456,459	456,459
	CFE			418,541	418,541				418,541	418,541	418,541
FF											

Letter Notations:

Cash Fund Name/Number: Fund 604

IT Request: No

Supplemental and Budget Amendment Criteria: New Data

Request for New or Replacement Vehicles: No

Request Affects Another Department(s): No

**Efficiency and Effectiveness Analysis
FY 2005-06 Supplemental Request
&
FY 2006-07 Budget Amendment Request**

Department: Department of Personnel & Administration

Long Bill Group/Division: Division of Finance and Procurement, Central Collection Services (CCS)

Request Title: FY 2005-06 Supplemental, 2006-07 Budget Amendment, Private Collection Entity Costs

Priority Number: DPA Supplemental #4, Budget Amendment # 3

Summary of Request

This is a departmental Supplemental Request for FY 2005-06 and a departmental budget amendment to add a Long Bill line item 'Private Collection Agency Fees' under the Department of Personnel and Administration, Division of Finance and Procurement, Central Collections Services. The new line item with an appropriation of \$875,000 would explicitly provide for payment of private collection agency fees and out of pocket legal expenses incurred in the collection of debts owed to the State. Although this line item will not require new funding to cover these fees because private collection entities remit net debtor collections to CCS and withhold fees, it will increase the accountability, transparency, and control of these expenses in COFRS and demonstrate the expense in the Long Bill.

Problem or Opportunity Definition

The Division of Finance and Procurement, Central Collection Services (CCS) is statutorily responsible for providing debt collection services to State agencies and political sub-divisions. CCS provides this service at a commission rate of 15 percent per dollar collected. CCS has unique capabilities, such as State income tax and vendor intercept and employment information, which are not afforded to any private collection companies. The unit is also responsible for the consolidation and distribution of State debts to awarded private collection companies throughout the State. Statute requires referral of debt to CCS at 30 days past due; debts are assigned to private collection companies at 90 days old if no repayment arrangements have been made with debtors. Debtor accounts are also litigated when debtors express refusal to pay. This partnership between CCS and private entities increases the opportunity for collection.

Private collections agencies receive a percentage of any funds they recover from debtors. The remaining recovered funds are remitted back to the agency with which the debtor owed monies. CCS must administrate these referred debtor accounts even though it receives no portion of the funds recovered by private collections entities.

DPA has made a concerted effort over the past few years to improve the financial management of the Department and ensure consistent financial treatment in all programs. During a recent detailed review of Collections Services' (CCS) operations, we identified a historical practice of paying for private collection activities that needs to be corrected.

All of the payments to the central collection agencies and the outside legal counsel for collections are paid directly from the revenues collected from these entities. In one case (private collection agencies), the entity remits the collections to CCS in gross and we remit their percentage payment via a payment voucher in a monthly batch transaction. In the other case (legal counsel), the entity remits the net collections to CCS. In both cases, CCS ensures the proper amount is paid to the outside entity and the proper amount is retained for return to the customer. However, in neither case is the payment to the entity recorded as an expenditure in COFRS. Thus, these expenditures are "off-books". This is not proper accounting as it does not reflect the total cost of government and does not provide fiscal nor financial transparency for policy makers or the public.

The private collection agencies are acting as agents of the State. The fees they receive are a legitimate expense of the State for collecting the moneys due the State. As such, the cost to Central Collections Services for these services needs to be properly recorded as a State expenditure. The current arrangement in effect hides these costs. In order to explicitly demonstrate the expense in the collection of debts recovered by private collection entities, this supplemental/budget amendment requests the addition of a Long Bill line item titled 'Private Collection Entity Costs' and an appropriation under the Department of Personnel and Administration, Division of Finance and Procurement, Central Collections Services. Including these costs in the Long Bill appropriations will correct the treatment of these costs and bring them properly onto the State's books. Had the collection of the moneys owed remained "in house", all costs associated with collecting them would be appropriated and recorded as expense.

Despite the inappropriateness of the current payment mechanism, we would like to note that its existence is not the result of dubious intentions. Rather it is a historical practice that likely resulted from an innocent lack of understanding of budget and accounting practices and a genuine effort to facilitate the right outcome ultimately (proper payments to the outside entities and proper reimbursement to customers) within the existing budgetary framework.

The following table shows the total fees paid to private collection entities for the past three years:

Private Entity Costs by Fiscal Year

<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>
\$657,832.10	\$650,696.51	\$849,983.54

CCS anticipates FY 2005-06 private collection fees to be similar to FY 2004-05 based on fees paid through October 2005. The requested appropriation of \$875,000, which is slightly above FY 2004-05 costs for private collection activities, provides for the necessary flexibility to pay the private entities used by CCS, without creating artificial budgetary restrictions that could be counter-productive to collection efforts.

Given how the payments to the private collection entities are structured, as a percent of debts collected, it would not be prudent to limit the amount which can be paid to these entities as this would limit the debts collected and funds returned to state agencies. However, the existence of a higher spending authority for this line does not allow for additional payments to the private entities; it will be limited to a percentage of the actual collections. Therefore, there is no risk to having this line item higher than needed, but there is a risk of limiting collections if the line item is too low. Furthermore, this request is cost neutral for the State; it does not represent an increase in State government spending, as it seeks only spending authority for the same overall cost structure that is in place currently.

Available Alternatives:

Alternative #1-RECOMMENDED

Add a Long Bill line item 'Private Collection Entity Fees' and an appropriation of \$875,000 under the Department of Personnel and Administration, Division of Finance and Procurement, Central Collections Services. It is important that the State of Colorado conduct its business with maximum transparency to the taxpayers of the total cost of government. This alternative will increase the accountability, transparency, and control of these expenses in COFRS and demonstrate the expense in the Long Bill.

Alternative #2-Not Recommended

Do not provide for private collection agency fees in the Long Bill. This alternative will permit confusion and lack of control of funds for CCS, private collection entities, state agencies referring debtor accounts to CCS, and the State Treasurer. Furthermore, this alternative will force the Department to continue an improper accounting procedure that will result in an understatement of the costs of collection activities.

Statutory and Other Authority

C.R.S. 24-30-202.4 – provides debt collection for all State agencies and political sub-divisions.

Other Considerations

It would be desirable to amend C.R.S. 24-30-202.4 through legislation to make the debt collection fund continuously appropriated. This would make sense for two reasons; firstly, spending for private collection agency fees only occurs when the agency collects money from debtors and the resulting fee is only a portion of the amount received from the debtor, thus funds for these fees would always be available; secondly, since there is no reliable way to predict the amount of these fees, continuous appropriation would obviate the need to amend spending authority through the supplemental process.

Schedule 6
 FY 2005-06 SUPPLEMENTAL REQUEST & FY 2006-07 BUDGET AMENDMENT REQUEST

Department: Personnel and Administration
 Priority Number: DPA Supplemental #5 DPA Budget Amendment #4
 Division: Division of Central Services
 Program: Integrated Document Solutions
 Request Title: IDS/CBMS Client Correspondence

Dept. Approval: [Signature]
 OSPB Approval: [Signature]
 Statutory Citation: _____

Date: January 3, 2006
 Date: 10-22-05

Budget Analyst: Cindy Baouchi-Arcuri

Date: _____

Long Bill Line Item	Fund Source	1 Prior-Year Actual FY 2004-05	2 Appropriation FY 2005-06	3 Supplemental Request FY 2005-06	4 Total Revised Request FY 2005-06	5 Base Request FY 2006-07	6 Decision/Base Reduction FY 2006-07	7 November 1 Request FY 2006-07	8 Budget Amendment FY 2006-07	9 Total Revised Request FY 2006-07	10 Change from Base in Out Year FY 2007-08
Total of all line items	Total	\$11,323,738	\$12,301,645	\$760,655	\$13,062,300	\$12,371,070	\$0	\$12,371,070	\$824,868	\$13,195,938	\$0
	FTE	73.9	77.7	0.0	77.7	77.7	0.0	77.7	0.0	77.7	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	CF	995,066	1,002,971	0	1,002,971	1,002,971	0	1,002,971	0	1,002,971	0
	CFE	10,328,672	11,298,674	760,655	12,059,329	11,368,099	0	11,368,099	824,868	12,192,967	0
Div of Central Services, IDS, Reprographics Services, Operating Expenses	FF	0	0	0	0	0	0	0	0	0	0
	Total	\$2,026,875	\$2,418,054	(\$115,079)	\$2,302,975	\$2,418,054	\$0	\$2,418,054	(\$113,302)	\$2,304,752	\$0
	FTE										
	GF										0
	CF	297,551	305,456		305,456	305,456		305,456		305,456	
Div of Central Services, IDS, Document Solutions Group, Personal Services	CFE	1,729,324	2,112,598	(115,079)	1,997,519	2,112,598		2,112,598	(113,302)	1,999,296	
	FF										
	Total	\$2,839,837	\$2,346,847	\$29,964	\$2,376,811	\$2,390,006	\$0	\$2,390,006	\$43,684	\$2,433,690	\$0
	FTE	45.9	46.7		46.7	46.7		46.7		46.7	
	GF										
Div of Central Services, IDS, Mail Services, Personal Services	CF										
	CFE	2,839,837	2,346,847	29,964	2,376,811	2,390,006		2,390,006	43,684	2,433,690	
	FF										
	Total	\$1,085,593	\$1,162,097	(\$37,381)	\$1,124,716	\$1,188,363	\$0	\$1,188,363	(\$60,396)	\$1,127,967	\$0
	FTE	28.0	31.0		31.0	31.0		31.0		31.0	
Div of Central Services, IDS, Mail Services, Operating Expenses	GF										
	CF										
	CFE	1,085,593	1,162,097	(37,381)	1,124,716	1,188,363		1,188,363	(60,396)	1,127,967	
	FF										
	Total	\$5,371,433	\$6,374,647	\$883,151	\$7,257,798	\$6,374,647	\$0	\$6,374,647	\$954,882	\$7,329,529	\$0
Div of Central Services, IDS, Mail Services, Operating Expenses	FTE										
	GF										
	CF	697,515	697,515		697,515	697,515		697,515		697,515	
	CFE	4,673,918	5,677,132	883,151	6,560,283	5,677,132		5,677,132	954,882	6,632,014	
	FF										

Letter Notations:

Cash Fund Name/Number: Fund 601
 IT Request: No
 Supplemental and Budget Amendment Criteria: New Data
 Request for New or Replacement Vehicles: No
 Request Affects Another Department(s): Yes - Statewide Request impacting multiple departments.

**Efficiency and Effectiveness Analysis
FY 2005-06 Supplemental Request & FY 2006-07 Budget Amendment**

Department: Department of Personnel & Administration

Long Bill Group/Division: Division of Central Services

Program: Integrated Document Solutions (formerly Factory)

Request Title: IDS/CBMS Client Correspondence

Priority Number: DPA Supplemental #5, DPA Budget Amendment #4

Summary of Request

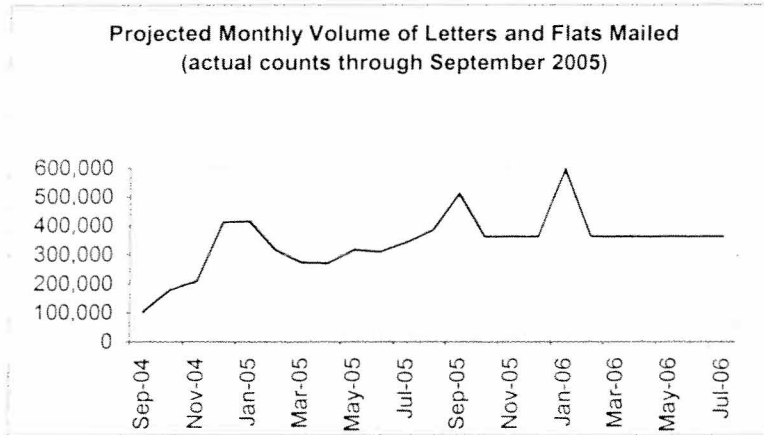
This request seeks \$760,555 in additional cash funds exempt spending authority in the Department of Personnel and Administration, Division of Central Services, Integrated Document Solutions (formerly Factory) (IDS) in FY 2005-06 to complete the full scope of mailing and printing workload related to CBMS. (The requested spending authority should be applied to the IDS Mail Services Personal Services and Operating Expenses line items, the IDS Reprographics Operating Expenses line item, and the Document Solutions Group Personal Services and Operating line items, as reflected on the attached Schedule 6, and below in the Assumptions and Calculations).

The request includes a Budget Amendment that continues the same scope of work for FY 2006-07, and seeks an additional \$824,869 in cash funds exempt spending authority. (Again, the requested spending authority should be applied to the IDS Mail Services Personal Services and Operating Expenses line items, the IDS Reprographics Operating Expenses line item, and the Document Solutions Group Personal Services and Operating line items, as reflected on the attached Schedule 6, and below in the Assumptions and Calculations).

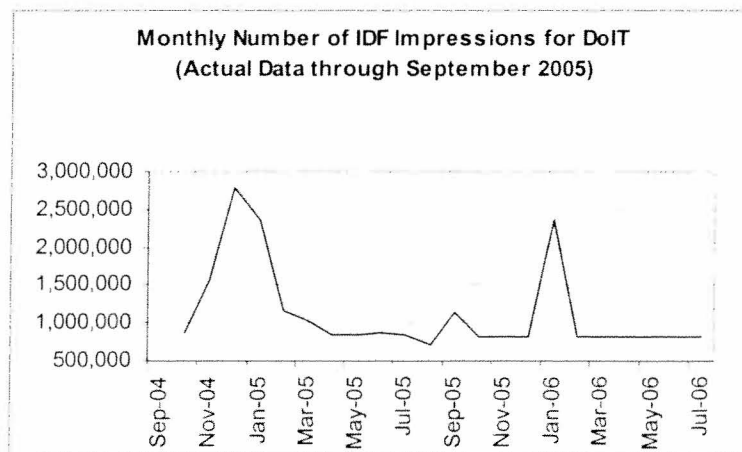
At this time, it is unknown if the Department of Human Services' CBMS line item will require a corresponding supplemental appropriation to cover these costs. The Department of Human Services will complete its own request for any additional appropriations that department might require related to this issue.

Problem or Opportunity Definition

Integrated Document Solutions (IDS) expects to mail well over four million letters and flats for the Colorado Benefits (CBMS) Program this year and next. As indicated in the graph below, mailings have increased this year, contributing to the need for a supplemental appropriation. Recall that at the time last year's supplemental request was submitted, the Department was expecting mailings of over two million letters and flats.



The Department's Division of Information Technologies (DoIT) continues to subcontract with IDS for certain types of CBMS printing projects for which IDS is well-equipped. It appears that this type of work has leveled off. Thus, the portion of the supplemental request related to printing projects for DoIT is *lower* than the initial appropriation for FY 05-06.



With regard to CBMS mailings, temporary staff have been hired to assist with these extra mailings, boosting the personal services spending authority requirements.

As was the case last year, correspondence with ten or fewer inserts are mailed in a 6" x 9 1/2" envelope. IDS operates machines that automatically insert documents into such letters. Correspondence requiring eleven or more inserts must be assembled by hand and inserted into 9" x 12" sized flats. In November, the Integrated Document Solutions moved this work from its Denver Mailing Operations unit to the Document Solutions Group based in Pueblo. This change in business practice was made for several reasons:

- Hourly wages for temporary employees in Pueblo are considerably lower than in the Denver-metro area.
- The Document Solutions Group uses a larger temporary workforce throughout the year than does the Denver-based operation. The workspace in Pueblo is more accommodating

for this type of work with a full-time supervisor charged with overseeing temporary staff. This results in a more productive, quality-oriented labor force.

- Sending the work to the Pueblo unit remains the most cost-effective means of conducting business, even when the transportation costs of delivering the CBMS materials to and from Pueblo is accounted for. Preliminary estimates using the assumptions driving this request reveal that it would cost the Denver unit approximately 9.9 cents on average to insert a flat parcel. In DSG Pueblo, the costs are roughly 7.6 cents per flat.

Assumptions and Calculations

Refer to Attachment A for detailed calculations. A brief summary of assumptions driving these calculations follows.

Mailing Volumes

- Generally, more recent months mailing volumes are assumed to be indicative of mailing volumes for the remainder of this year and into next.
- Printing and mailing volumes spike when cost of living adjustments (COLA) notices are sent for various programs such as food stamps and Colorado's Old Age Pension (OAP) programs. Based on last year's experience, while actual mailings for these types of things could occur in December or January, for purposes of this request, they are factored into the projections for December 2005 based on word from CBMS staff at the Department of Human Services.

U.S. Postal Service Rates

- Public Law 108-18 requires the Postal Service to establish a \$3.1 billion escrow fund. In general, postal rates are scheduled to increase an average of 5.4% on January 8, 2006 to comply with this law. (The U.S. Postal Service notes that its last rate increase took effect June 30, 2002.) Please refer to Attachment B-1 for further details.

IDS Mail Services and Special Delivery Charges

- Each unit within the Division of Central Services, including the Integrated Document Solutions, sets new business rates each year. This supplemental request incorporates the FY 05-06 rates. Rates for FY 06-07 will not be established until the spring of 2006.
- Refer to Attachment B for detailed service charges, such as inserting, barcoding, sorting by zip code, and postage application mail services charges for CBMS. A comparison is provided for FY 04-05 and FY 05-06 rates charged to CBMS.
- IDS provides special pick-up and mail stop services for CBMS printed materials, including services on Saturdays. These are also found in Attachment B. Again, this year's rates are compared with last year's.

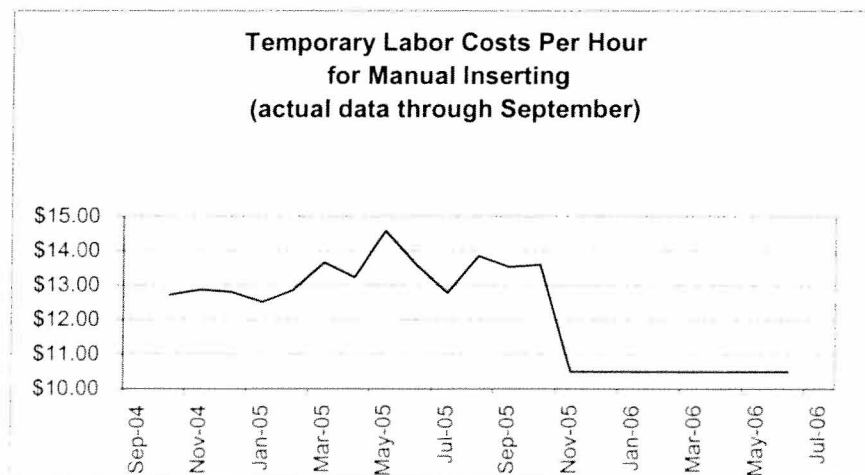
- Beginning in November, inserting for flats will occur at the Document Solutions Group in Pueblo. The FY 05-06 charge for a regional round-trip delivery is \$70. Note that a round-trip mileage for this destination is 240 miles.
- A materials handling fee of \$1 per box, to cover loading and unloading costs, is charged in FY 05-06 for special deliveries such as the trip to and from Pueblo.
- In FY 03-04, mail service charges to DHS for work now included in the CBMS project totaled \$23,913. The following table breaks this down by component. These costs are in IDF's base budget and are offsets to the request.

Offset for Service Charges

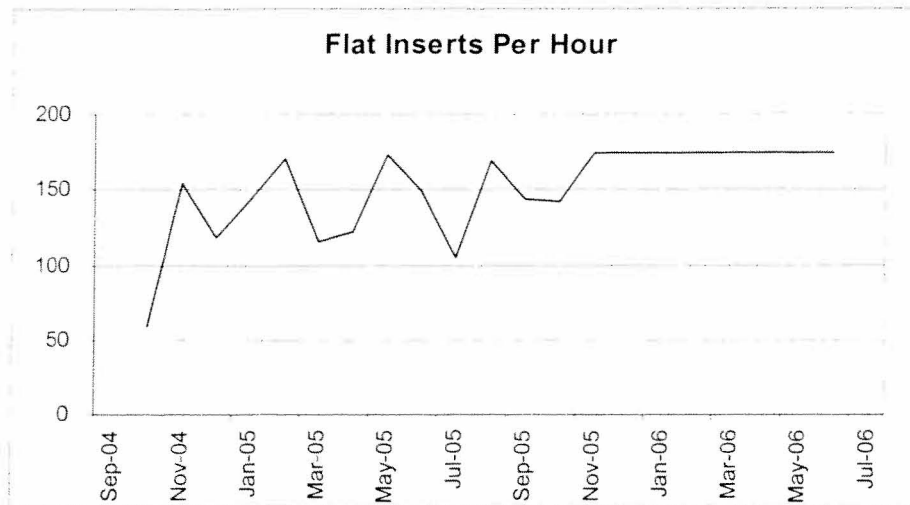
Sorting by Zip Code	\$10,191
Delivery to Post Office	\$10,436
Self-Mailers	\$3,286
Total Service Charges	\$23,913

Personal Services Assumptions for Temporary Staff

- Costs per hour for the temporary personnel assigned to the CBMS project at the Document Solutions Group in Pueblo for inserting CBMS documents into mailing flats by hand is assumed to be \$10.50. This assumption may be revised after initial hirings occur.



- It is presumed that, on average, temporary personnel at DSG will stuff 175 flats per hour. This estimate may change once actual production statistics are available for November and December.



Printing Assumptions for CBMS Work for DoIT

- As noted in Attachment B, in FY 05-06 IDS charges DoIT Computer Services \$0.019 per impression. This rate is assumed to hold for FY 06-07 until further information is available about FY 06-07's rates. The Division of Central Services typically sets rates for the following fiscal year in the spring of each year.
- IDS has not printed any CBMS related materials in the past. Hence, unlike the calculations for the mailing charges, there is no offset to these printing charges.
- At this time, increased spending authority is requested for IDF only. The cost allocation methodology used by DoIT for the Purchase of Services from the Computer Center (GGCC) allows for an annual supplemental "true-up" to realign appropriations to agencies based on prior year utilization. As a result, any printing work billed to DHS by the DoIT Computer Center this fiscal year that is in excess of prior years volumes will be addressed by both the FY 2006-07 GGCC supplemental true-up and the initial FY 2007-08 Common Policy (both of which will be based on FY 2005-06 final utilization.)

Available Alternatives

Alternative A – *Providing the additional spending authority, as requested in the following table, allows IDF to continue to provide mailing and reprographic services for the CBMS Program in a timely manner.*

Based on last year's supplemental request, the FY 05-06 Long Bill appropriated \$1,950,628 for CBMS mailings and reprographics. As detailed in Attachment A, the current estimate of FY 05-06 costs for this work is \$2,736,949. This results in an additional need of \$786,321. The table below recommends the spread, by line item, of this requested appropriation. Note that since manual inserting of flats will be assigned to the DSG Pueblo facility beginning in November, the IDS Mail Services-Personal Services line item will be reduced over what was originally appropriated in the FY 05-06 Long Bill. Similarly, since the number of impressions printed for DoIT appears to have settled at a lower level than initially projected, a lower amount is now requested for the IDS Reprographic Services - Operating Expenses line item.

Purpose / Long Bill Line Item	FY 05-06 Long Bill Appropriation	FY 05-06 Supplemental Request (Incremental Amount)
IDF Mail Services-- Personal Services	\$1,162,097	(\$37,381)
Temporary Services Manual Flat Inserting		(\$37,381)
IDF Mail Services-- Operating Expenses	\$6,374,647	\$883,151
Metered Postage		\$735,450
Service, Delivery and Storage Charges		\$147,701
IDF Reprographic Services-- Operating Expenses	\$2,418,054	(\$115,079)
Printing Charges to DoIT		(\$115,079)
IDF Document Solutions Group-- Personal Services	\$2,346,847	\$29,964
Temporary Services Manual Flat Inserting		\$29,964
TOTAL	\$12,301,645	\$760,655

See Attachment C for detailed projections for FY 06-07. The continuation "base" appropriation for CBMS work is presumed to be identical to the FY 05-06 appropriation of \$1,950,628. The table below recommends the spread, by line item, of the requested additional appropriation of \$868,868

Purpose / Long Bill Line Item	FY 06-07 Continuation Long Bill Appropriation	FY 06-07 Budget Amendment Request (Incremental Amount)
IDF Mail Services-- Personal Services	\$1,188,363	(\$60,396)
Temporary Services Manual Flat Inserting		(\$60,396)
IDF Mail Services-- Operating Expenses	\$6,374,647	\$954,882
Metered Postage		\$804,438
Service, Delivery and Storage Charges		\$150,444
IDF Reprographic Services-- Operating Expenses	\$2,418,054	(\$113,302)
Printing Charges to DoIT		(\$113,302)
IDF Document Solutions Group-- Personal Services	\$2,390,006	\$43,684
Temporary Services Manual Flat Inserting		\$43,684
TOTAL	\$12,371,070	\$824,869

Alternative B – Do not grant the additional spending authority requested for FY 2004-05 and FY 2005-06 Status Quo

This alternative would continue with current appropriated spending authority, and would not grant additional spending authority to facilitate completion of CBMS related work in FY 2005-06 and FY 2006-07. Under this alternative, a substantial portion of mailings and printing work associated with CBMS would be unable to be completed during each applicable fiscal year.

Concerns or Uncertainties

Projections are based on historical experience. Uncertainties surrounding future mailing persist within the CBMS program. As a result, the estimates contained in this request are preliminary, and are subject to change.

Conclusion/Recommendation

The Department recommends Alternative A, which would provide the additional spending authority necessary for the Integrated Document Solutions (formerly Factory) to complete the scope of mailing and printing work associated with CBMS that is currently projected for FY 2005-06 and FY 2006-07. Due to the high priority and high profile nature of CBMS as a statewide issue, the only reasonable alternative is to provide DPA with the necessary spending authority to facilitate completion of the referenced workload in the applicable fiscal years.

ATTACHMENT A

IDF CBMS Estimates for FY 05-06
Actual Data July - September

	Jul-05	Aug-05	Food Stamp COLA Sep-05	Oct-05	Nov-05	COLAs Dec-05	USPS Increase Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	OFFSET for former DHS Charges	FY 05-06 NET TOTAL	FY 05-06 Net Appropriation	Supplemental
Total Metered Postage (1)	\$167,769	\$181,343	\$216,589	\$175,773	\$175,773	\$284,069	\$184,884	\$184,884	\$184,884	\$184,884	\$184,884	\$184,884	(\$302,435)	\$2,008,183	\$1,272,733	\$735,450
Total Letters	282,603	327,043	456,020	305,639	305,639	502,019	305,639	305,639	305,639	305,639	305,639	305,639		4,012,796		
1 ounce	184,462	213,329	347,800	198,896	198,896	347,800	198,896	198,896	198,896	198,896	198,896	198,896		2,684,555		
2 ounce	64,218	111,074	104,809	103,321	103,321	143,100	103,321	103,321	103,321	103,321	103,321	103,321		1,279,769		
3 ounce	3,929	2,640	3,411	3,423	3,423	11,119	3,423	3,423	3,423	3,423	3,423	3,423		48,473		
Total Flats	61,537	58,210	54,787	57,960	57,960	93,679	57,960	57,960	57,960	57,960	57,960	57,960		731,876		
Postal 738																
Postage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0		\$0
Total Service Charges (Ltr)	\$14,369	\$16,615	\$22,913	\$15,537	\$15,537	\$25,459	\$15,537	\$15,537	\$15,537	\$15,537	\$15,537	\$15,537		\$203,656		
1 oz letter	\$9,059	\$10,453	\$17,042	\$9,746	\$9,746	\$17,042	\$9,746	\$9,746	\$9,746	\$9,746	\$9,746	\$9,746		\$131,543		
2 oz letter	\$5,086	\$5,998	\$5,660	\$5,579	\$5,579	\$7,727	\$5,579	\$5,579	\$5,579	\$5,579	\$5,579	\$5,579		\$69,107		
3 oz letter	\$243	\$164	\$211	\$212	\$212	\$689	\$212	\$212	\$212	\$212	\$212	\$212		\$3,005		
Service Charges Flats	\$19,193	\$18,162	\$17,094	\$18,084	\$18,084	\$29,228	\$18,084	\$18,084	\$18,084	\$18,084	\$18,084	\$18,084		\$228,345		
Delivery Charges	\$980	\$980	\$980	\$980	\$980	\$980	\$980	\$980	\$980	\$980	\$980	\$980		\$11,760		
Round Trip Delivery Fee Denver - Pueblo						\$70	\$70	\$70	\$70	\$70	\$70	\$70		\$70		
Number of Trips per Month						8	8	10	8	8	8	8		8		
Material Handling Fees (\$1/trip)						\$50	\$50	\$60	\$50	\$50	\$50	\$50		\$50		
Total Trip Charges Denver - Pueblo						\$960	\$960	\$1,300	\$960	\$960	\$960	\$960		\$8,020		
Total Service, Delivery & Storage													(\$23,913)	\$427,868	\$280,167	\$147,701
Temp labor \$ Manual Insert - Denver	\$7,539	\$4,765	\$5,169	\$5,542	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$23,015	\$60,396	(\$37,381)
Temp hours Manual Insert - Denver	596	344	382	407	0	0	0	0	0	0	0	0		1,724		
Temp labor \$ Manual Insert - DSG	\$0	\$0	\$0	\$0	\$3,478	\$5,621	\$3,478	\$3,478	\$3,478	\$3,478	\$3,478	\$3,478		\$29,964	\$0	\$29,964
Temp hours Manual Insert - DSG	0	0	0	0	331	535	331	331	331	331	331	331		2,854		
Pending																
Volume (impressions)	842,970	721,472	1,147,068	828,539	828,539	2,358,617	828,539	828,539	828,539	828,539	828,539	828,539		11,697,537		
Charges by Unit	\$15,999	\$13,708	\$21,794	\$15,742	\$15,742	\$44,814	\$15,742	\$15,742	\$15,742	\$15,742	\$15,742	\$15,742		\$222,253	\$337,332	(\$115,079)
TOTAL ESTIMATED EXPENDITURES														\$2,711,283	\$1,950,628	\$760,655
Temp labor \$ Mailing Services (2)	\$ 1,274	\$ 2,193	\$ 2,686	\$ 2,788	\$ 2,788	\$ 2,788	\$ 2,193	\$ 2,788	\$ 2,788	\$ 2,788	\$ 2,788	\$ 2,788		\$ 30,646		
Temp hours Mailing Service	99	172	211	211	211	211	166	211	211	211	211	211		2,336		

1 Total Metered Postage Charges include other minor items not listed in this chart. Thus, totals may not add. Moreover, the average weight of flats varies from month to month, making this estimate imprecise.
2 Not charged to CBMS.

ATTACHMENT B

Comparison of IDF Rates for Selected CBMS-Related Services			
Category	FY 05	FY 06	Increase/ Decrease
Service Charge-- 1 oz. Letters	\$0.046	\$0.049	6.5%
Service Charge-- 2 oz. Letters	\$0.070	\$0.054	-22.9%
Service Charge-- 3 oz. Letters	\$0.074	\$0.062	-16.2%
Service Charge-- Flats	\$0.259	\$0.312	20.5%
Monthly Mail Stop Delivery Charges	\$891	\$980	10.0%
Cost per Impression*	\$0.018	\$0.019	5.6%

*Billed to DoIT, does not affect DHS billings.

US POSTAL SERVICE

Assume rates increase sometime in January 2006 about 5.4% across the board so that the Post Office can establish a \$3.1 billion escrow account as required under P.L. 108-18

ATTACHMENT B-1

USPS First Class Mail (see USPS website)

First Class Letters, Flats, etc.	Current	Proposed	Increase	% Increase	IDF
Single Piece					
First Ounce	\$ 0.370	\$ 0.390	\$ 0.020	5.4%	1st oz. For flats and 3-oz. Letters
Additional Ounces	\$ 0.230	\$ 0.240	\$ 0.010	4.3%	Additional oz. For flats and 3-oz. Letters
Nonmachineable Surcharge	\$ 0.120	\$ 0.130	\$ 0.010	8.3%	
Qualified Business Reply Mail	\$ 0.340	\$ 0.358	\$ 0.018	5.3%	
Presorted					
First Ounce	\$ 0.352	\$ 0.371	\$ 0.019	5.4%	
Additional Ounces	\$ 0.225	\$ 0.237	\$ 0.012	5.3%	
Nonmachineable Surcharge	\$ 0.055	\$ 0.058	\$ 0.003	5.5%	
Heavy Piece Discount	\$ (0.041)	\$ (0.043)	\$ (0.002)	4.9%	
Automation Letters					
Mixed AADC	\$ 0.309	\$ 0.326	\$ 0.017	5.5%	
AADC	\$ 0.301	\$ 0.317	\$ 0.016	5.3%	
3-digit	\$ 0.292	\$ 0.308	\$ 0.016	5.5%	1-oz. Letters
5-digit	\$ 0.278	\$ 0.293	\$ 0.015	5.4%	
Carrier Route	\$ 0.275	\$ 0.290	\$ 0.015	5.5%	
Additional Ounces	\$ 0.225	\$ 0.237	\$ 0.012	5.3%	2 oz. Letters
Heavy Piece Discount	\$ (0.041)	\$ (0.043)	\$ (0.002)	4.9%	
Automation Flats					
Mixed ADC	\$ 0.341	\$ 0.359	\$ 0.018	5.3%	
ADC	\$ 0.333	\$ 0.351	\$ 0.018	5.4%	
3-digit	\$ 0.322	\$ 0.339	\$ 0.017	5.3%	
5-digit	\$ 0.302	\$ 0.318	\$ 0.016	5.3%	
Additional Ounces	\$ 0.225	\$ 0.237	\$ 0.012	5.3%	
Heavy Piece Discount	\$ (0.041)	\$ (0.043)	\$ (0.002)	4.9%	
Cards					
Regular					
Single-Piece Cards	\$ 0.230	\$ 0.240	\$ 0.010	4.3%	
Qualified Business Reply Mail	\$ 0.200	\$ 0.211	\$ 0.011	5.5%	
Presorted Automation					
Mixed AADC	\$ 0.194	\$ 0.204	\$ 0.010	5.2%	
AADC	\$ 0.187	\$ 0.197	\$ 0.010	5.3%	
3-digit	\$ 0.183	\$ 0.193	\$ 0.010	5.5%	
5-digit	\$ 0.176	\$ 0.186	\$ 0.010	5.7%	
Carrier Route	\$ 0.170	\$ 0.179	\$ 0.009	5.3%	

IDF COSTS

	Current	Proposed	Increase	% Increase
1 ounce letters	\$ 0.292	\$ 0.308	\$ 0.016	5.5%
2 ounce letters	\$ 0.517	\$ 0.545	\$ 0.028	5.4%
3 ounce letters	\$ 0.830	\$ 0.870	\$ 0.040	4.8%
Flats (assume = 4 ounces)	\$ 1.06	\$ 1.11	\$ 0.050	4.7%

ATTACHMENT C

IDF CBMS Estimates for FY 06-07	Jul-06	Aug-06	Food Stamp COLA Sep-06	Oct-06	Nov-06	COLAs Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	OFFSET for former DHS Charges	FY 06-07 NET TOTAL	FY 06-07 Net Appropriation	Amendment
Total Metered Postage - 1	\$189,264	\$184,480	\$228,024	\$184,884	\$184,884	\$298,769	\$184,884	\$184,884	\$184,884	\$184,884	\$184,884	\$184,884	(\$302,435)	\$2,077,171	\$1,272,733	\$804,438
Total Letters	305,639	305,639	456,020	305,639	305,639	502,019	305,639	305,639	305,639	305,639	305,639	305,639		4,014,432		
1 card	198,896	198,896	347,800	198,896	198,896	347,800	198,896	198,896	198,896	198,896	198,896	198,896		2,694,555		
2 card	103,321	103,321	104,809	103,321	103,321	143,100	103,321	103,321	103,321	103,321	103,321	103,321		1,281,119		
3 card	3,423	3,423	3,411	3,423	3,423	11,119	3,423	3,423	3,423	3,423	3,423	3,423		48,758		
Total Flats	57,960	57,960	54,787	57,960	57,960	93,679	57,960	57,960	57,960	57,960	57,960	57,960		728,069		
Permit 738																
Process	0	0	0	0	0	0	0	0	0	0	0	0		0		
Postage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0		\$0
Total Service Charges Plus	\$15,537	\$15,537	\$22,913	\$15,537	\$15,537	\$25,459	\$15,537	\$15,537	\$15,537	\$15,537	\$15,537	\$15,537		\$203,747		
1 card letter	\$9,746	\$9,746	\$17,042	\$9,746	\$9,746	\$17,042	\$9,746	\$9,746	\$9,746	\$9,746	\$9,746	\$9,746		\$131,543		
2 card letter	\$5,579	\$5,579	\$5,660	\$5,579	\$5,579	\$7,727	\$5,579	\$5,579	\$5,579	\$5,579	\$5,579	\$5,579		\$69,180		
3 card letter	\$212	\$212	\$211	\$212	\$212	\$689	\$212	\$212	\$212	\$212	\$212	\$212		\$3,023		
Service Charges Flats	\$18,084	\$18,084	\$17,094	\$18,084	\$18,084	\$29,228	\$18,084	\$18,084	\$18,084	\$18,084	\$18,084	\$18,084		\$227,158		
Delivery Charges	\$980	\$980	\$980	\$980	\$980	\$980	\$980	\$980	\$980	\$980	\$980	\$980		\$11,760		
Reward Trip Delivery Fee Denver - Pueblo	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70		\$70		
Number of Trips per Month	8	8	8	8	8	8	10	8	8	8	8	8		8		
Material Handling Fees (\$1/box)	\$50	\$50	\$50	\$50	\$50	\$50	\$60	\$50	\$50	\$50	\$50	\$50		\$50		
Total Trip Charges Denver - Pueblo	\$960	\$960	\$960	\$960	\$960	\$960	\$1,300	\$960	\$960	\$960	\$960	\$960		\$11,860		
Total Service, Delivery & Storage													(\$23,913)	\$430,611	\$280,167	\$150,444
Temp labor \$ Manual Insert - Denver	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$60,396	(\$60,396)
Temp hours Manual Insert - Denver	0	0	0	0	0	0	0	0	0	0	0	0		0		
Temp labor \$ Manual Insert - DSG	\$3,478	\$3,478	\$3,287	\$3,478	\$3,478	\$5,621	\$3,478	\$3,478	\$3,478	\$3,478	\$3,478	\$3,478		\$43,684	\$0	\$43,684
Temp hours Manual Insert - DSG	331	341	313	331	331	535	331	331	331	331	331	331		4,160		
Printing																
Volume (impressions)	828,539	828,539	1,147,068	828,539	828,539	2,358,617	828,539	828,539	828,539	828,539	828,539	828,539		11,791,075		
Charges to Fiat	\$15,742	\$15,742	\$21,794	\$15,742	\$15,742	\$44,814	\$15,742	\$15,742	\$15,742	\$15,742	\$15,742	\$15,742		\$224,030	\$337,332	(\$113,302)
TOTAL ESTIMATED EXPENDITURES														\$2,775,497	\$1,950,628	\$824,869
Temp labor \$ Mailing Services 12	\$ 1,274	\$ 2,193	\$ 1,930	\$ 1,930	\$ 1,930	\$ 1,930	\$ 2,193	\$ 1,930	\$ 1,930	\$ 1,930	\$ 1,930	\$ 1,930		\$ 23,032		
Temp hours Mailing Service	56	172	146	146	146	146	166	146	146	146	146	146		1,752		
County/CBMS delivery stops 12	26	7														
County/CBMS delivery hours 12	50	7														
1 Total Metered Postage Charges include other minor items not listed in this chart. Thus, totals may not add. Moreover, the average weight of flats varies from month to month, making this estimate imprecise.																
2 Not charged to CBMS.																