## Schedule 13

## Department of Personnel & Administration

### Funding Request for The FY 2019-20 Budget Cycle

**Request Title**

**NP-01 Integrated Document Solutions Increased Input Costs**

Dept. Approval By: ______ | ___ Supplemental FY 2018-19

OSPB Approval By: ______ | ___ Budget Amendment FY 2019-20

X Change Request FY 2019-20

| Summary Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| Total of All Line Items Impacted by Change Request | Total | $576,701 | $0 | $661,615 | $8,213 | $25,386 |
| | FTE | 5.9 | 0.0 | 7.0 | 0.0 | 0.0 |
| | GF | $445,821 | $0 | $530,735 | $8,213 | $25,386 |
| | CF | $130,880 | $0 | $130,880 | $0 | $0 |
| | RF | $0 | $0 | $0 | $0 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

| Line Item Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| 04. Central Services, (B) Integrated Document Solutions, (1) Integrated Document Solutions - Address Confidentiality Program | Total | $576,701 | $0 | $661,615 | $8,213 | $25,386 |
| | FTE | 5.9 | 0.0 | 7.0 | 0.0 | 0.0 |
| | GF | $445,821 | $0 | $530,735 | $8,213 | $25,386 |
| | CF | $130,880 | $0 | $130,880 | $0 | $0 |
| | RF | $0 | $0 | $0 | $0 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

**Auxiliary Data**

**Requires Legislation?** NO

**Type of Request?** Department of Personnel & Administration Non-Prioritized Request

**Interagency Approval or Related Schedule 13s:** Impacts DPA

## Schedule 13

## Department of Personnel & Administration

### Funding Request for The FY 2019-20 Budget Cycle

**Request Title**

**NP-02 AV Support Staff**

Dept. Approval By:

OSPB Approval By:

| | |
|---|---|
| ___ | **Supplemental FY 2018-19** |
| ___ | **Budget Amendment FY 2019-20** |
| X | **Change Request FY 2019-20** |

| | | FY 2018-19 | | FY 2019-20 | | FY 2020-21 |
|---|---|---|---|---|---|---|
| **Summary Information** | **Fund** | **Initial Appropriation** | **Supplemental Request** | **Base Request** | **Change Request** | **Continuation** |
| | **Total** | $21,606,087 | $0 | $21,606,087 | $1,220 | $0 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total of All Line Items Impacted by Change Request** | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $21,606,087 | $0 | $21,606,087 | $1,220 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

| | | FY 2018-19 | | FY 2019-20 | | FY 2020-21 |
|---|---|---|---|---|---|---|
| **Line Item Information** | **Fund** | **Initial Appropriation** | **Supplemental Request** | **Base Request** | **Change Request** | **Continuation** |
| | **Total** | **$21,606,087** | **$0** | **$21,606,087** | **$1,220** | **$0** |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 07. Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, (1) Fleet Management Program and Motor Pool Services - Vehicle Replacement Lease/Purchase | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $21,606,087 | $0 | $21,606,087 | $1,220 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

**Auxiliary Data**

**Requires Legislation?** NO

**Type of Request?** Department of Personnel & Administration Non-Prioritized Request

**Interagency Approval or Related Schedule 13s:** Impacts Other Agency

# Schedule 13

## Department of Personnel & Administration

### Funding Request for The FY 2019-20 Budget Cycle

**Request Title**

**NP-03 Annual Fleet Vehicle Request**

Dept. Approval By:

OSPB Approval By:

| | | |
|---|---|---|
| ____ | **Supplemental FY 2018-19** |
| ____ | **Budget Amendment FY 2019-20** |
| X ____ | **Change Request FY 2019-20** |

| Summary Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| Total of All Line Items Impacted by Change Request | Total | $220,095 | $0 | $220,095 | $38,272 | $0 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $2,128 | $0 | $2,128 | ($279) | $0 |
| | RF | $217,967 | $0 | $217,967 | $38,551 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

| Line Item Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| 01. Executive Director's Office, (A) Department Administration, (1) Department Administration - Vehicle Lease Payments | Total | $220,095 | $0 | $220,095 | $38,272 | $0 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $2,128 | $0 | $2,128 | ($279) | $0 |
| | RF | $217,967 | $0 | $217,967 | $38,551 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

**Auxiliary Data**

**Requires Legislation?** NO

**Type of Request?** Department of Personnel & Administration Non-Prioritized Request

**Interagency Approval or Related Schedule 13s:** Impacts DPA

## Schedule 13

## Department of Personnel & Administration

### Funding Request for The FY 2019-20 Budget Cycle

**Request Title**

NP-04 Additional Staffing to Address Oil and Gas Backlogs

Dept. Approval By: ______

OSPB Approval By: ______

___ Supplemental FY 2018-19

___ Budget Amendment FY 2019-20

X Change Request FY 2019-20

| Summary Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| Total of All Line Items Impacted by Change Request | Total | $21,606,087 | $0 | $21,606,087 | $2,138 | $0 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $21,606,087 | $0 | $21,606,087 | $2,138 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

| Line Item Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| 07. Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, (1) Fleet Management Program and Motor Pool Services - Vehicle Replacement Lease/Purchase | Total | $21,606,087 | $0 | $21,606,087 | $2,138 | $0 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $21,606,087 | $0 | $21,606,087 | $2,138 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

**Auxiliary Data**

| | | | |
|---|---|---|---|
| **Requires Legislation?** | NO | | |
| **Type of Request?** | Department of Personnel & Administration Non-Prioritized Request | **Interagency Approval or Related Schedule 13s:** | Impacts Other Agency |

Schedule 13

## Department of Personnel & Administration

### Funding Request for The FY 2019-20 Budget Cycle

**Request Title**

NP-05 Capital Development Staff and Operating

Dept. Approval By:

OSPB Approval By:

| | |
|---|---|
| ___ | Supplemental FY 2018-19 |
| ___ | Budget Amendment FY 2019-20 |
| X | Change Request FY 2019-20 |

| Summary Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| Total of All Line Items Impacted by Change Request | Total | $21,606,087 | $0 | $21,606,087 | $2,600 | $0 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $21,606,087 | $0 | $21,606,087 | $2,600 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

| Line Item Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| 07. Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, (1) Fleet Management Program and Motor Pool Services - Vehicle Replacement Lease/Purchase | Total | $21,606,087 | $0 | $21,606,087 | $2,600 | $0 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $21,606,087 | $0 | $21,606,087 | $2,600 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

**Auxiliary Data**

| | | | |
|---|---|---|---|
| **Requires Legislation?** | NO | | |
| **Type of Request?** | Department of Personnel & Administration Non-Prioritized Request | **Interagency Approval or Related Schedule 13s:** | Impacts Other Agency |

## Schedule 13

## Department of Personnel & Administration

### Funding Request for The FY 2019-20 Budget Cycle

**Request Title**

NP-06 Staff and Operating for Cameo State Recreation Area

Dept. Approval By: ______________

OSPB Approval By: ______________

| | |
|---|---|
| ___ | Supplemental FY 2018-19 |
| ___ | Budget Amendment FY 2019-20 |
| X | Change Request FY 2019-20 |

| Summary Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| Total of All Line Items Impacted by Change Request | Total | $21,606,087 | $0 | $21,606,087 | $1,720 | $0 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $21,606,087 | $0 | $21,606,087 | $1,720 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

| Line Item Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| 07. Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, (1) Fleet Management Program and Motor Pool Services - Vehicle Replacement Lease/Purchase | Total | $21,606,087 | $0 | $21,606,087 | $1,720 | $0 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $21,606,087 | $0 | $21,606,087 | $1,720 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

**Auxiliary Data**

| | | | |
|---|---|---|---|
| **Requires Legislation?** | NO | | |
| **Type of Request?** | Department of Personnel & Administration Non-Prioritized Request | **Interagency Approval or Related Schedule 13s:** | Impacts Other Agency |

## Schedule 13

## Department of Personnel & Administration

### Funding Request for The FY 2019-20 Budget Cycle

**Request Title**

**NP-07 Civilian and Uniform Staff**

Dept. Approval By:

OSPB Approval By:

| | |
|---|---|
| ___ | **Supplemental FY 2018-19** |
| ___ | **Budget Amendment FY 2019-20** |
| X | **Change Request FY 2019-20** |

| Summary Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| **Total of All Line Items Impacted by Change Request** | **Total** | **$21,606,087** | **$0** | **$21,606,087** | **$11,821** | **$0** |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $21,606,087 | $0 | $21,606,087 | $11,821 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

| Line Item Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| 07. Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, (1) Fleet Management Program and Motor Pool Services - Vehicle Replacement Lease/Purchase | **Total** | **$21,606,087** | **$0** | **$21,606,087** | **$11,821** | **$0** |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $21,606,087 | $0 | $21,606,087 | $11,821 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

**Auxiliary Data**

| | | | |
|---|---|---|---|
| **Requires Legislation?** | NO | | |
| **Type of Request?** | Department of Personnel & Administration Non-Prioritized Request | **Interagency Approval or Related Schedule 13s:** | Impacts Other Agency |

## Schedule 13

# Department of Personnel & Administration

### Funding Request for The FY 2019-20 Budget Cycle

**Request Title**

**NP-08 Increase E-470 Cash Fund Spending Authority**

Dept. Approval By: ____________

OSPB Approval By: ____________

| | |
|---|---|
| ____ | **Supplemental FY 2018-19** |
| ____ | **Budget Amendment FY 2019-20** |
| X | **Change Request FY 2019-20** |

| **Summary Information** | **Fund** | **FY 2018-19** Initial Appropriation | **FY 2018-19** Supplemental Request | **FY 2019-20** Base Request | **FY 2019-20** Change Request | **FY 2020-21** Continuation |
|---|---|---|---|---|---|---|
| **Total of All Line Items Impacted by Change Request** | **Total** | **$21,606,087** | **$0** | **$21,606,087** | **$2,364** | **$0** |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $21,606,087 | $0 | $21,606,087 | $2,364 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

| **Line Item Information** | **Fund** | **FY 2018-19** Initial Appropriation | **FY 2018-19** Supplemental Request | **FY 2019-20** Base Request | **FY 2019-20** Change Request | **FY 2020-21** Continuation |
|---|---|---|---|---|---|---|
| 07. Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, (1) Fleet Management Program and Motor Pool Services - Vehicle Replacement Lease/Purchase | **Total** | **$21,606,087** | **$0** | **$21,606,087** | **$2,364** | **$0** |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $21,606,087 | $0 | $21,606,087 | $2,364 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

**Auxiliary Data**

| | | | |
|---|---|---|---|
| **Requires Legislation?** | NO | | |
| **Type of Request?** | Department of Personnel & Administration Non-Prioritized Request | **Interagency Approval or Related Schedule 13s:** | Impacts Other Agency |

## Schedule 13

## Department of Personnel & Administration

### Funding Request for The FY 2019-20 Budget Cycle

**Request Title**

**NP-09 Additional Resources for the Fire Life Safety Section**

Dept. Approval By:

OSPB Approval By:

| | |
|---|---|
| | Supplemental FY 2018-19 |
| | Budget Amendment FY 2019-20 |
| X | Change Request FY 2019-20 |

| Summary Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| Total of All Line Items Impacted by Change Request | **Total** | **$21,606,087** | **$0** | **$21,606,087** | **$1,824** | **$0** |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $21,606,087 | $0 | $21,606,087 | $1,824 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

| Line Item Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| 07. Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, (1) Fleet Management Program and Motor Pool Services - Vehicle Replacement Lease/Purchase | **Total** | **$21,606,087** | **$0** | **$21,606,087** | **$1,824** | **$0** |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $21,606,087 | $0 | $21,606,087 | $1,824 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

**Auxiliary Data**

| | | | |
|---|---|---|---|
| **Requires Legislation?** | NO | | |
| **Type of Request?** | Department of Personnel & Administration Non-Prioritized Request | **Interagency Approval or Related Schedule 13s:** | Impacts Other Agency |

## Schedule 13

## Department of Personnel & Administration

### Funding Request for The FY 2019-20 Budget Cycle

**Request Title**

**NP-10 Judicial Fleet Vehicles**

Dept. Approval By:

OSPB Approval By:

| | |
|---|---|
| ___ | Supplemental FY 2018-19 |
| ___ | Budget Amendment FY 2019-20 |
| X | Change Request FY 2019-20 |

| Summary Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| Total of All Line Items Impacted by Change Request | Total | $21,606,087 | $0 | $21,606,087 | $2,373 | $0 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $21,606,087 | $0 | $21,606,087 | $2,373 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

| Line Item Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| 07. Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, (1) Fleet Management Program and Motor Pool Services - Vehicle Replacement Lease/Purchase | Total | $21,606,087 | $0 | $21,606,087 | $2,373 | $0 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $21,606,087 | $0 | $21,606,087 | $2,373 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

**Auxiliary Data**

| | | | |
|---|---|---|---|
| **Requires Legislation?** | NO | | |
| **Type of Request?** | Department of Personnel & Administration Non-Prioritized Request | **Interagency Approval or Related Schedule 13s:** | Impacts Other Agency |

## Schedule 13

## Department of Personnel & Administration

### Funding Request for The FY 2019-20 Budget Cycle

**Request Title**

NP-11 Western Region Director and One Source Utilities

| | | | |
|---|---|---|---|
| Dept. Approval By: | | | Supplemental FY 2018-19 |
| OSPB Approval By: | | | Budget Amendment FY 2019-20 |
| | | X | Change Request FY 2019-20 |

| Summary Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| Total of All Line Items Impacted by Change Request | **Total** | $21,606,087 | $0 | $21,606,087 | $520 | $0 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $21,606,087 | $0 | $21,606,087 | $520 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

| Line Item Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| 07. Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, (1) Fleet Management Program and Motor Pool Services - Vehicle Replacement Lease/Purchase | **Total** | $21,606,087 | $0 | $21,606,087 | $520 | $0 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $21,606,087 | $0 | $21,606,087 | $520 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

**Auxiliary Data**

| | | | |
|---|---|---|---|
| **Requires Legislation?** | NO | | |
| **Type of Request?** | Department of Personnel & Administration Non-Prioritized Request | **Interagency Approval or Related Schedule 13s:** | Impacts Other Agency |

## Schedule 13

## Department of Personnel & Administration

### Funding Request for The FY 2019-20 Budget Cycle

**Request Title**

**NP-12 Facilities Maintenance Staff and Vehicles**

Dept. Approval By:

OSPB Approval By:

| | |
|---|---|
| ___ | **Supplemental FY 2018-19** |
| ___ | **Budget Amendment FY 2019-20** |
| X | **Change Request FY 2019-20** |

| Summary Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| Total of All Line Items Impacted by Change Request | Total | $21,606,087 | $0 | $21,606,087 | $5,730 | $0 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $21,606,087 | $0 | $21,606,087 | $5,730 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

| Line Item Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| 07. Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, (1) Fleet Management Program and Motor Pool Services - Vehicle Replacement Lease/Purchase | Total | $21,606,087 | $0 | $21,606,087 | $5,730 | $0 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $21,606,087 | $0 | $21,606,087 | $5,730 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

**Auxiliary Data**

**Requires Legislation?** NO

**Type of Request?** Department of Personnel & Administration Non-Prioritized Request

**Interagency Approval or Related Schedule 13s:** Impacts Other Agency

## Schedule 13

## Department of Personnel & Administration

### Funding Request for The FY 2019-20 Budget Cycle

**Request Title**

**NP-13 Marijuana Enforcement Division Operations**

Dept. Approval By: ____________ ___ Supplemental FY 2018-19

OSPB Approval By: ____________ ___ Budget Amendment FY 2019-20

X Change Request FY 2019-20

| Summary Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| Total of All Line Items Impacted by Change Request | Total | $21,606,087 | $0 | $21,606,087 | $9,900 | $0 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $21,606,087 | $0 | $21,606,087 | $9,900 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

| Line Item Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| | Total | $21,606,087 | $0 | $21,606,087 | $9,900 | $0 |
| 07. Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, (1) Fleet Management Program and Motor Pool Services - Vehicle Replacement Lease/Purchase | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $21,606,087 | $0 | $21,606,087 | $9,900 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

**Auxiliary Data**

| | | | |
|---|---|---|---|
| **Requires Legislation?** | NO | | |
| **Type of Request?** | Department of Personnel & Administration Non-Prioritized Request | **Interagency Approval or Related Schedule 13s:** | Impacts Other Agency |

# Schedule 13

## Department of Personnel & Administration

### Funding Request for The FY 2019-20 Budget Cycle

**Request Title**

**NP-14 OIT_DI1 Essential Database Support**

Dept. Approval By: ______

OSPB Approval By: ______

| | |
|---|---|
| ___ | **Supplemental FY 2018-19** |
| ___ | **Budget Amendment FY 2019-20** |
| X | **Change Request FY 2019-20** |

| Summary Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| **Total of All Line Items Impacted by Change Request** | **Total** | **$4,649,778** | **$0** | **$5,121,594** | **$23,883** | **$22,923** |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $1,563,268 | $0 | $1,410,998 | $6,579 | $6,317 |
| | CF | $442,885 | $0 | $481,583 | $2,246 | $2,156 |
| | RF | $2,643,625 | $0 | $3,229,013 | $15,058 | $14,450 |
| | FF | $0 | $0 | $0 | $0 | $0 |

| Line Item Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| 01. Executive Director's Office, (A) Department Administration, (1) Department Administration - Payments to OIT | **Total** | **$4,649,778** | **$0** | **$5,121,594** | **$23,883** | **$22,923** |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $1,563,268 | $0 | $1,410,998 | $6,579 | $6,317 |
| | CF | $442,885 | $0 | $481,583 | $2,246 | $2,156 |
| | RF | $2,643,625 | $0 | $3,229,013 | $15,058 | $14,450 |
| | FF | $0 | $0 | $0 | $0 | $0 |

**Auxiliary Data**

**Requires Legislation?** NO

**Type of Request?** Department of Personnel & Administration Non-Prioritized Request

**Interagency Approval or Related Schedule 13s:** Requires OIT Approval

## Schedule 13

## Department of Personnel & Administration

### Funding Request for The FY 2019-20 Budget Cycle

**Request Title**

**NP-15 OIT_DI2 Securing IT Operations**

| | | | |
|---|---|---|---|
| Dept. Approval By: | | ___ | Supplemental FY 2018-19 |
| OSPB Approval By: | | ___ | Budget Amendment FY 2019-20 |
| | | X | Change Request FY 2019-20 |

| Summary Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| Total of All Line Items Impacted by Change Request | Total | $4,649,778 | $0 | $5,121,594 | $167,098 | $71,358 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $1,563,268 | $0 | $1,410,998 | $46,036 | $19,661 |
| | CF | $442,885 | $0 | $481,583 | $15,712 | $6,710 |
| | RF | $2,643,625 | $0 | $3,229,013 | $105,350 | $44,987 |
| | FF | $0 | $0 | $0 | $0 | $0 |

| Line Item Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| | Total | $4,649,778 | $0 | $5,121,594 | $167,098 | $71,358 |
| 01. Executive Director's Office, (A) Department Administration, (1) Department Administration - Payments to OIT | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $1,563,268 | $0 | $1,410,998 | $46,036 | $19,661 |
| | CF | $442,885 | $0 | $481,583 | $15,712 | $6,710 |
| | RF | $2,643,625 | $0 | $3,229,013 | $105,350 | $44,987 |
| | FF | $0 | $0 | $0 | $0 | $0 |

**Auxiliary Data**

| | | | |
|---|---|---|---|
| **Requires Legislation?** | NO | | |
| **Type of Request?** | Department of Personnel & Administration Non-Prioritized Request | **Interagency Approval or Related Schedule 13s:** | Requires OIT Approval |

## Schedule 13

## Department of Personnel & Administration

### Funding Request for The FY 2019-20 Budget Cycle

**Request Title**

**NP-16 OIT_DI4 Application Refresh and Consolidation**

Dept. Approval By:

OSPB Approval By:

| | |
|---|---|
| ___ | Supplemental FY 2018-19 |
| ___ | Budget Amendment FY 2019-20 |
| X | Change Request FY 2019-20 |

| Summary Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| Total of All Line Items Impacted by Change Request | Total | $4,649,778 | $0 | $5,121,594 | $38,862 | $38,862 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $1,563,268 | $0 | $1,410,998 | $10,707 | $10,707 |
| | CF | $442,885 | $0 | $481,583 | $3,654 | $3,654 |
| | RF | $2,643,625 | $0 | $3,229,013 | $24,501 | $24,501 |
| | FF | $0 | $0 | $0 | $0 | $0 |

| Line Item Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| 01. Executive Director's Office, (A) Department Administration, (1) Department Administration - Payments to OIT | Total | $4,649,778 | $0 | $5,121,594 | $38,862 | $38,862 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $1,563,268 | $0 | $1,410,998 | $10,707 | $10,707 |
| | CF | $442,885 | $0 | $481,583 | $3,654 | $3,654 |
| | RF | $2,643,625 | $0 | $3,229,013 | $24,501 | $24,501 |
| | FF | $0 | $0 | $0 | $0 | $0 |

**Auxiliary Data**

**Requires Legislation?** NO

**Type of Request?** Department of Personnel & Administration Non-Prioritized Request

**Interagency Approval or Related Schedule 13s:** Requires OIT Approval

## Schedule 13

## Department of Personnel & Administration

### Funding Request for The FY 2019-20 Budget Cycle

**Request Title**

**NP-17 OIT_DI5 Optimize Self-Service Capabilities**

Dept. Approval By: ______ ___ Supplemental FY 2018-19

OSPB Approval By: ______ ___ Budget Amendment FY 2019-20

X Change Request FY 2019-20

| Summary Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| Total of All Line Items Impacted by Change Request | Total | $4,649,778 | $0 | $5,121,594 | $4,699 | $3,844 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $1,563,268 | $0 | $1,410,998 | $1,295 | $1,057 |
| | CF | $442,885 | $0 | $481,583 | $442 | $361 |
| | RF | $2,643,625 | $0 | $3,229,013 | $2,962 | $2,426 |
| | FF | $0 | $0 | $0 | $0 | $0 |

| Line Item Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| 01. Executive Director's Office, (A) Department Administration, (1) Department Administration - Payments to OIT | Total | $4,649,778 | $0 | $5,121,594 | $4,699 | $3,844 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $1,563,268 | $0 | $1,410,998 | $1,295 | $1,057 |
| | CF | $442,885 | $0 | $481,583 | $442 | $361 |
| | RF | $2,643,625 | $0 | $3,229,013 | $2,962 | $2,426 |
| | FF | $0 | $0 | $0 | $0 | $0 |

**Auxiliary Data**

**Requires Legislation?** NO

**Type of Request?** Department of Personnel & Administration Non-Prioritized Request

**Interagency Approval or Related Schedule 13s:** Requires OIT Approval

# Schedule 13

## Department of Personnel & Administration

### Funding Request for The FY 2019-20 Budget Cycle

**Request Title**

**R-01 Fleet Information Management System Ongoing Costs**

| | | | |
|---|---|---|---|
| Dept. Approval By: | | ___ | Supplemental FY 2018-19 |
| OSPB Approval By: | | ___ | Budget Amendment FY 2019-20 |
| | | X | Change Request FY 2019-20 |

| Summary Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| Total of All Line Items Impacted by Change Request | Total | $358,616 | $0 | $358,616 | $130,000 | $130,000 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $358,616 | $0 | $358,616 | $130,000 | $130,000 |
| | FF | $0 | $0 | $0 | $0 | $0 |

| Line Item Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| 07. Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, (1) Fleet Management Program and Motor Pool Services - Operating Expenses | Total | $358,616 | $0 | $358,616 | $130,000 | $130,000 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $358,616 | $0 | $358,616 | $130,000 | $130,000 |
| | FF | $0 | $0 | $0 | $0 | $0 |

**Auxiliary Data**

**Requires Legislation?** NO

**Type of Request?** Department of Personnel & Administration Prioritized Request

**Interagency Approval or Related Schedule 13s:** No Other Agency Impact

***Cost and FTE***

- The Department of Personnel & Administration's Fleet Management Program requests an additional $130,000 in reappropriated funds spending authority in FY 2019-20 and ongoing for the (7) Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, Operating Expenses line for the maintenance and support expenses of a Fleet Integrated Management Software (FIMS) solution. A corresponding IT capital construction request has been submitted for the initial purchase and installation of this software solution.

***Current Program***

- Currently State Fleet Management (SFM) utilizes the Colorado Automotive Reporting System (CARS) as its FIMS.
- CARS is used to track all state fleet vehicles through their entire life cycle from acquisition to disposal.
- The system tracks data points such as depreciation, fuel consumption, maintenance required and completed, accidents, repairs and vehicle utilization.
- All of these data points are used by SFM to oversee the fleet.

***Problem or Opportunity***

- CARS is a 21-year old custom product built exclusively for the State of Colorado that can no longer be supported.
- The Office of Information Technology has historically provided staffing for development of CARS but currently there is only one supporting developer with in-depth knowledge of the software.
- OIT has determined that it is no longer cost efficient to effectively support this software, and that no vendors are available to provide support to the antiquated system.
- OIT has recommended that SFM purchases a commercial-off-the-shelf (COTS) software solution that the vendor will support and continue to develop.

***Consequences of Problem***

- If this request is not funded, SFM will not be able to provide high level customer service to State agencies that use Fleet vehicles. In the event of a failure of the current system SFM will not be able to track the necessary data points to ensure that fleet vehicles are purchased, maintained, and effectively utilized throughout the state which will lead to increased expenses for all agencies.

***Proposed Solution***

- CARS is currently used to track all state fleet vehicles through their entire life cycle from acquisition to disposal. The proposed project will replace this system with a COTS system that incorporates the transportation market's best practices in addition to enhanced tracking and reporting capabilities.
- Using a vendor sourced software of this nature will allow the State to respond to changes and expansion in the transportation market which is not possible with the current software. The ability to rapidly respond allows SFM to adapt to new vehicle technology and continue to provide excellent customer service to all state agencies that it serves.
- Through market research and the RFI process the Department has identified potential vendors and reviewed prospective solutions for a FIMS. The anticipated vendor expense for implementation of this software is $1,300,000. The market research indicates that ongoing costs for maintenance and support are approximately 10 percent of the implementation expense. A separate IT capital construction request has been submitted for the purchase and installation of a FIMS; this request is for the anticipated maintenance and support expenses.

# COLORADO

## Department of Personnel & Administration

*FY 2019-20 Funding Request | November 1, 2018*

***John W. Hickenlooper***
*Governor*

***June Taylor***
*Executive Director*

***Department Priority: R-01***
***Request Detail: Fleet Integrated Management Software Ongoing Costs***

| Summary of Incremental Funding Change for FY 2018-19 | Total Funds | General Fund |
|---|---|---|
| Fleet Integrated Management Software Ongoing Costs | $130,000 | $0 |

***Problem or Opportunity:***

The Department of Personnel & Administration's Fleet Management Program requests an additional $130,000 in reappropriated funds spending authority in FY 2019-20 and ongoing for the (7) Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, Operating Expenses line for the maintenance and support expenses of a Fleet Integrated Management Software (FIMS) solution. A corresponding IT capital construction request has been submitted for the initial purchase and installment of this software solution. The purchase of a FIMS is to replace State Fleet Management's (SFM) outdated system that will no longer be supported by the Office of Information Technology (OIT). Currently, SFM utilizes the Colorado Automotive Reporting System (CARS) as its Fleet Information Management System. CARS is a 21-year old custom product built exclusively for the State of Colorado that can no longer be supported. The Office of Information Technology has historically provided staffing for development of CARS but currently there is only one supporting developer with in-depth knowledge of the software. OIT has determined that it is no longer cost efficient to effectively support this software, and that no vendors are available to provide support to the antiquated system. OIT has recommended that SFM purchases an off the shelf software solution that the vendor will support and continue to develop.

***Proposed Solution:***

CARS is currently used to track all state fleet vehicles through their entire life cycle from acquisition to disposal. The proposed project will replace this system with a commercial-off-the-shelf (COTS) system that incorporates the transportation market's best practices in addition to enhanced tracking and reporting capabilities. The new system is expected to be able to track data points such as depreciation, fuel consumption, maintenance required and completed, accidents, repairs and vehicle utilization. All of these data points will be used by State Fleet Management (SFM) to more effectively and efficiently oversee the fleet.

Updated reporting capabilities will allow SFM to respond to the ever growing demand for data driven metrics and to provide key performance indicators both internally to SFM for budget and policy decisions and to user agencies to ensure that they are properly utilizing their fleet vehicles. This system will be able to collate data into standardized reports that can be easily distributed to all user agencies through automation. This automated reporting is expected to increase SFM's efficiency and accuracy as currently most reporting out of CARS is done manually. Rather than producing reports, SFM staff will be able to focus their attention on other tasks, such as vehicle acquisition and new vehicle roll out. Additionally, these new reporting capabilities will decrease the amount of time required to produce the suspect replacement list for the annual vehicle replacement request by allowing SFM to set parameters before extracting data from the system.

With a COTS software solution, SFM will benefit from being a part of larger user community. In this situation, SFM, as well as other users, can identify areas that should be upgraded within the system and request additional functionalities. The vendor solution will have a development team continuously working to upgrade the software which allows the system to adapt to changes such as new fuel types within the tracking applications or updated metrics for reporting. These metrics will allow Fleet Coordinators within each agency throughout the State to effectively manage the utilization of their vehicles.

Using a vendor sourced software will allow the State to respond to changes and expansion in the transportation market which is not possible with the current software. The ability to rapidly respond allows SFM to adapt to new vehicle technology and continue to provide excellent customer service to all state agencies that it serves. Additionally, a vendor solution will be able to interface with outside software, such as a telematics system, to continually improve SFM's ability to report on fleet activities. SFM will be implementing a pilot telematics program utilizing DPA's vehicles in FY 2018-19 to determine how it can be most beneficial when used throughout the entire fleet in the future. This pilot program will be undertaken within SFM's operating expenses line, and if telematics is deemed a valuable addition to other data being collected a future request will be made for spending authority to add telematics to all fleet vehicles.

In order for this project to be successful, the Department will require cooperation from OIT to help implement the new software. OIT will provide project management, business requirements analysis, and technical integration services with the State's network. OIT will also provide resources to support technical needs to facilitate data extractions/conversion from the current legacy system and will participate post go-live in vendor relationship/management and support for release management/compliance and governance. This request is for ongoing maintenance and support, the Department has submitted a separate funding request for the purchase and installation of the software solution. SFM has been anticipating the need for this purchase and has adequate fund balance to both cover the initial purchase price and to initially offset continuing expenses. Once the fund balance has been spent down to its targeted amount the continuing expenses will then be included in the calculations used to determine management fees. SFM anticipates that the increase to the monthly management fee will be minimal.

***Anticipated Outcomes:***

If this proposal is approved, the Department anticipates that it will be able to improve upon the current high level customer service that is provided to all state agencies that utilize fleet vehicles. Updating the FIMS will allow SFM to collect critical data points such as depreciation, fuel consumption, maintenance required and completed, accidents, repairs and vehicle utilization. This will lead to improved vehicle efficiencies by ensuring that preventative maintenance is completed and that vehicles are being used for appropriate tasks. SFM will be able to oversee the State Fleet more effectively leading to reduced maintenance fees, improved vehicle utilization, and increased revenue from vehicle auctions. Additionally, with enhanced reporting capabilities SFM will be able to provide user agencies with all the data they need to manage their fleet vehicles.

These outcomes are directly related to the Department's strategic policy initiative of improving customer service. An updated FIMS will allow SFM to increase overall satisfaction with services received since employees will be able to focus more time on customer facing duties due to automated reporting output. Additionally, this project ties to the strategic policy initiative of modernizing business operations. A key point of this initiative is to build and modernize an efficient and effective business operation so that the employees and agencies can be productive. Implementing a targeted software upgrade for the Fleet Management asset management software is a one-year outcome goal, and retiring disparate, agency-based systems across the Executive Branch is a three-year outcome goal within the Department's performance management plan.

An updated FIMS could also potentially be used by the Colorado Department of Transportation (CDOT) to track their "orange fleet". The State would see improved efficiencies with all vehicles owned and operated by the State being tracked within the same platform, producing standardized reports vehicle activity. This arrangement would provide benefits to both agencies via cost sharing of ongoing maintenance and support expenses.

***Assumptions and Calculations:***

Through market research and the RFI process the Department has identified potential vendors and reviewed prospective solutions for a Fleet Information Management Software. The anticipated vendor expense for implementation of this software is $1,300,000 and the market research indicates ongoing costs for maintenance and support are approximately 10 percent of the implementation expense. A separate IT capital construction request has been submitted for the purchase and installation of a FIMS, this request is for the anticipated maintenance and support expenses.

# Schedule 13

## Department of Personnel & Administration

### Funding Request for The FY 2019-20 Budget Cycle

**Request Title**

**R-02 Integrated Document Solutions Increased Input Costs**

| | | | |
|---|---|---|---|
| Dept. Approval By: | [signature] | | **Supplemental FY 2018-19** |
| OSPB Approval By: | [signature] | | **Budget Amendment FY 2019-20** |
| | | X | **Change Request FY 2019-20** |

| Summary Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| Total of All Line Items Impacted by Change Request | **Total** | **$17,087,543** | **$0** | **$18,253,611** | **$500,756** | **$1,472,603** |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $980,537 | $0 | $980,537 | $0 | $0 |
| | RF | $16,107,006 | $0 | $17,273,074 | $500,756 | $1,472,603 |
| | FF | $0 | $0 | $0 | $0 | $0 |

| Line Item Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| 04. Central Services, (B) Integrated Document Solutions, (1) Integrated Document Solutions - Operating Expenses | **Total** | **$7,769,915** | **$0** | **$8,419,794** | **$35,960** | **$35,960** |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $240,239 | $0 | $240,239 | $0 | $0 |
| | RF | $7,529,676 | $0 | $8,179,555 | $35,960 | $35,960 |
| | FF | $0 | $0 | $0 | $0 | $0 |
| 04. Central Services, (B) Integrated Document Solutions, (1) Integrated Document Solutions - IDS Postage | **Total** | **$9,317,628** | **$0** | **$9,833,817** | **$464,796** | **$1,436,643** |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $740,298 | $0 | $740,298 | $0 | $0 |
| | RF | $8,577,330 | $0 | $9,093,519 | $464,796 | $1,436,643 |
| | FF | $0 | $0 | $0 | $0 | $0 |

**Auxiliary Data**

**Requires Legislation?** NO

**Type of Request?** Department of Personnel & Administration Prioritized Request

**Interagency Approval or Related Schedule 13s:** Impacts Other Agency

## Cost and FTE

- The Department of Personnel & Administration's Integrated Document Solutions (IDS) program requests additional reappropriated spending authority of $500,756 in FY 2019-20, and $971,847, including a five percent contingency, in FY 2020-21 and ongoing due to increased paper and postage expenses. Of these amounts, $35,960 is for the increased paper expenses and will increase the (4) Division of Central Services, (B) Integrated Document Solutions, Operating Expenses line, while the remaining amounts will increase the (B) Integrated Document Solutions, IDS Postage line, as a result of increased projected postage expenses. This request represents a net increase of less than one percent in the Operating Expenses line item and a net increase of 23 percent in the IDS Postage line.
- Additionally, the Department requests corresponding funding for its top ten customer agencies of $121,209 in FY 2019-20, and $253,439, including a five percent contingency, in FY 2020-21 and ongoing to increase their operating budgets for the increased paper and postage expenses.

## Current Program

- IDS is Colorado's State Printer, and is an end-to-end document management operation, serving all government entities across Colorado. IDS provides graphic design, printing, imaging, mail and delivery to state agencies, and the volume processed through the program allows the State to negotiate discounts for a number of products and services.

## Problem or Opportunity

- As a result of several changes in the paper market, the prices for roll stock paper and envelopes have increased and are projected to continue increasing in FY 2019-20 by approximately eight percent.
- On December 1, 2017, the Postal Regulatory Commission (PRC) issued findings that the current postal rate system did not allow the USPS to achieve pricing efficiency or long-term financial stability measures. As a result, the PRC proposed new rules allowing the postage rates to be increased by up to three percent above the rate of inflation in the next five calendar years.

## Consequences of Problem

- Due to the increased paper and postage expenses in future fiscal years, if IDS does not receive additional spending authority, it will not be able to meet its customers' demands.
- IDS may be at risk of turning down business if sufficient spending authority does not exist.
- Turning down business negatively affects all IDS customers who benefit from volume discounts.

## Proposed Solution

- The Department requests an increase to spending authority which will allow IDS to continue to meet its customers' demands for printing and processing mail, which will continue to generate bulk savings for all participating agencies.
- By increasing the operating budgets of the top ten customer agencies, these customers can continue to utilize IDS' services for printing and mailing, without having to forgo other necessary items currently included in their operating budgets.

***Department Priority: R-02***
***Request Detail: Integrated Document Solution Increased Input Costs***

| Summary of Incremental Change for FY 2019-20 | Total Funds | General Funds |
|---|---|---|
| DPA – Integrated Document Solutions | $500,756 | $0 |
| Other Statewide Departments | $121,209 | |

| Summary of Incremental Change for FY 2020-21 | Total Funds | General Funds |
|---|---|---|
| DPA – Integrated Document Solutions | $485,924 | $0 |
| DPA – Integrated Document Solutions 5% Contingency | $485,923 | $0 |
| Other Statewide Departments | $126,718 | |
| Other Statewide Departments 5% Contingency | $126,721 | |

***Problem or Opportunity:***

The Department of Personnel & Administration requests additional reappropriated funds spending authority in FY 2019-20, FY 2020-21 and ongoing due to increased projected expenses for paper and postage for Integrated Document Solutions (IDS). Of the total $500,756 reappropriated funds spending authority requested in FY 2019-20 for IDS, $35,960 is for the (4) Division of Central Services, (B) Integrated Document Solutions, Operating Expenses line due to increased projected paper expenses and $464,796 is for the (4) Division of Central Services, (B) Integrated Document Solutions, IDS Postage line, as a result of increased projected postage expenses. As postage rates are projected to increase over the next five calendar years beyond the annual rate of inflation, the Department requests additional spending authority of $971,847, including a five percent contingency, in FY 2020-21 for the (4) Division of Central Services, (B) Integrated Document Solutions, IDS Postage line.

Additionally, the Department requests corresponding funding increases in other statewide department operating expenses appropriations to accommodate the anticipated increased postage expenses for the top ten departments with the highest volumes. The Department requests additional funding of $121,209 in FY 2019-20, and $253,439, including a five percent contingency, in FY 2020-21. This request does not include CBMS, which just received additional funding in FY 2018-19 for potential postage increases. The detailed amounts requested by department can be found in Appendix A.

Integrated Document Solutions is the Colorado State Printer and is an end-to-end document management operation, serving all government entities across Colorado. IDS advises, assists, and supports each agency's needs and provides a wide variety of document solutions in-house – from graphic design and printing to imaging, mail and delivery - at a professional level, and at a competitive price. IDS partners with each agency to offer professional services tailored to each program's need and budget. The Operating Expenses line item, which is funded from reappropriated funds and cash funds, supports the operating expenses for Reprographic Services, Document Solutions and Mail Services. Although the majority of the operating expenses for Mail Services are paid from the Operating Expense line item appropriation, the IDS Postage line item, comprised of reappropriated funds and cash funds, supports the postage costs for mail operations.

An example that can illustrate how customer agencies typically utilize the bulk printing and mailing services offered by IDS, from beginning to end, is the Colorado Department of Labor & Employment (CDLE). When CDLE requires something to be printed and mailed, the agency requesting the service sends the data files electronically to the IDS variable processing team, where the data is first scrubbed for address accuracy, then merged with pre-composed forms. Next, the files are sent to the production floor inkjet web printer where the documents are printed on roll stock paper, and then cut to the proper sizes for mailing. The finished printed documents are then taken to the mail inserter where they are inserted into envelopes and postage is metered. The metered envelopes are put on the mail sorter where they are sorted by zip code. This pre-sorting process bypasses the first step typically done in the United State Postal Service (USPS) intake, and drives bulk postage cost savings from the USPS as they will not need to sort the mail once it is received. Once sorted, the mail is boxed, put onto carts, and delivered to the USPS central mail processing facility. Typically, IDS receives the data files in the morning, and by 5pm the same day the mail is postmarked and received by the USPS. State agencies that utilize IDS for their bulk transactional printing and mailing jobs are able to get competitive pricing because IDS processes such a large volume of documents each year.

*Projected Increase in Paper Expenses*

Paper prices are on the rise globally. A number of variables have played a key role in the increased paper prices. First, the limited number of paper mill suppliers has reduced the overall market capacity; this limited capacity combined with a surge in demand is drawing up the base prices for raw materials, such as wood pulp. Pulp prices have increased primarily due to the rapid growth of consumer spending and a greater demand for packaging materials associated with e-commerce and delivery of online orders. According to IBISWorld, the price of wood pulp is forecasted to rise at an annualized rate of 5.1% in to 2019.[1] As Original Equipment Manufacturers (OEMs) compete globally for the available raw materials, the paper mills are attempting to keep up with demand with their limited capacity. Additionally, as new types of retailers increase their need for paper products, such as online retailers surging in their need for paper board products for parcel shipping, many paper mills are moving into that market driven by higher revenues. This has had a tightening effect on the paper market for printers who must now battle for mill production position. For these reasons

[1] http://www.strategicsourceror.com/2017/05/pulp-and-paper-prices-on-rise-again.html (Full article is in Appendix B)

and many others, lead time for paper orders has been expanding and reached an all-time high of 16 weeks in May 2018, compared to between six and eight weeks previously experienced. As a result, businesses that rely on paper for their daily operations may need to take on more inventory when supplies are available due to the increased lead time. Additionally, as businesses are able to lock into a price agreement for the paper they want, the shortage in truck drivers has contributed to higher freight costs. Overall, these market changes have led to an increase in demand and a decrease in supply for paper products, driving the prices upwards.

During FY 2017-18, IDS received information from professional groups indicating an increase in the price of roll stock paper going forward, which is the paper IDS uses for printing a variety of different items. The cost of paper has already increased approximately eight percent, and costs are anticipated to increase by another eight percent within the next year. With paper being the primary consumable that makes up envelopes, another common material used by IDS, the Department anticipates the prices of envelopes will increase at a similar rate in the future. As a result of the increased paper prices, IDS has taken steps to reduce paper expenses by making the decision to stop purchasing paper from the current vendor, which is a paper broker. IDS is working on a procurement solicitation for new paper vendors within the next six to twelve months to ensure the best paper prices will be available going forward. In the meantime, and in order to temporarily keep paper costs lower, IDS began purchasing paper directly from a paper mill in July 2018 and will continue doing so until the new solicitation process is complete. Additionally, IDS has been aligning its operations with the Governor's initiative for "Greening of State Government" by working to reduce the overall amount of paper being used. Despite the program's efforts to mitigate these increases, IDS will be paying higher prices for paper than before, and will need an overall increase in spending authority to meet customer demands.

*Projected Increase in Postage Expenses*

Historically, postal regulations have allowed the USPS to request annual postage rate increases proportional to the rising Consumer Price Index (CPI), which essentially keeps up with the rate of inflation. However, in December 2017, the Postal Regulatory Commission (PRC) issued its findings as part of a statutorily mandated review of the system for regulating postal rates, and announced a move to allow bigger increases to stamp prices beyond the rate of inflation.[2] The PRC issued findings that the current postal rate system did not allow the Postal Service to achieve pricing efficiency or long-term financial stability measures. It concluded that the Postal Service's declining mail volume and increased costs from its' pension and health care obligations hamper the ability to provide reliable mail and package services in the digital age. As a result of the commission's findings, the PRC issued a proposed rulemaking which would give the USPS freedom to raise the prices of its first-class postage by an additional two percent above the rate of inflation to avoid bankruptcy and improve delivery service, in addition to another one percent to the rates if certain operational and quality standards are met[3]. These rate increases could be implemented each calendar year for the first five full calendar years following the effective date of the proposed rules, so the Department assumes the rate

[2] https://www.prc.gov/press-releases/prc-concludes-rate-system-has-not-achieved-necessary-objectives-and-issues-proposed (Full article is in Appendix B)

[3] https://www.govexec.com/management/2017/12/postal-regulator-allows-higher-rates-denies-usps-autonomy-setting-prices/144235/ (Full article is in Appendix B)

increases may begin in calendar year 2019 and extend through 2023, which would cross fiscal years 2019-20 through FY 2023-24.

As previously noted, IDS performs pre-sorting to all the outgoing pieces of mail in an effort to reduce postage rates. Pre-sorting means grouping the mail by zip code so all of the pieces going to the same destination get grouped into the same bundle or tray. By pre-sorting the outgoing mail, IDS is doing some of the work that would typically be done by the USPS; because it costs the Postal Service less money to process and deliver those pieces of mail, they pass those savings on to IDS in the form of commercial postage prices. While these commercial postage prices are lower than the standard non-bulk postage prices, it is anticipated that these rates may increase as a result of the PRC proposed rulemaking. With the USPS having the ability to raise rates, should the postage rates increase beyond the anticipated level of inflation, the appropriation for IDS Postage could be quickly exhausted and additional spending authority will be necessary to meet customer demands.

***Proposed Solution:***

The Department of Personnel & Administration requests additional reappropriated funds spending authority of $500,756 in FY 2019-20. Of this amount, $35,960 is for the Operating Expenses line for the increased cost of paper products, and $464,796 is for the IDS Postage line for the anticipated increased postage costs. Additionally, as the postage prices could increase steadily over the next five calendar years starting in 2019, the Department requests $971,847 in the IDS Postage line for FY 2020-21 which is made up of $485,924 for estimated increased postage prices in FY 2020-21 plus an additional five percent contingency of $485,923. The Department will track the growth rates in the paper and postage expenses, and may request additional spending authority if actual growth rates exceed these estimates. Meeting the service needs of state departments, institutions, and agencies is the main goal of IDS, and without sufficient spending authority the Department will not be able to meet this goal.

Finally, the Department requests a funding increase in statewide department operating expense appropriations to accommodate a portion of the anticipated increased postage expenses. The top ten statewide departments that have the highest annual expenditures with IDS for paper and postage will receive additional funding for operating expenses. The Department requests $121,209 for increased postage prices in FY2019-20, and $253,439 for increased postage prices in FY 2020-21, which is made up of $126,718 for estimated increased postage prices in FY 2020-21 plus an additional five percent contingency of $126,721. While IDS does not have insight into each department's individual budgetary structures and needs, the increased paper and postage expenses may squeeze out room for other necessary expenses. The Department notes that CBMS has been excluded from this analysis, as a request was approved in FY 2018-19 which provided approximately $3 million additional appropriations for printing and mailing costs for required client notifications.

***Anticipated Outcomes:***

By increasing the spending authority for the IDS Operating Expenses and IDS Postage line items, IDS will be able to accept additional departments' requests for printing & mailing, saving the agency and the State both time and money. If the spending authority is not increased, IDS may have to turn away business, which would result in higher printing and postage costs and increased lead time for state agencies that would need to contract for printing and mailing services on their own. Additionally, by increasing the operating budgets of the top ten IDS customer departments, these departments will be able to continue their current level of spending with IDS into the future without having to forgo other necessary items currently included in their operating budgets.

**_Assumptions and Calculations:_**

*Paper Calculations*

Based on the increased costs for paper experienced by the program in FY 2017-18 and FY 2018-19, the program anticipates needing an additional $35,960 in spending authority for the increased costs in paper, which is approximately eight percent of the average historical paper spend from the last four fiscal years. The Department believes that eight percent is a conservative estimate of the projected paper prices, and notes that the market could drive prices higher in the future due to market volatility. Should the market prices increase substantially beyond the estimates below, the Department may request additional spending authority, as necessary. The table below shows the historical expenditures for paper products over the last four fiscal years, the average annual paper expenditure, and eight percent of the average annual expenditure.

*Table 1 – Average Annual Paper Expenditures*

| Row | Fiscal Year | Annual Expenditure | | Notes |
|---|---|---|---|---|
| 1 | FY 2014-15 | $ | 165,603 | FY15 Cash Fund Report |
| 2 | FY 2015-16 | $ | 261,185 | FY16 Cash Fund Report |
| 3 | FY 2016-17 | $ | 711,051 | FY17 Cash Fund Report |
| 4 | FY 2017-18 | $ | 660,163 | FY18 Cash Fund Report |
| 5 | Average Expenditure | $ | 449,500 | Average of Rows 1 - 4 |
| 6 | **Total Requested** | **$** | **35,960** | Row 5 * 8% |

*Postage Calculations*

As of December 2017, the Postal Regulatory Commission proposed to allow the USPS to increase its prices by up to two percent more than inflation over the next five years, plus the possibility of an additional one percent per calendar year for each of the first full five calendar years following the effective date. The new postal rates are typically announced in December prior to the start of each new calendar year, and the Department assumes that the first full calendar year following the effective date will be 2019. As of July 2018, the current postage rate for first-class mail commercial bulk with automation and pre-sorted by zip code was $0.408; this is the calendar year 2019 starting postage rate assumed for the purposes of this analysis. Table 2 shows the calculation of projected postage rates based on the projected inflation rates from the June 2018 Legislative Council Staff's Economic & Revenue Forecast by calendar year and Table 3 shows the projected blended postage rates by fiscal year that are included in this request.

*Table 2 – Projected Postage Rates by Calendar Year*

| Row | Calendar Year | Inflation Rate | Inflation Rate + 3% | Projected Postage Rate | Notes |
|---|---|---|---|---|---|
| 1 | 2018 | | | $0.408 | 1st Class Commercial bulk rate w/ automation & pre-sorted by zip code |
| 2 | 2019 | 2.3% | 5.300% | $0.430 | Row 1 Projected Postage Rate * 5.3% |
| 3 | 2020 | 2.1% | 5.100% | $0.452 | Row 2 Projected Postage Rate * 5.1% |
| 4 | 2021 | 2.1% | 5.100% | $0.475 | Row 3 Projected Postage Rate * 5.1% |
| 5 | 2022 | 2.1% | 5.100% | $0.499 | Row 4 Projected Postage Rate * 5.1% |
| 6 | 2023 | 2.1% | 5.100% | $0.524 | Row 5 Projected Postage Rate * 5.1% |

*Table 3 – Projected Postage Rates by Fiscal Year*

| Fiscal Year | Projected Blended Postage Rate* | Year Over Year Change (%) |
|---|---|---|
| FY 2018-19 | $0.419 | |
| FY 2019-20 | $0.441 | 5.3% |
| FY 2020-21 | $0.464 | 5.2% |
| Contingency | $0.487 | 5.0% |

**The projected postage rate by fiscal year is a blended rate of two calendar year rates.*

To calculate the impact of the projected increased postage rates on IDS, first, the average annual postage expenditures were calculated from FY 2014-15 through FY 2017-18, which are detailed in Table 4.

*Table 4 – Average Annual Postage Expenditure*

| Row | Fiscal Year | Annual Expenditure | Notes |
|---|---|---|---|
| 1 | FY 2014-15 | $ 7,367,224 | FY15 Cash Fund Report |
| 2 | FY 2015-16 | $ 7,448,462 | FY16 Cash Fund Report |
| 3 | FY 2016-17 | $ 7,635,425 | FY17 Cash Fund Report |
| 4 | FY 2017-18 | $ 7,598,678 | FY18 Cash Fund Report |
| **5** | **Average Annual Expenditure** | **$ 7,512,447** | **Average of Rows 1 - 4** |

In FY 2018-19, IDS received an additional $1,339,810 in spending authority for the CBMS/PEAK budget request. Since the average annual postage expenditure calculated in Table 5 does not account for this increased spending authority, for purposes of this analysis, the total estimated annual expenditure for IDS Postage beginning in FY 2018-19 (and ongoing) is the calculated average annual expenditure $7,512,447 plus the additional appropriation of $1,339,810 for a total of $8,852,257.

Next, for estimating purposes, $8,852,257 was divided by the projected postage rate for FY 2018-19 of $0.419 to calculate the assumed volume. This assumed volume is then held constant to estimate the impact of postage rate increases. Table 5 depicts the projected spending authority needed of $464,796 for FY 2019-20, $485,924 for FY 2020-21, and a five percent contingency of $485,923. This contingency will allow IDS the flexibility to continue operations if USPS postage rates are increased beyond the rate of inflation within the next few fiscal years. The Department will track the growth rates in postage expenses, and may request additional spending authority if actual growth rates exceed these estimates.

*Table 5 – Estimated Spending Authority Needed for Increased Postage Rates*

| Row | Fiscal Year | Projected Blended Postage Rate | Average Annual Expenditure at Current Postage Rate* | Assumed Volumes* | Estimated Expenditure at New Postage Rate | Estimated Incremental Spending Authority Need | Notes |
|---|---|---|---|---|---|---|---|
| 1 | FY 2018-19 | $0.419 | $ 8.852.257 | 21.127.105 | $ 8.852.257 | $ - | |
| 2 | FY 2019-20 | $0.441 | $ 8.852.257 | 21.127.105 | $ 9.317.053 | $ 464.796 | Row 2 Exp. At New Rate - Row 1 Exp. At New Rate |
| 3 | FY 2020-21 | $0.464 | $ 8.852.257 | 21.127.105 | $ 9.802.977 | $ 485.924 | Row 3 Exp. At New Rate - Row 2 Exp. At New Rate |
| 4 | Contingency | $0.487 | $ 8.852.257 | 21.127.105 | $ 10.288.900 | $ 485.923 | Row 4 Exp. At New Rate - Row 3 Exp. At New Rate |

**Held constant for analysis*

Finally, the Department requests a total of $121,209 in additional funding for FY 2019-20, $126,718 in FY 2019-20 and a five percent contingency of $126,721 for the departments with the top ten highest postage volumes. The calculations for incremental operating appropriations mirror the calculations noted above, which take the annual expenditures by department and divide them by the FY 2018-19 postage rate of $0.419 to calculate the assumed volume. Volume is then held constant to estimate the incremental impact of the increased postage rates.

The Department assumes that because all statewide departments have been working to align their operations with the Governor's initiative for "Greening of State Government," they may be able to reduce the overall amount of documents printed and mailed, and may be able to utilize existing appropriations for some of the increased postage expenses. Due to this reason, this request includes the projected postage rates for FY 2019-20 and FY 2020-21, plus an additional five percent contingency in FY 2020-21 which can help provide a cushion for departments operating budgets. Should departments need additional funds beyond the amounts requested here, they may come back for additional funding requests in the future. Detailed tables that show the amounts by department can be found in Appendix A.

The calculations made in this request assume the customer agencies utilizing IDS printing and mailing services will have similar printing needs from IDS in future fiscal years. Should there be a significant change in the overall volumes needed by agency, a future request may be needed in order to re-align the spending authority with the needs of IDS' customer agencies. Additionally, if paper or postage prices increase substantially beyond these estimates, the Department may need to request additional spending authority in the future.

## Appendix A – Fiscal Year Detailed Amounts

*Summary of Amounts Requested by Fiscal Year*

| FY 2019-20 Request | Total Funds |
|---|---|
| DPA - Integrated Document Solutions | $ 500,756 |
| Other Statewide Departments | $ 121,209 |

| FY 2020-21 Request Including 5% Contingency | Total Funds |
|---|---|
| DPA - Integrated Document Solutions | $ 971,847 |
| Other Statewide Departments | $ 253,439 |

| Total Request | Total Funds |
|---|---|
| DPA - Integrated Document Solutions | $ 1,472,603 |
| Other Statewide Departments | $ 374,648 |

| FY 2019-20 Request | Request for Paper | Request for Postage | Total |
|---|---|---|---|
| DPA - Integrated Document Solutions | $ 35,960 | $ 464,796 | $ 500,756 |
| Other Statewide Departments | $ - | $ 121,209 | $ 121,209 |

| FY 2020-21 Request + 5% Contingency | Request for Paper | Request for Postage | Total |
|---|---|---|---|
| DPA - Integrated Document Solutions | $ - | $ 971,847 | $ 971,847 |
| Other Statewide Departments | $ - | $ 253,439 | $ 253,439 |

| Total Request | Request for Paper | Request for Postage | Total |
|---|---|---|---|
| DPA - Integrated Document Solutions | $ 35,960 | $ 1,436,643 | $ 1,472,603 |
| Other Statewide Departments | $ - | $ 374,648 | $ 374,648 |

## Other Statewide Departments Detailed Requests for Postage

*Other Statewide Departments Request for Additional Postage Funding by Fiscal Year*

| Rank | Department | FY 2019-20 Request for Projected Postage Rate | FY 2020-21 Request for Projected Postage Rate | 5% Contingency Request | Total Request for Projected Postage Rate |
|---|---|---|---|---|---|
| 1 | Labor and Employment | $ 54,861 | $ 57,355 | $ 57,355 | $ 169,571 |
| 2 | Natural Resources | $ 19,687 | $ 20,582 | $ 20,582 | $ 60,851 |
| 3 | Human Services | $ 14,955 | $ 15,635 | $ 15,636 | $ 46,226 |
| 4 | Personnel and Administration | $ 8,213 | $ 8,587 | $ 8,586 | $ 25,386 |
| 5 | Higher Education | $ 7,564 | $ 7,908 | $ 7,909 | $ 23,381 |
| 6 | Health Care Policy and Financing | $ 5,493 | $ 5,742 | $ 5,742 | $ 16,977 |
| 7 | Regulatory Agencies | $ 2,830 | $ 2,958 | $ 2,959 | $ 8,747 |
| 8 | Agriculture | $ 2,705 | $ 2,827 | $ 2,828 | $ 8,360 |
| 9 | Public Safety | $ 2,537 | $ 2,652 | $ 2,652 | $ 7,841 |
| 10 | Local Affairs | $ 2,364 | $ 2,472 | $ 2,472 | $ 7,308 |
| | **Total** | **$ 121,209** | **$ 126,718** | **$ 126,721** | **$ 374,648** |

## Appendix B – Referenced Articles

http://www.strategicsourceror.com/2017/05/pulp-and-paper-prices-on-rise-again.html

### Pulp And Paper Prices On The Rise Again?

In 2011, the pulp and paper industry experienced the highest price point in more than 30 years. The industry had an inflationary trend that experts projected would last through 2011, but in 2015 the record price climbed past the previous peak. Yet again, we are seeing high pulp and paper prices and the question remains, when will pulp and paper prices finally stabilize, or will this inflationary trend continue? Well, according to IBISWorld, the price of wood pulp is forecasted to rise even further at an annualized rate of 5.1% in the two years to 2019. One factor driving the current price increase is supply not being able to keep up with the growing demand for paper-based packaging products.

The increase in wood pulp prices has increased production costs for manufacturers that rely on the materials as an input, especially paper-based packaging manufacturers. However, paper-based packaging producers and suppliers will have ways to offset the rising input costs. With the growing demand for paper-based packaging products, packaging producers and suppliers will have the ability to pass on some of these costs to buyers. Some of the factors driving the growing demand include the following:

Higher Consumer Spending

Consumer spending is on the rise and one factor influencing this trend is the improving economic activity that will encourage more business to open and existing business to increase hiring, resulting in the creation of more jobs. In addition, the unemployment rate is expected to remain stable for the next two years to come. With stable unemployment and higher confidence in the economy consumer spending will propel growth in demands for various discretionary and non-discretionary goods, which are often shipped using paper-based packaging, resulting in a demand increase.

Growth in E-commerce

The growing number of broadband internet connections and mobile internet connections is expected to rise and further drive e-commerce sales. Stronger internet capabilities and the ease of being able to make a purchase from almost anywhere with the strengthening use of smartphones and tablets will enhance the speed and convince of e-commerce purchases, driving up demand for various packaging products used to deliver online purchases.

Growing Industrial Production

The industrial production index, which measures output from the mining, manufacturing, electric, and gas industries is expected to increase through 2019. The growing industrial activity is expected to drive up demand for paper-based packaging products due to the widespread use to transport various items necessary for production and distribution purposes. In addition, the number of businesses is expected to grow, which will boost demand as business purchase and distribute goods in paper packaging products.

The growing demand stemming from higher consumer spending, strong e-commerce activity and the heightening industrial production will allow manufacturers to avoid some of the additional production costs due to pulp and paper price increases by passing on some of the costs to their buyers. Though, for buyers this means that they can expect to pay more for pulp and paper products that include paperboard, corrugated boxes, paper bags and paper shipping sacks.

https://www.prc.gov/press-releases/prc-concludes-rate-system-has-not-achieved-necessary-objectives-and-issues-proposed

12/1/2017

**PRC CONCLUDES RATE SYSTEM HAS NOT ACHIEVED NECESSARY OBJECTIVES and ISSUES PROPOSED RULEMAKING TO ADDRESS SHORTCOMINGS: Would Retain Price Cap System**

Washington, D.C. - Today, the Postal Regulatory Commission (Commission) issued its findings related to the statutorily mandated review of the system for regulating rates and classes for Market Dominant products that was first established in 2006 by the Postal Accountability and Enhancement Act (PAEA). The law required the Commission to review the past 10 years of the existing market dominant rate and classification system to determine if the system achieved the nine objectives, considering the 14 factors, established by Congress. The objectives reflect the goals of the PAEA to create a flexible, stable, predictable, and streamlined ratemaking system that ensures the Postal Service's financial health and maintains high quality service standards and performance.

In its findings order, the Commission identifies three principal areas of the PAEA system which encapsulate the nine objectives: (1) the structure of the ratemaking system; (2) the financial health of the Postal Service; and (3) service. After extensive review, the Commission concludes that the system achieved some of the goals of these areas, but the overall system has not achieved the objectives taking into account the factors of the PAEA.

In brief, the Commission findings are as follows:

The system was largely successful in achieving the goals related to the structure of the ratemaking system. However, the Commission concludes that the ratemaking system has not increased pricing efficiency.

The system has not maintained the financial health of the Postal Service as intended by the PAEA. While the Postal Service has generally achieved short-term financial stability, both medium-term and long-term financial stability measures have not been achieved.

High quality service standards have not been maintained during the past 10 years under the PAEA.

As a result of these findings, the Commission also issued today a Notice of Proposed Rulemaking to address the shortcomings identified by the Commission in its review. Key proposals include:

A two-pronged approach to complement, rather than replace, the CPI-U price cap by providing discrete, clearly defined amounts of additional authority. The intent is to put the Postal Service on the path toward generating positive net income and retained earnings.

2 percentage points of rate authority per class of mail per calendar year for each of the first 5 full calendar years following the effective date of these proposed rules.

Up to 1 percentage point of rate authority per class of mail per calendar year, contingent on the Postal Service meeting or exceeding an operational efficiency-based standard and adhering to service standard quality criteria.

A required rate increase for any non-compensatory product of a minimum of 2 percentage points above the percentage increase for the class. The proposed solution does not mandate immediate full cost coverage for non-compensatory classes, but rather seeks to narrow the coverage gap and move prices towards full cost coverage over time and thereby achieve reasonable and efficient rates as envisioned by the PAEA.

Establishment of two bands –ranges with upper and lower limits—for workshare discount passthroughs[1]: (1) band range of plus or minus 25 percent for Periodicals; and (2) band range of plus or minus 15 percent for all other classes. Non-compliant passthroughs would be subject to a 3-year grace period. The intent is to promote Efficient Component Pricing (ECP)[2] and help the ratemaking system to maximize incentives to increase efficiency.

Both the Commission Order on the Findings and Determination of the 39 U.S.C. 3622 Review and the Notice of Proposed Rulemaking for the System for Regulating Rates and Classes for Market Dominant Products are available on the home page of the Commission's website, www.prc.gov. To simplify the process for the general public to provide comments on the proposed rulemaking, the Commission has placed a link on its home page entitled, "10 Year Rate System Review." Additional information regarding how to submit comments online can be found at: http://www.prc.gov/how-to-participate. Commission rules require that comments (including reply comments) be filed online, unless a waiver is obtained. All comments accepted will be made available on the Commission's website. Comments are due no later than March 1, 2018. Reply comments are due no later than March 30, 2018.

The Postal Regulatory Commission is an independent federal agency that provides regulatory oversight over the U.S. Postal Service to ensure the transparency and accountability of the Postal Service and foster a vital and efficient universal mail system. The Commission is comprised of five Presidentially-appointed and Senate-confirmed Commissioners, each serving terms of six years. The Chairman is designated by the President. In addition to Chairman Robert G. Taub, the other commissioners are Vice Chairman Mark Acton and Commissioners Nanci Langley and Tony Hammond. Follow the PRC on Twitter: @PostalRegulator

https://www.govexec.com/management/2017/12/postal-regulator-allows-higher-rates-denies-usps-autonomy-setting-prices/144235/

**Postal Regulator Allows Higher Rates, but Denies USPS Autonomy in Setting Prices**

The U.S. Postal Service will continue to face a cap restricting its annual price increases, the agency's regulators ruled on Friday, dealing a blow to the cash-strapped agency looking to boost its revenue as customer demand for traditional mailing services declines

The news was not all bad for the Postal Service, as the Postal Regulatory Commission acknowledged the existing inflation-based cap structure failed to bring "increased pricing efficiency" and "has not maintained the financial health of the Postal Service." PRC proposed to allow USPS to increase its prices in each of its offerings by up to 2 percent more than inflation over the next five years, with an additional 1 percent increase allowable only if the agency meets its operational efficiency and service goals.

Postmaster General Megan Brennan had sought full USPS autonomy in setting postal prices, arguing the inflationary increases did not keep pace with market forces. The Postal Service said the pressure on its business from declining mail volume would itself serve as a sufficient barrier against the agency raising its prices too high. Large mailers and postal customers have posited a regulatory cap remains necessary because USPS enjoys a government-backed monopoly on mail, a sentiment PRC echoed in issuing its decision.

"The Postal Service is provided a statutory monopoly over mailboxes and the delivery of letters," PRC Chairman Robert Taub said on Friday. "The public interest role of a regulator in this case is clear: A need to protect the captive customers and ensure fair competition."

Postal management gave the decision a mixed review, agreeing with PRC that the price cap had failed but suggesting the regulatory body did not go far enough to enable the agency to provide prompt and reliable service in a "financially sustainable manner."

"We are analyzing the commission's alternative price cap proposal to determine the extent to which it advances this goal," Brennan said on Friday after the PRC announcement. "We continue to believe that any price cap is unnecessary in the rapidly evolving postal marketplace, for which all of our customers have alternatives to using the mail."

The price review was required by the 2006 law that created the current cap structure. It was the first review since that law and the current pricing regulations went into effect. In addition to the Postal Service, stakeholders in the mailing industry offered their input to PRC. Most major organizations representing large-scale, private sector mailers urged the regulators to keep the inflation-based caps in place, saying the Postal Service was exaggerating the severity of its financial troubles.

Linda Thomas Brooks, president and CEO of the Association of Magazine Media, said the Postal Service could not be trusted to regulate itself.

"USPS seeks unfettered pricing freedom, with only minimal regulatory oversight," Thomas Brooks said. "The message of 'Trust us, we won't raise your rates too much' just doesn't work for a monopoly enterprise."

Stephen Kearney, president of the Alliance of Non-Profit Mailers, said PRC awarding more freedom to the Postal Service to set its prices would actually hurt business.

"Our nonprofit mailers would be forced to reduce their reliance on mail," Kearney said. "That would harm their vital missions."

PRC is also requiring the Postal Service to come closer to covering its cost when offering discounts to mailers that lighten the agency's workload through actions such as presorting or transporting mail. The regulators have previously found USPS was consistently offering discounts so severe it would have been cheaper for the agency to do the work itself.

Overall, PRC said the changes to increase prices were necessary as the existing pricing structure had not "achieved necessary objectives." Despite calling the caps "largely successful," PRC said USPS has consistently failed to price efficiently, achieve financial stability and maintain high quality service standards.

The Postal Service has shown some improvements to its business in recent years, as ecommerce continues to drive rapid growth in its package and shipping business. Still, fiscal 2017 marked the 11th consecutive year the agency posted a net loss of more than $1 billion. USPS experienced a brief respite from its inflationary price caps in 2014 when PRC granted it temporary permission to raise its rates more significantly. The Postal Service asked for the emergency rate in 2013, citing the effects of the economic recession on its business to justify a 4.3 percent increase. Under the framework created by the 2006 law, USPS can only raise its prices by the rate of inflation except under extraordinary circumstances.

With significant controversy, the Postal Service argued the recession constituted such a circumstance. PRC obliged, but set a cap on the amount of money USPS could bring in as a result of the higher prices. The emergency rates expired in April 2016, forcing the Postal Service to lower prices for only the second time in its history.

USPS suffered a controllable income net loss of $814 million in fiscal 2017, the first such dip into the red by that metric in five years (controllable income does not account for expenses beyond the influence of USPS managers, primarily a congressional mandate to prefund retiree health benefits and adjustments to workers' compensation costs). Postal officials said if the emergency rates were still in place, the agency would have turned a controllable profit of about $300 million.

PRC will enter its review and recommendations into the Federal Register as a proposed rule. Taub pledged to continue to solicit feedback from stakeholders before the agency finalizes its plan.

"I want to emphasize that the commission looks forward to a robust comment period on this proposal," he said. "To encourage maximum participation by all interested parties, we will be accepting comments for 90 days, with a further month granted for reply comments."

Brennan said the Postal Service will continue to fight for the "flexibility to adopt the pricing innovations" necessary to compete "today and in the future."

"We will continue to work with the commission and our customers to ensure that the mail remains a valued means of commerce and communications," she said.

## Schedule 13

## Department of Personnel & Administration

### Funding Request for The FY 2019-20 Budget Cycle

**Request Title**

R-03 Printing & Mailing for Counties Participating in DRIVES

Dept. Approval By: ____________ ___ Supplemental FY 2018-19

OSPB Approval By: ____________ ___ Budget Amendment FY 2019-20

X Change Request FY 2019-20

| Summary Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| Total of All Line Items Impacted by Change Request | Total | $23,881,389 | $0 | $25,343,540 | $2,609,297 | $3,516,038 |
| | FTE | 96.6 | 0.0 | 96.6 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $1,122,152 | $0 | $1,122,152 | $0 | $0 |
| | RF | $22,759,237 | $0 | $24,221,388 | $2,609,297 | $3,516,038 |
| | FF | $0 | $0 | $0 | $0 | $0 |

| Line Item Information | Fund | FY 2018-19 Initial Appropriation | FY 2018-19 Supplemental Request | FY 2019-20 Base Request | FY 2019-20 Change Request | FY 2020-21 Continuation |
|---|---|---|---|---|---|---|
| 04. Central Services, (B) Integrated Document Solutions, (1) Integrated Document Solutions - Personal Services | Total | $6,793,846 | $0 | $7,089,929 | $160,091 | $215,617 |
| | FTE | 96.6 | 0.0 | 96.6 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $141,615 | $0 | $141,615 | $0 | $0 |
| | RF | $6,652,231 | $0 | $6,948,314 | $160,091 | $215,617 |
| | FF | $0 | $0 | $0 | $0 | $0 |
| 04. Central Services, (B) Integrated Document Solutions, (1) Integrated Document Solutions - Operating Expenses | Total | $7,769,915 | $0 | $8,419,794 | $167,177 | $226,155 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $240,239 | $0 | $240,239 | $0 | $0 |
| | RF | $7,529,676 | $0 | $8,179,555 | $167,177 | $226,155 |
| | FF | $0 | $0 | $0 | $0 | $0 |
| 04. Central Services, (B) Integrated Document Solutions, (1) Integrated Document Solutions - IDS Postage | Total | $9,317,628 | $0 | $9,833,817 | $2,282,029 | $3,074,266 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $740,298 | $0 | $740,298 | $0 | $0 |
| | RF | $8,577,330 | $0 | $9,093,519 | $2,282,029 | $3,074,266 |
| | FF | $0 | $0 | $0 | $0 | $0 |

| Auxiliary Data | | | |
|---|---|---|---|
| **Requires Legislation?** | NO | | |
| **Type of Request?** | Department of Personnel & Administration Prioritized Request | **Interagency Approval or Related Schedule 13s:** | Impacts Other Agency |

COLORADO
Department of Personnel & Administration



## *Cost and FTE*

- The Department of Personnel & Administration's Integrated Document Solutions (IDS) Group is requesting $2,609,297 in reappropriated funds spending authority for FY 2019-20, annualizing to $3,516,038 in FY 2020-21 and ongoing to provide support for the Colorado Drive License, Record, Identification, and Vehicle Enterprise Solution (DRIVES) project. IDS anticipates initially supporting the 37 counties currently enrolled in Colorado DRIVES in FY 2019-20 and is requesting spending authority that would allow for the onboarding of the additional 27 counties in FY 2020-21, at which point all Colorado counties would be involved. The Department is also requesting $28,903 cash funds on behalf of the Department of Revenue (DOR) in FY 2019-20 annualizing to $30,307 in FY 2020-21 and ongoing to cover the costs of printing by IDS. This function had previously been provided by the Division of Motor Vehicle's Vehicle Services section.

## *Current Program*

- Currently Colorado DRIVES creates 64 separate files of documents for printing that are distributed to the respective counties, such as renewal notices and registrations. Once received, the counties must print the documents, insert them into envelopes, apply postage, and deliver them to USPS.

## *Problem or Opportunity*

- IDS will be able to support Colorado DRIVES by providing centralized printing and mailing services.
- These centralized services will lead to cost savings via IDS' pricing agreements with USPS for reduced postage, reduced material expenses due to large volume orders, reduced material spoilage, and less maintenance required on county printers.
- Staff at county offices throughout the state will be able to be more productive and focus their time and attention on customers rather than tedious tasks such as stuffing envelopes and applying postage.
- With a standardized process there will be less room for error and notices will be mailed on a consistent basis across the state. Counties have voiced interest for a centralized process that they believe will benefit them in the form of cost savings, staff efficiency, and enhanced customer service.

## *Consequences of Problem*

- If IDS does not centralize these processes individual counties will continue to spend more than necessary on materials and postage, and their staff will need to focus more on these tedious tasks, taking them away from providing customer service.

## *Proposed Solution*

- The proposed solution is to centralize printing, inserting, metering, and mailing of DRIVES documents within IDS. These processes are well within IDS's current scope of work.
- In FY 2019-20 the Department is requesting $2,609,297 in reappropriated funds spending authority to support the 37 counties that are already enrolled in Colorado DRIVES. This is comprised of $160,091 in Personal Services spending authority, $167,177 in Operating Expenses spending authority, and $2,282,029 in IDS Postage spending authority.
- In FY 2020-21 and ongoing the Department is requesting $3,516,038 in reappropriated funds spending authority to have the ability to support a fully implemented Colorado DRIVES system that involves all 64 counties. This is comprised of $215,617 in Personal Services spending authority, $226,155 in Operating Expenses spending authority, and $3,074,266 in IDS Postage spending authority.
- The Department does not intend to hire additional FTE with the increased Personal Services spending authority, but rather earmark those dollars to be used to hire temporary employees if needed in peak times.
- Supporting Colorado DRIVES through centralizing the printing and mailing of Title Complete Notices, Special Mobile Machinery Registration Notices, Registration Renewal Notices, Registration Receipts, Declarations, and Combined Registration Receipts will reduce material and postage expenses. It will also enhance customer service experiences by allowing more time for face to face interactions, and ensuring a consistent and timely mailing of all documents.

*John W. Hickenlooper*
*Governor*

*June Taylor*
*Executive Director*

***Department Priority: R-03***
***Request Detail: Printing and Mailing for Counties Participating in DRIVES***

| Summary of Incremental Funding Change for FY 2019-20 | Total Funds | General Fund |
|---|---|---|
| Printing and Mailing for Counties Participating in DRIVES – DPA | $2,609,297 | $0 |
| Printing and Mailing for Counties Participating in DRIVES – Agency Appropriations | $28,903 | $0 |
| **Summary of Incremental Funding Change for FY 2020-21** | **Total Funds** | **General Fund** |
| Printing and Mailing for Counties Participating in DRIVES - DPA | $3,516,038 | $0 |
| Printing and Mailing for Counties Participating in DRIVES – Agency Appropriations | $30,307 | $0 |

***Problem or Opportunity:***

The Department of Personnel & Administration's Integrated Document Solutions (IDS) Group is requesting $2,609,297 in reappropriated funds spending authority for FY 2019-20, annualizing to $3,516,038 in FY 2020-21 and ongoing to provide support for the Colorado Driver License, Record, Identification, and Vehicle Enterprise Solution (DRIVES) project. IDS anticipates initially supporting the 37 counties currently enrolled in Colorado DRIVES in FY 2019-20 and is requesting spending authority that would allow for the onboarding of the additional 27 counties in FY 2020-21, at which point all Colorado counties would be involved. The Department is also requesting $28,903 cash funds on behalf of the Department of Revenue (DOR) in FY 2019-20 annualizing to $30,307 in FY 2020-21 and ongoing to cover the costs of printing by IDA. This function had previously been provided by the Division of Motor Vehicle's Vehicle Services section.

The Colorado Department of Revenue and Governor's Office of Information Technology received funding during the 2014 and 2015 legislative sessions to replace the outdated Driver License System (DLS) and Colorado State Titling and Registration System (CSTARS) with Colorado DRIVES. The primary goal of the Colorado DRIVES project is to provide a flexible, reliable, accurate, and integrated solution for driver and vehicle services, as well as business licensing and revenue accounting. This project is the cornerstone of the Division of Motor Vehicles' (DMV) strategic plan initiative to improve customer service and meet the Governor's goal of reducing wait times in state driver license offices to an average of 15 minutes. When implemented, Colorado DRIVES will provide state and county DMV employees a modern and user-friendly system that reduces outages and downtime in drivers license offices across the state. Additionally, citizens will be provided access to information to better prepare them for their office visits as well as improved online services.

IDS will support this project by providing centralized printing and mailing services. These centralized services will lead to cost savings for the State and counties via IDS' pricing agreements with USPS for reduced postage, reduced material expenses due to large volume orders, reduced material spoilage, and less maintenance required on county printers. Staff at county offices throughout the state will benefit from IDS efficiencies and be able to be more productive and focus their time and attention on customers rather than tedious tasks such as stuffing envelopes and applying postage. With a standardized process there will be less room for error and notices will be mailed on a consistent basis across the state. Counties have voiced interest for a centralized process that they believe will benefit them in the form of cost savings, staff efficiency, and enhanced customer service.

***Proposed Solution:***

Colorado DRIVES offers new opportunities to standardize and centralize DMV printing and mailing operations, providing county employees more time to allocate to customer service. While integrating all printing and mailing IDS will be able to format documents in order to indicate which county they are being sent on behalf of and include county specific logos and addresses. IDS' support of the Colorado DRIVES project will focus on six areas: Title Complete Notices, Special Mobile Machinery Registration Notices, Registration Renewal Notices, Registration Receipts, Declarations, and Combined Registration Receipts.

**Title Complete Notices**

When a vehicle is purchased, the dealership, financial organization, or individual in the case of a personal sale submits the title work forms to the DMV. Once the DMV has processed these forms a Title Complete Notice will be mailed to the vehicle owner. Currently, each county is responsible for obtaining the bulk printing PDF file via a secure file transfer protocol (SFTP) from CSTARS. The county then performs the printing and applies postage. There are currently 64 different files, one for each of the counties, managed by the State consisting of multiple platforms created to meet each of the counties' needs.

Moving this to a centralized process through IDS will result in DRIVES generating and sending Title Complete Notices for all of the counties as single PDF for IDS to print and mail the following day. This will result in cost savings for the State through the reduction of extra inventory stored by the counties, reduced paper stock expense, and reduced shipping expenses due to IDS's purchasing agreements with USPS. Additionally, this will save county clerk's time by removing a manual process, eliminating the technical complexity of file transfers to the individual counties, and providing consistent and timely mailing across the state.

**Special Mobile Machinery Registration Notices**

Special Mobile Machinery (SMM) is defined as machinery that is pulled, hauled, or driven over a highway and is either: a vehicle or equipment that is not designed primarily for the transportation of persons or cargo over the public highways; or a motor vehicle that may have been originally designed for the transportation of persons or cargo over the public highways, and has been redesigned or modified by the addition of mounted equipment or machinery, and is only incidentally operated or moved over the public highways. SMM includes vehicles commonly used in the construction, maintenance, and repair of roadways, the drilling of wells, and the digging of ditches. SMM has a separate registration process from standard vehicles, but still results in registration being mailed to the owner once all forms are submitted and all taxes and fees are paid in full. Not all of Colorado's 64 counties currently print or mail SMM Registration Notices. Those that do are responsible for obtaining the bulk-printing PDF via SFTP with CSTARS. The counties then print the notices, insert them into envelopes, and apply postage. If a county does not print its SMM Registration Notices they will remain within the CSTARS system and the owners of SMM will not receive them leading to lapses in registration of special mobile machinery.

Moving this to a centralized process through IDS allows this process to be automated ensuring that all notices are mailed consistently throughout the state. With all notices being mailed there is a potential increase in registration revenue. Centralizing this process will result in cost savings to the State through reduced shipping expenses due to IDS's purchasing agreement with USPS. Counties will be able to save time due to no longer needing to perform back office processing, printing, and envelope stuffing.

**Registration Renewal Notices**

Colorado requires that motor vehicle registrations are renewed annually. Prior to a vehicle's registration expiring, the DMV mails the owner a registration renewal notice including registration fees, requirements for insurance, and emissions testing requirements. CSTARS generates pre-renewal notices at the appropriate time for all vehicles currently registered in Colorado. In the current process the output is divided by county, and each county receives the bulk printing PDF file through a SFTP from CSTARS. The counties are then responsible for printing the notices and applying postage.

Moving this to a centralized process through IDS removes the need for multiple bulk printing files, and instead results in DRIVES sending a single bulk printing file for IDS to print and mail the next day. This will result in cost savings for the State through reduced paper stock expense, and reduced shipping expenses due to IDS's purchasing agreements with USPS. Additionally, this will save county clerk's time by removing a manual process, eliminating the technical complexity of file transfers to the individual counties, and providing consistent and timely mailing across the state.

**Registration Receipts**

Vehicle registration is required in Colorado within 60 days after purchasing a vehicle, within 90 days after becoming a resident of Colorado, for any foreign vehicle operated within the state, for every nonresident person who operates a business within the state and operates in such business any motor vehicle trailer, semi-trailer, or trailer coach, and within 45 days after the owner has returned to the United States. Once the proper forms are filled out and all taxes and fees are paid in full the owner will receive a registration receipt. Additionally, owners will receive a registration receipt upon renewing their vehicle registration. Currently each county is responsible for obtaining the bulk printing PDF file via a SFTP from CSTARS. The county then performs the printing and applies postage. There are currently 64 different files managed by the State consisting of multiple platforms created to meet each of the counties' needs. For owners obtaining a new specialty license plate that is completed through the print on demand process the Department of Corrections prints the year and month validation tabs and affixes them to the print on demand license plate and mails the license plate and registration receipt directly to the vehicle owner.

Changing this to a centralized process through IDS is more efficient, cost effective, and provides better customer service. IDS will receive a single bulk print file from DRIVES to be printed and mailed the next day. IDS mailing the registration receipt results in cost savings to the State via IDS' shipping agreements with USPS. This improves customer service to the vehicle owner by delivering items in a consistent and timely matter. License plates completed via the print on demand process will not change and the Department of Corrections will continue to complete and mail the license plate, year and month validation tabs, and registration receipts directly to the vehicle owner.

**Declarations**

Declarations are completed on certain vehicles that are required to provide information prior to renewal (e.g., heavy vehicle greater the 50,000 pounds providing proof of federal Heavy Vehicle Use Tax being paid) or for vehicles that are part of a fleet allowing the owner of the vehicles to declare which vehicles are still owned that they desire to renew. CSTARS generates declarations at the appropriate time for all vehicles required to receive them. In the current process the output is divided by county, and each county receives the bulk printing PDF file through a SFTP from CSTARS. The counties are then responsible for printing the notices, applying postage, and mailing the Declarations. The paper for Declarations is paid out of the Colorado DRIVES Vehicle Services Account, while production, envelopes, and postage are paid for by the individual counties.

Under a centralized process both paper and envelopes would be paid for out of the Colorado DRIVES Vehicle Services Account. IDS's purchasing power will result in reduced material costs and reduced postage costs. A centralized process will ensure Declarations are mailed in a timely manner consistently throughout the state.

**Combined Registration Receipts**

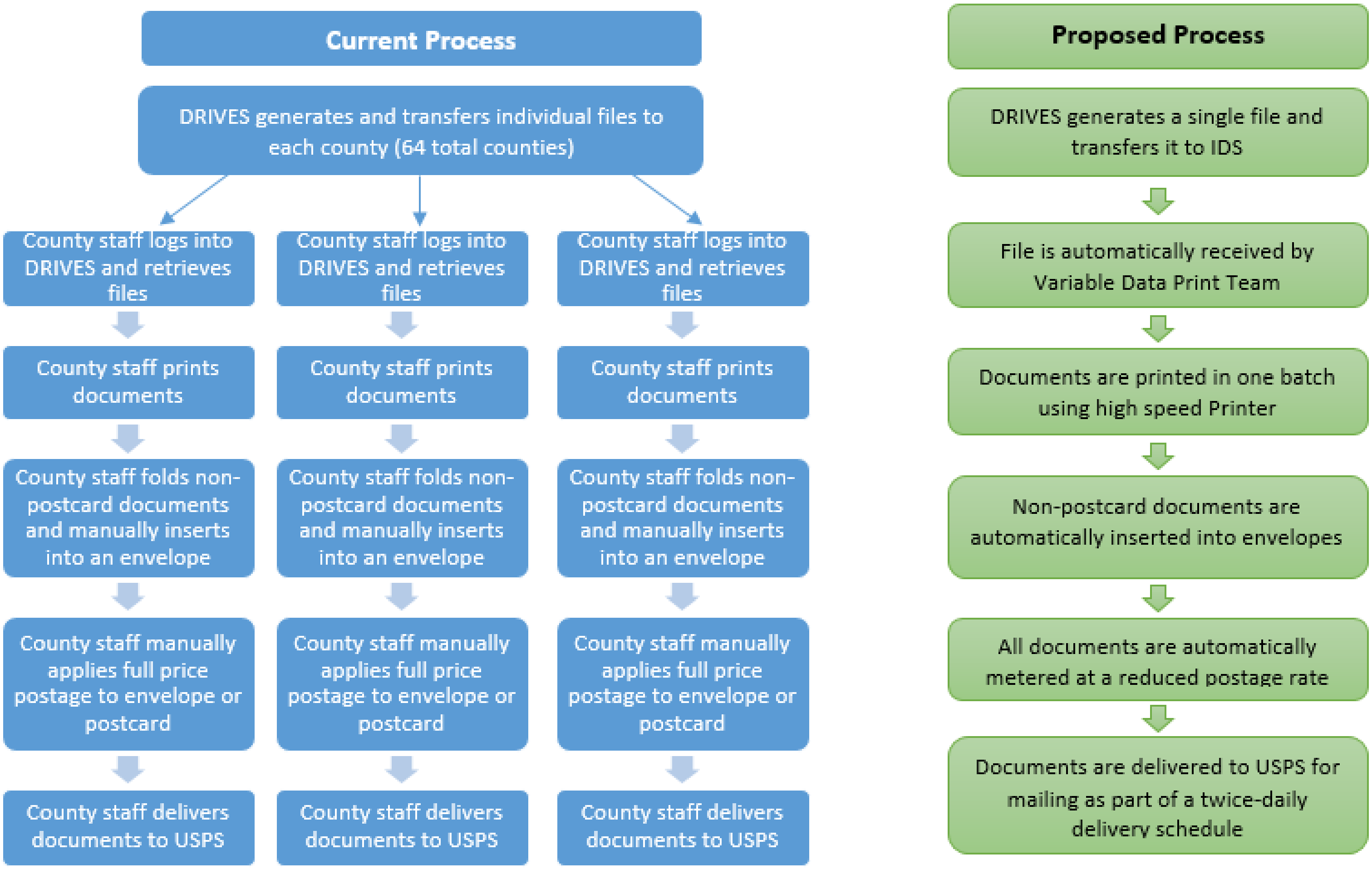
Currently counties are supplied year validation tabs via the License Plate Cash Fund, C.R.S. 42-3-30, that are serialized and pre-stuffed into an envelope that is designed to also be stuffed with the registration receipt. CSTARS generates a print file for county transactions that require a year validation tab and registration receipt. At the time of the transaction CSTARS assigns a year validation tab to the vehicle based on the expiration year and by serial number. Individual counties then print Registration Receipts, pairs them to the serialized year validation tab, inserts them into envelopes along with a pre-printed year tab, and mail them.

If a customer is renewing or replacing a decal through E-Services or submitting a renewal through Lockbox DRIVES automatically processes the request and a bulk printing PDF file is sent to the counties via SFTP.

Moving this to a centralized process would allow DRIVES to send a single bulk printing PDF file to IDS via SFTP. Additionally, it would reduce material and postage costs, and eliminate the need for individual counties to keep pre-printed year tabs in stock resulting in less material loss at year end. This would also enhance product security since IDS would have blank stock to print Registration Receipts on allowing them to print specialized serial numbers. The combined registration receipt is a blank year validation tab inlayed onto the registration receipt paper allowing for the year validation tab to be printed at the same time as the registration receipt. This removes the time consuming step of pairing the pre-printed serialized year validation tab.

***Anticipated Outcomes:***

Centralization of Title Complete Notices, Special Mobile Machinery Registration Notices, Registration Renewal Notices, Registration Receipts, Declarations, and Combined Registration Receipts will reduce material and postage expenses, simply the file transfer process from DRIVES, allow counties to dedicate more time to customer service, and ensure consistent and timely mailing of notices throughout the state. These processes are well within IDS's current scope of work and therefore do not require additional FTE or equipment. The following graphic outlines the current process, and the proposed process.




The implementation of this proposed process will lead to decreased costs, improved customer service experience, and standardized mailing throughout the state.

***Assumptions and Calculations:***

In FY 2019-20 the Department is requesting $2,609,297 in reappropriated funds spending authority to support the 37 counties that are already enrolled in Colorado DRIVES. This is comprised of $160,091 in Personal Services spending authority, $167,177 in Operating Expenses spending authority, and $2,282,029 in IDS Postage spending authority. The Department does not intend to hire additional FTE with the increased Personal Services spending authority, but rather earmark those dollars to be used if needed during peak time to hire temporary employees to help with the additional workload. The following table details this request:

| Colorado DRIVES Support Costs FY 2019-20 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Tasks | Volume | | Pricing Per Unit | | | | | | Total |
| | Letters | Postcards | Labor | | Cost of Goods Sold | | Postage | | |
| | | | Letters | Postcards | Letters | Postcards | Letters | Postcards | |
| | | | $0.03 | $0.02 | $ 0.034 | $ 0.017 | $ 0.430 | $ 0.282 | |
| **Title Complete Notices** | | 849,644 | $ - | $ 16,993 | $ - | $ 14,444 | $ - | $239,773 | $ 271,210 |
| **SMM Registration Notices** | 12,219 | | $ 367 | $ - | $ 415 | $ - | $ 5,250 | $ - | $ 6,032 |
| **Registration Renewal Notices** | | 1,666,643 | $ - | $ 33,333 | $ - | $ 28,333 | $ - | $470,333 | $ 531,999 |
| **Registration Receipts** | 1,666,643 | | $ 49,999 | $ - | $56,666 | $ - | $716,030 | $ - | $ 822,695 |
| **Declarations** | 29,093 | | $ 873 | $ - | $ 989 | $ - | $ 12,499 | $ - | $ 14,361 |
| **Combined Registration Receipts** | 1,950,878 | | $ 58,526 | $ - | $66,330 | $ - | $838,144 | $ - | $ 963,000 |
| **Total** | **3,658,833** | **2,516,287** | **$160,091** | | **$167,177** | | **$2,282,029** | | **$2,609,297** |

In FY 2020-21 and ongoing the Department is requesting $3,516,038 in reappropriated funds spending authority to have the ability to support a fully implemented Colorado DRIVES system including all 64 counties. This is comprised of $215,617 in Personal Services spending authority, $226,155 in Operating Expenses spending authority, and $3,074,266 in IDS Postage spending authority. The Department does not intend to hire additional FTE with the increased Personal Services spending authority, but rather earmark those dollars to be used if needed during peak time to hire temporary employees to help with the additional workload. The following table details this request:

| Colorado DRIVES Support Costs FY 2020-21 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Tasks | Volume | | Pricing Per Unit | | | | | | Total |
| | Letters | Postcards | Labor | | Cost of Goods Sold | | Postage | | |
| | | | Letters | Postcards | Letters | Postcards | Letters | Postcards | |
| | | | $0.03 | $0.02 | $ 0.034 | $ 0.017 | $ 0.45 | $ 0.30 | |
| **Title Complete Notices** | | 1,098,487 | $ - | $ 21,970 | $ - | $ 18,674 | $ - | $ 309,997 | $ 350,641 |
| **SMM Registration Notices** | 74,445 | | $ 2,233 | $ - | $ 2,531 | $ - | $ 31,983 | $ - | $ 36,748 |
| **Registration Renewal Notices** | | 2,115,141 | $ - | $ 42,303 | $ - | $ 35,957 | $ - | $ 596,901 | $ 675,161 |
| **Registration Receipts** | 1,870,723 | | $ 56,122 | $ - | $ 63,605 | $ - | $ 803,707 | $ - | $ 923,434 |
| **Declarations** | 74,445 | | $ 2,233 | $ - | $ 2,531 | $ - | $ 31,983 | $ - | $ 36,748 |
| **Combined Registration Receipts** | 3,025,186 | | $ 90,756 | $ - | $ 102,856 | $ - | $1,299,693 | $ - | $1,493,304 |
| **Total** | **5,044,799** | **3,213,628** | **$215,617** | | **$226,155** | | **$3,074,266** | | **$3,516,038** |

The Department has assumed an increased in postage expenses in both FY 2019-20 and FY 2020-21. DOR will require $28,903 additional spending authority in FY 2019-20 annualizing to $30,307 in FY 2020-21 and ongoing to cover the costs of printing that had previously been provided by the Department of Motor Vehicle's Vehicle Services that will be performed by IDS. Supporting Colorado DRIVES through centralizing the printing and mailing of Title Complete Notices, Special Mobile Machinery Registration Notices, Registration Renewal Notices, Registration Receipts, Declarations, and Combined Registration Receipts will benefit the State by reducing material and postage expenses, enhancing customer service experiences by allowing more time for face to face interactions, and ensuring a consistent and timely mailing of all documents.

## Schedule 13

## Department of Personnel & Administration

### Funding Request for The FY 2019-20 Budget Cycle

**Request Title**

**R-04 Annual Fleet Vehicle Request**

| | | | |
|---|---|---|---|
| Dept. Approval By: | [signature] | ___ | **Supplemental FY 2018-19** |
| OSPB Approval By: | [signature] | ___ | **Budget Amendment FY 2019-20** |
| | | X | **Change Request FY 2019-20** |

| **Summary Information** | **Fund** | **FY 2018-19** Initial Appropriation | **FY 2018-19** Supplemental Request | **FY 2019-20** Base Request | **FY 2019-20** Change Request | **FY 2020-21** Continuation |
|---|---|---|---|---|---|---|
| **Total of All Line Items Impacted by Change Request** | **Total** | $21,606,087 | $0 | $21,606,087 | $417,795 | $0 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $21,606,087 | $0 | $21,606,087 | $417,795 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

| **Line Item Information** | **Fund** | **FY 2018-19** Initial Appropriation | **FY 2018-19** Supplemental Request | **FY 2019-20** Base Request | **FY 2019-20** Change Request | **FY 2020-21** Continuation |
|---|---|---|---|---|---|---|
| 07. Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, (1) Fleet Management Program and Motor Pool Services - Vehicle Replacement Lease/Purchase | **Total** | **$21,606,087** | **$0** | **$21,606,087** | **$417,795** | **$0** |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | $0 | $0 | $0 | $0 | $0 |
| | CF | $0 | $0 | $0 | $0 | $0 |
| | RF | $21,606,087 | $0 | $21,606,087 | $417,795 | $0 |
| | FF | $0 | $0 | $0 | $0 | $0 |

**Auxiliary Data**

| | | | |
|---|---|---|---|
| **Requires Legislation?** | NO | | |
| **Type of Request?** | Department of Personnel & Administration Prioritized Request | **Interagency Approval or Related Schedule 13s:** | Impacts Other Agency |

COLORADO

Department of Personnel & Administration

Priority: R-04
Annual Fleet Vehicle Request
FY 2019-20 Change Request

## *Cost and FTE*

- The Department of Personnel & Administration (DPA) is requesting to replace 709 fleet vehicles (371 of which are designated as potential Alternate Fuel Vehicles (AFV)), requiring an increase of $468,330 for all state agencies' vehicle lease payment appropriations, and an increase of $417,795 for the Department's Vehicle Replacement Lease/Purchase line item for FY 2019-20.

## *Current Program*

- DPA is charged with the oversight of the State Fleet, including its maintenance, operation, and replacement as necessary. All departments that participate in the State Fleet program are impacted by this request.

## *Problem or Opportunity*

- On an annual basis, DPA submits a fleet replacement request to address the needs of individual state agencies across the State.
- The Department's Fleet Management Program analyzes each vehicle on an annual basis to determine its replacement eligibility. This year, 1,996 vehicles were identified as potentially eligible. Due to budget and resource constraints, for FY 2019-20 the Department requests 709 replacement vehicles, in the most critical need of replacement.

## *Consequences of Problem*

- Replacement vehicles for the Colorado State Patrol represent 29.2 percent of the request. These vehicles routinely travel at a high rate of speed under various conditions. Failing to replace these vehicles in a timely fashion would significantly increase the likelihood of failure of key components, thereby increasing the probability of injury to patrolmen.
- For other agencies, replacement vehicles are typically requested because the cost to maintain the older vehicle meets or exceeds the cost of replacing the vehicle.

## *Proposed Solution*

- The Department proposes the replacement of 709 state fleet vehicles, 371 of which are AFV vehicles. The incremental cost to State agencies is estimated to be an increase of $468,330 in total funds, with a General Fund decrease of $45,317.
- The proposed solution is anticipated to save the State $2,881,072 between reduced maintenance costs and reduced fuel expense.

***Department Priority: R-04***
***Request Detail: Annual Fleet Vehicle Request***

| Summary of Incremental Funding Change for FY 2019-20 | Total Funds | General Fund |
|---|---|---|
| Annual Fleet Request-DPA | $417,795 | $0 |
| Annual Fleet Request – Agency Appropriations | $468,330 | ($45,317) |

***Problem or Opportunity:***

This request is submitted on an annual basis through the combined efforts of State Fleet Management (SFM), the Office of State Planning and Budgeting, and the State agencies that participate in the State Fleet Management Program.

Fleet replacements are necessary to control maintenance expenses. For example, from FY 2009-10 to FY 2010-11 the cost per mile for maintenance decreased by 7.1 percent due to a large replacement cycle in FY 2009-10. From FY 2010-11 through FY 2011-12, a 56.0 percent decrease in fleet replacements resulted in a 12.0 percent increase in total maintenance costs. In addition, using established economic rationale for replacement decisions, and consistent funding of reasonable levels of replacements is the most cost effective approach to fleet management, and will allow State Fleet Management to minimize future increases in vehicle maintenance and minimize the net impact to all fund sources.

The Department's original analysis identified 1,996 vehicles for replacement using the standard criteria. However, due to the limited personnel and physical resources (such as lot space) available to the State Fleet Management Program, the Department has revised the list to only include 709, or the "worst of the worst" vehicles for FY 2019-20.

***Proposed Solution:***

The Department of Personnel & Administration requests 709 replacement vehicles for the State Fleet, including 371 potential Alternate Fuel Vehicles (AFV) eligible vehicles. To accomplish this, the Department will require an increase of $417,795 in Reappropriated Funds to its (7) Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, Vehicle Replacement Lease/Purchase line item. For individual State agencies, this request will require an increase of $468,330 in funding for the respective Vehicle Lease Payments appropriations, with an estimated $45,317 decrease in General Fund in FY 2019-20. Replacing 709 vehicles in FY 2019-20 will reduce SFM's projected maintenance and fuel costs by

$2,881,072. The following table shows the number of requested replacements and potential AFV vehicles by agency and vehicle type:

| FY 2019-20 Summary of Requested Replacement Vehicles by Department | | | |
|---|---|---|---|
| **Department** | **Standard** | **Alternate Fuel Vehicles** | **Total** |
| Agriculture | 5 | 7 | 12 |
| Corrections | 22 | 48 | 70 |
| Governor's Office | 0 | 9 | 9 |
| Education | 0 | 2 | 2 |
| Health | 4 | 12 | 16 |
| Higher Education | 10 | 29 | 39 |
| Human Services | 3 | 28 | 31 |
| Judicial | 1 | 11 | 12 |
| Law | 1 | 3 | 4 |
| Labor & Employment | 1 | 6 | 7 |
| Local Affairs | 1 | 5 | 6 |
| Military & Veterans Affairs | 0 | 2 | 2 |
| Natural Resources | 38 | 97 | 135 |
| Personnel | 1 | 3 | 4 |
| Public Safety | 203 | 31 | 234 |
| Regulatory Agencies | 5 | 8 | 13 |
| Revenue | 16 | 9 | 25 |
| Secretary of State | 0 | 0 | 0 |
| Transportation | 27 | 61 | 88 |
| Total | 338 | 371 | 709 |

The following table shows the incremental appropriation increase or decrease by department.

| FY 2019-20 Annual Fleet Request | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Department** | **FY 2018-19 Appropriation** | **Estimated FY 2019-20 Appropriation** | **Total Incremental** | **GF** | **CF** | **RF** | **FF** |
| Agriculture | $ 252,274 | $ 314,023 | $ 61,749 | $0 | $ 61,749 | $0 | $0 |
| Corrections | $ 3,588,635 | $ 3,498,559 | $ (90,076) | $ (83,873) | $ (6,203) | $0 | $0 |
| Education | $ 28,195 | $ 23,667 | $ (4,528) | $ (4,528) | $0 | $0 | $0 |
| Governor's Office | $ 106,422 | $ 110,345 | $ 3,923 | $ 134 | $0 | $ 3,789 | $0 |
| Human Services | $ 1,208,652 | $ 1,177,162 | $ (31,490) | $ (17,194) | $0 | $ (14,296) | $0 |
| Judicial Branch | $ 206,673 | $ 227,935 | $ 21,262 | $ 21,262 | $0 | $0 | $0 |
| Labor And Employment | $ 198,434 | $ 201,829 | $ 3,395 | $ 1,000 | $ 2,395 | $0 | $0 |
| Law (Attorney General's Office) | $ 66,876 | $ 82,354 | $ 15,478 | $ 7,219 | $ 3,773 | $ 4,361 | $ 125 |
| Local Affairs | $ 104,298 | $ 106,073 | $ 1,775 | $ 1,775 | $0 | $0 | $0 |
| Military and Veterans Affairs | $ 51,368 | $ 58,086 | $ 6,718 | $ 2,351 | $0 | $0 | $ 4,367 |
| Natural Resources | $ 4,344,852 | $ 4,252,854 | $ (91,998) | $ (10,223) | $ (72,750) | $ (2,282) | $ (6,743) |
| Personnel & Administration | $ 220,095 | $ 258,367 | $ 38,272 | $0 | $ (279) | $ 38,551 | $0 |
| Public Health and Environment | $ 409,198 | $ 458,082 | $ 48,884 | $0 | $ 17,109 | $ 7,333 | $ 24,442 |
| Public Safety | $ 8,210,853 | $ 8,689,045 | $ 478,192 | $ 42,431 | $ 348,382 | $ 14,435 | $ 72,944 |
| Regulatory Agencies | $ 244,643 | $ 272,235 | $ 27,592 | $0 | $ 27,592 | $0 | $0 |
| Revenue | $ 669,802 | $ 647,117 | $ (22,685) | $ (5,671) | $ (17,014) | $0 | $0 |
| State | $ 4,308 | $ 6,175 | $ 1,867 | $0 | $ 1,867 | $0 | $0 |
| **Total Appropriated** | **$ 19,915,578** | **$ 20,383,908** | **$ 468,330** | **$ (45,317)** | **$ 366,621** | **$ 51,891** | **$ 95,135** |

***Anticipated Outcomes:***

If this request is funded, the State will maintain a fleet of vehicles that is sufficient to address the needs of State agencies. With respect to law enforcement vehicles, the vehicle replacements help ensure that the maximum safety standards are met for the patrolmen that must travel at high speeds in various conditions. For the rest of the State's agencies, the replacement vehicles will allow the State to operate an efficient fleet, as well as follow the statutory guidance to migrate towards a more environmentally friendly fleet. Finally, with the exception of the State Patrol vehicles, the vehicles requested for replacement are estimated to cost the State more in maintenance costs than would otherwise be required to replace the vehicle. If all 709 vehicles, of which 207 vehicles for State Patrol, are replaced, the maintenance and fuel savings is projected to be $2,881,072.

***Assumptions and Calculations:***

Please see the appendix of this request for a detailed description of the Department's methodology for identifying replacement vehicles, as well as detail on how the incremental funding request is developed.

## Appendix

### *Development of Incremental Budget Need*

The budget assumptions for this request include preliminary estimates of the impacts of a FY 2018-19 vehicle reconciliation performed by State Fleet Management, and a further estimated reconciliation of leases ending and increasing during the budget period. Finally, the pro-rated impact of the requested vehicles has been added to the reconciled appropriation.

For FY 2019-20, the Department has assumed continuation funding for the vehicles being replaced since the vehicles arrive at various times during the year and the Department cannot reasonably estimate the arrival of each vehicle. Therefore, the Department will true-up the appropriations for FY 2018-19 during the annual fleet supplemental in the request year.

### *Estimated State Agency Need*

The Department estimated the projected need for State agencies in FY 2018-19 and FY 2019-20 by performing the following steps, as shown in the Summary of Appropriated Department Need tables:

| Summary of Appropriated Department Need for FY 18-19 | | |
|---|---|---|
| Line | Agency Lease Line Analysis | FY 18-19 |
| 1 | FY 18-19 Base Long Bill Appropriation | $19,915,578 |
| 2 | Non-Appropriated Vehicle Lease Payments* | $3,525,352 |
| 3 | Total FY 18-19 Base Funding (All Agencies) | $23,440,930 |
| 4 | Estimated Reduction to FY 18-19 Based on Current Lease Payments | ($2,834,006) |
| 5 | Approved Additions (Prorated) | $86,492 |
| 6 | Approved Replacements (Prorated) | $1,426,236 |
| 7 | Remaining Payment Obligations | $144,351 |
| 8 | Leases Ending in FY 18-19 (impact to FY 18-19) | ($655,727) |
| 9 | Estimated FY 18-19 Statewide Need After FY 18-19 Supplemental | $21,608,276 |
| 10 | Non-Appropriated Vehicle Lease Payments* | ($2,979,145) |
| 11 | **Net Appropriated Agency Need for FY 18-19** | **$18,629,131** |
| 12 | **Net FY 18-19 Estimated Increase from Current LB Appropriation** | **($1,286,447)** |

1) Begin with the appropriated (Line 1) and non-appropriated (Line 2) vehicle lease payments and develop a total base funding (Line 1 + Line 2 = Line 3)
2) Reduce the base by the difference between actual lease payments and the total base (Line 4)
3) Add the approved additions (Line 5), the approved replacements (Line 6), and Remaining Payment Obligation (Line 7)
4) Reduce the total need by the value of the leases that will terminate in that year (Line 8) to determine the total statewide need (Line 9)
5) Then, reduce the total Statewide appropriation by the payments that will be made on behalf of non-appropriated agencies (Line 10) to develop the total appropriated agency need for FY 2018-19 (Line 11)

6) Finally, line 12 of the table takes the difference between Line 11 and Line 1. This is the incremental need for State agency appropriations in FY 2018-19 and serves as the base for determining FY 2019-20 total need.

The FY 2019-20 Agency Lease Line Analysis table is calculated the same way that the FY 2018-19 Agency Lease Line Analysis table is. That table below shows the calculation for FY 2019-20 and a description of the calculation steps:

| Summary of Appropriated Department Need for FY 19-20 | | |
|---|---|---|
| **Line** | **Agency Lease Line Analysis** | **FY 19-20** |
| 13 | FY 18-19 Estimated Need after Additions/Subtractions | $18,629,131 |
| 14 | Non-Appropriated Vehicle Lease Payments* | $2,979,145 |
| 15 | Total Estimated FY 18-19 Base Funding (All Agencies) | $21,608,276 |
| 16 | Leases ending in FY 18-19 (impact on FY 19-20) | ($1,183,071) |
| 17 | New FY 18-19 Leases annualized for FY 19-20 | $3,025,456 |
| 18 | Leases ending in FY 19-20 (impact on FY 19-20) | ($1,463,041) |
| 19 | 709 Vehicle Replacements for FY 19-20 | $1,561,300 |
| 20 | Remaining Payment Obligations | $326,160 |
| 21 | Estimated FY 19-20 Statewide Need After FY 19-20 Replacements | $23,875,078 |
| 22 | Net Statewide Increase Over FY 19-20 Long Bill | $434,148 |
| 23 | Non-Appropriated Vehicle Lease Payments* | ($3,491,170) |
| 24 | **Net Appropriated Agency Need for FY 19-20** | **$20,383,908** |
| 25 | **Net Increase Over FY 19-20 Base Long Bill (Appropriated Agencies)** | **$468,330** |

1) Add Line 11 of the FY 2018-19 Lease Line analysis table to the payments for non-appropriated agencies (Line 14) to get to the total base funding (Line 15).
2) To this, the following adjustments are entered:
    a. the impact of FY 2018-19 leases ending in FY 2019-20 (Line 16)
    b. the annualization of FY 2018-19 leases approved for FY 2019-20 (Line 17)
    c. a reduction for leases ending in FY 2019-20 (Line 18)
    d. the FY 2019-20 costs for the replacement of the 709 vehicles (Line 19)
    e. remaining payment obligations (Line 20).
3) The actions above are aggregated into the Estimated FY 2019-20 Statewide Need for FY 2019-20 Replacement line (Line 21).
4) Line 22 calculates the incremental need for the entire State, and the non-appropriated funds (Line 23) are reduced from Line 20 to drive the total need for appropriated agencies in FY 2019-20 (Line 24).
5) The FY 2018-19 appropriated amount is subtracted from Line 24 to arrive at the incremental need for State agencies (Line 25).

***Detailed Analysis of Departmental Need***

The following tables show the Department's detailed calculations regarding the need of individual agencies for FY 2018-19 and FY 2019-20 that tie to the values presented in the tables above.

## Lease Line Reconciliation for FY18-19

| Dept | Division | Long Bill Vehicle Lease Payment Appropriation for FY 18-19 | CARS Agency Billing Thru October 2018 | CARS Monthly Billing for October 2018 | Annualized Fixed Payments for FY 18-19 | Approved Additions Fixed Payments (Prorated) for FY 18-19 | Approved Replacements Fixed Payments (Prorated) for FY 18-19 | Remaining Revenue FY 18-19 | Vehicle Leases (Prorated) Ending by 6/30/18 | Total Need FY 18-19 | Projected Variance from Appropriation for FY 18-19 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Long Bill Appropriated Agencies** | | | | | | | | | | | |
| CDPS | EDO | 512,944 | 108,806 | 38,598 | 456,187 | - | 20,940 | 443 | (14,917) | 462,653 | (50,291) |
| CDPS | Colorado State Patrol | 7,320,316 | 1,378,383 | 604,457 | 6,818,499 | 51,360 | 593,724 | 812 | (274,258) | 7,190,137 | (130,179) |
| CDPS | CBI | 377,593 | 85,102 | 30,970 | 363,833 | 9,420 | 4,612 | 1,644 | (12,919) | 366,590 | (11,003) |
| **CDPS** | **CDPS Total** | **8,210,853** | **1,572,292** | **674,025** | **7,638,519** | **60,780** | **619,276** | **2,899** | **(302,094)** | **8,019,380** | **(191,473)** |
| CDA | Agriculture | 252,274 | 53,683 | 17,139 | 207,932 | - | 32,472 | 3,456 | (12,446) | 231,414 | (20,860) |
| CDHS | Department of Human Services | 1,208,652 | 271,683 | 88,112 | 1,064,689 | | 66,732 | 9,527 | (40,829) | 1,100,119 | (108,533) |
| CDLE | Labor and Employment | 198,434 | 48,987 | 15,364 | 187,265 | - | 4,628 | - | (198) | 191,695 | (6,739) |
| DOC | Department of Corrections | 3,588,635 | 785,640 | 255,786 | 3,087,712 | - | 183,092 | 33,825 | (28,809) | 3,275,819 | (312,816) |
| DOE | Department of Education | 28,195 | 7,219 | 1,836 | 23,741 | - | - | - | - | 23,741 | (4,454) |
| DOL | Attorney General | 66,876 | 10,311 | 5,841 | 62,882 | - | 6,284 | - | - | 69,166 | 2,290 |
| DOLA | Local Affairs | 104,298 | 20,190 | 7,650 | 89,039 | - | 8,584 | 330 | (3,302) | 94,651 | (9,647) |
| DOMA | Military Affairs | 51,368 | 13,219 | 4,302 | 51,940 | - | 2,560 | - | (2,168) | 52,332 | 964 |
| DONR | Natural Resources | 4,344,852 | 944,194 | 318,592 | 3,811,522 | 2,148 | 162,116 | 32,905 | (162,188) | 3,846,502 | (498,350) |
| DOR | Department of Revenue | 669,802 | 148,436 | 48,247 | 582,658 | 18,950 | 23,912 | - | (12,676) | 612,844 | (56,958) |
| DORA | Regulatory Agencies | 244,643 | 38,352 | 16,978 | 191,150 | 3,542 | 24,464 | 6,012 | (15,655) | 209,513 | (35,130) |
| DOS | Secretary of State | 4,308 | 1,571 | 512 | 6,175 | - | - | - | - | 6,175 | 1,867 |
| DPA | Dept of Personnel | 220,095 | 46,853 | 15,940 | 190,316 | - | 18,684 | 9,037 | (1,525) | 216,511 | (3,584) |
| DPHE | Department of Health | 409,198 | 83,872 | 30,834 | 361,378 | 1,072 | 25,652 | 14,085 | (9,741) | 392,447 | (16,751) |
| GOV | Economic Development | 13,224 | 3,038 | 1,001 | 12,042 | - | - | - | - | 12,042 | (1,182) |
| GOV | CEO | 3,212 | 150 | 30 | 420 | - | - | - | - | 420 | (2,792) |
| GOV | OIT | 89,986 | 21,762 | 6,416 | 79,510 | - | 2,084 | - | (204) | 81,390 | (8,596) |
| JUD | Public Defender | 112,338 | 23,995 | 7,265 | 89,380 | | 8,984 | 5,537 | (8,975) | 94,926 | (17,412) |
| JUD | Courts | 94,335 | 24,600 | 8,108 | 97,571 | - | 1,288 | - | (816) | 98,043 | 3,708 |
| **Total Long Bill Appropriated Agencies** | | **19,915,578** | **4,120,047** | **1,523,977** | **17,835,841** | **86,492** | **1,190,812** | **117,612** | **(601,626)** | **18,629,131** | **(1,286,447)** |
| | | | | | | | | | | | |
| **Non Long Bill Appropriated Agencies** | | | | | | | | | | | |
| CDOT | Department of Transportation | 2,425,510 | 504,539 | 178,112 | 2,107,546 | - | 125,976 | 26,739 | (48,778) | 2,211,483 | (214,027) |
| DOHE | Higher Education Total | 1,099,842 | 157,009 | 56,281 | 663,537 | - | 109,448 | - | (5,323) | 767,662 | (332,180) |
| **Total Non Appropriated Agencies** | | **3,525,352** | **661,548** | **234,393** | **2,771,083** | **-** | **235,424** | **26,739** | **(54,101)** | **2,979,145** | **(546,207)** |
| **Statewide Total** | | **23,440,930** | **4,781,595** | **1,758,370** | **20,606,924** | **86,492** | **1,426,236** | **144,351** | **(655,727)** | **21,608,276** | **(1,832,654)** |

## Replacement Analysis for FY19-20

| | Division | Total Projected Need FY 18-19 | Payments Included in Current Year Not Needed in FY 19-20 | New Leases Annualized for Full Year in FY 19-20 | Leases (Prorated) for Leases Ending by 6/30/19 | Base Need Without Requested Replacements | Replacement Leases Being Requested (Prorated) | FY20 Remaining Revenue | Total Need After Requested Replacements | Decision Item Figures for Agencies' Schedule 13 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Long Bill Appropriated Agencies** | | | | | | | | | | |
| CDPS | EDO | 462,653 | (3,195) | 41,880 | (34,173) | 467,166 | 30,788 | 1,498 | 499,452 | (13,492) |
| CDPS | Colorado State Patrol | 7,190,137 | (607,926) | 1,290,168 | (799,834) | 7,072,545 | 758,124 | - | 7,830,669 | 510,353 |
| CDPS | CBI | 366,590 | (38,451) | (41,389) | (41,389) | 314,813 | 41,812 | 2,298 | 358,924 | (18,669) |
| **CDPS** | **CDPS Total** | **8,019,380** | **(649,571)** | **1,360,112** | **(875,396)** | **7,854,524** | **830,724** | **3,796** | **8,689,045** | **478,192** |
| CDA | Agriculture | 231,414 | (4,071) | 64,944 | (2,635) | 289,652 | 18,616 | 5,755 | 314,023 | 61,749 |
| CDHS | Department of Human Services | 1,100,119 | (41,795) | 133,464 | (71,469) | 1,120,319 | 42,920 | 13,924 | 1,177,162 | (31,490) |
| CDLE | Labor and Employment | 191,695 | (2,173) | 9,256 | (6,906) | 191,873 | 9,956 | - | 201,829 | 3,395 |
| DOC | Department of Corrections | 3,275,819 | (147,602) | 366,184 | (140,579) | 3,353,822 | 117,032 | 27,705 | 3,498,559 | (90,076) |
| DOE | Department of Education | 23,741 | - | - | (2,282) | 21,459 | 2,208 | - | 23,667 | (4,528) |
| DOL | Attorney General | 69,166 | - | 12,568 | (3,328) | 78,406 | 3,948 | - | 82,354 | 15,478 |
| DOLA | Local Affairs | 94,651 | (5,650) | 17,168 | (8,067) | 98,101 | 7,972 | - | 106,073 | 1,775 |
| DOMA | Military Affairs | 52,332 | (723) | 5,120 | (852) | 55,878 | 2,208 | - | 58,086 | 6,718 |
| DONR | Natural Resources | 3,846,502 | (126,184) | 328,528 | (155,446) | 3,893,400 | 220,100 | 139,354 | 4,252,854 | (91,998) |
| DOR | Department of Revenue | 612,844 | (57,982) | 85,724 | (38,963) | 601,624 | 33,280 | 12,214 | 647,117 | (22,685) |
| DORA | Regulatory Agencies | 209,513 | (24,661) | 56,012 | (401) | 240,463 | 19,796 | 11,976 | 272,235 | 27,592 |
| DOS | Secretary of State | 6,175 | - | - | - | 6,175 | - | - | 6,175 | 1,867 |
| DPA | Dept of Personnel | 216,511 | (305) | 37,368 | (8,347) | 245,227 | 8,076 | 5,064 | 258,367 | 38,272 |
| DPHE | Department of Health | 392,447 | (19,830) | 53,448 | (5,617) | 420,447 | 19,344 | 18,291 | 458,082 | 48,884 |
| GOV | Economic Development | 12,042 | - | - | - | 12,042 | 1,492 | - | 13,534 | 310 |
| GOV | CEO | 420 | - | - | - | 420 | 2,616 | - | 3,036 | (176) |
| GOV | OIT | 81,390 | (2,247) | 4,168 | (3,298) | 80,012 | 8,376 | 5,386 | 93,775 | 3,789 |
| JUD | Public Defender | 94,926 | (8,658) | 17,968 | (1,191) | 103,044 | 11,540 | 10,899 | 125,484 | 13,146 |
| JUD | Courts | 98,043 | (4,079) | 2,576 | (4,361) | 92,179 | 7,968 | 2,304 | 102,451 | 8,116 |
| **Total Long Bill Appropriated Agencies** | | **18,629,131** | **(1,095,532)** | **2,554,608** | **(1,329,138)** | **18,759,069** | **1,368,172** | **256,669** | **20,383,908** | **468,330** |
| | | | | | | | **Variance to Long Bill for FY18-19** | | **468,330** | |
| **Non Long Bill Appropriated Agencies** | | | | | | | | | | |
| CDOT | Department of Transportation | 2,211,483 | (68,969) | 251,952 | (100,140) | 2,294,325 | 133,596 | 65,238 | 2,493,160 | 281,677 |
| DOHE | Higher Education Total | 767,662 | (18,570) | 218,896 | (33,762) | 934,226 | 59,532 | 4,253 | 998,010 | 230,348 |
| **Total Non Appropriated Agencies** | | **2,979,145** | **(87,539)** | **470,848** | **(133,903)** | **3,228,551** | **193,128** | **69,491** | **3,491,170** | **512,025** |
| **Statewide Total** | | **21,608,276** | **(1,183,071)** | **3,025,456** | **(1,463,041)** | **21,987,620** | **1,561,300** | **326,160** | **23,875,078** | **980,355** |
| | | | | | | | **Variance to Long Bill for FY18-19** | | **$ 434,148** | |

*Detailed Description of Replacement Methodology*

**Step 1. Initial Screen:** The initial candidate list is generated from the Colorado Automotive Reporting System (CARS) using a minimum threshold for further replacement consideration. An extraction is done that lists all vehicles projected to meet the following requirements by time of replacement in the final quarter of FY 2019-20. In order to be considered for analysis, a vehicle must meet one of the following criteria:

- Non Colorado State Patrol (CSP) vehicles must be projected to have greater than 100,000 miles.
- CSP vehicles must have greater than 80,000 miles for patrol vehicles and be four years old and greater than 40,000 miles for motorcycles.
- A vehicle that will be 19 years old or older at the time that the proposed replacement would occur. This is consistent with one of the elements of Executive Order 0012 07, which specified that a priority be placed on the replacement of vehicles model year 1999 and older as a means of improving fuel efficiency.

For FY 2019-20, this initial screen produced 1,996 potential replacements meeting the minimum criteria.

**Rationale**: This initial screen limits the replacement candidates based upon a logical minimum standard. Mileage is projected through May of the budget request year to include all vehicles that will meet the criteria within the request year. Vehicles that meet this criteria proceed to the next step.

**Step 2. Manual Adjustments:** Decisions for vehicle replacement are not made on the basis of the mileage criterion or vehicle age alone. The ideal process would involve a detailed mechanical evaluation of each replacement candidate by a qualified technician, and the decision would be based on the projected costs involved to maintain the vehicle over the next one to two years. This level of analysis is not always practical for the State. However, State Fleet Management can use additional information and resources that are readily available to further refine the replacements list to make sure the right vehicles are ultimately replaced.

- **Agency retention requests:** State Fleet Management confers with agencies concerning proposed replacements, taking into consideration factors such as internal rotations, cascading vehicle assignments for additional use, and other extensions to a vehicle's life. No one knows the individual vehicles better than agency Vehicle Coordinators and the users of the vehicles. State Fleet Management uses agency input to eliminate vehicles from the replacement analysis that, in an agency's opinion, are in good condition considering mileage and age. State Fleet Management also uses agency input to keep vehicles on the replacement list that are in exceptionally poor condition, create an unacceptable safety risk, or are not meeting the functional requirements of the agency, even in some cases when the vehicle does not meet typical replacement criteria.
- **Vehicles with major recent repairs (New engine, transmission, etc.):** The most recent 12 months of repairs are analyzed to identify any individual repairs that required significant expenditures (typically in excess of $5,000 for an individual repair). If the State has recently made a significant investment replacing a major component of a vehicle, the State should expect that the cost to operate the vehicle over the short-term should be reduced, and the State should not replace such vehicles until it has had the opportunity to benefit from that investment.

- **Vehicles in the low cost, low mile work functions:** Vehicles in this category are typically maintenance and support vehicles used in campus type environments. They are typically low mileage (approximately 1,000 miles per year), are often very old, and may have a high cost per mile even though the total annual operating cost is very low. Ideally, these vehicles should be replaced with used, but safe and operable vehicles out of the vehicle turn-in pool. Vehicles that are no longer suitable for high usage functions can often be used in these maintenance type roles without incurring significant repairs, and it is often not economically justifiable to purchase brand new vehicles for low use assignments. Therefore, only the very worst of these maintenance and support vehicles are included in the final submission for replacement.
- **Very high mileage vehicles (>160,000):** Vehicles with this mileage projection are at least 50 percent over the State's minimum mileage replacement criterion. At this point, vehicles tend to deteriorate rapidly, with costly major component breakdowns, decreased reliability, and increased safety concerns. The cost effective operation of such vehicles is highly unlikely after this mileage threshold is reached. In fact, in a less restrictive fiscal environment, State Fleet Management would typically recommend lower thresholds.

**Step 3. Rank Highest Priority to Lowest Priority:** All of the vehicles that passed through the initial screening criteria meet the basic requirements for replacement. These vehicles are nearly all high-mileage, high-cost and are primarily older vehicles. While all of these vehicles meet the basic criteria for the replacement cycle, the challenge is to make sure that the worst of these vehicles are identified, so that only the worst of the worst will be replaced given any level of funding. By comparing these vehicles to the average vehicle of similar age and type, the State will be able to identify the vehicles that display the greatest operational cost variance from the average. Those that have a considerably higher than average cost will rank out higher than those with lower than average costs. This way the State can identify the worst vehicles (from a cost standpoint) and make sure these are assigned the highest replacement priority.

Note that all State Patrol vehicles meeting the minimum criteria will be submitted; therefore State Patrol vehicles are not included in this ranking. State Patrol vehicles have unique utilization, performance, and safety needs that require replacement on a 4-year cycle. Though State Patrol have these unique qualifications the "Suspect" replacement list does rank the patrol vehicles internally against each other.

**Step 4. AFV Analysis:** For the request, SFM identified all vehicles that could be replaced with a known AFV vehicle to maximize the number of AFV vehicles in the fleet. For model year 2019 Hybrid technologies have become much more broadly available offering significant fuel savings across the spectrum of the vehicle platforms.

For all other AFV vehicle selections the location of the vehicle was not used as the variety of AFV vehicles give the agencies more flexibility in where they are assigned. Location is important when assigning the new AFV vehicles, but it was not used to eliminate any vehicles off the suspect list. This is in alignment with SFM's methodology of only replacing the "worst of the worst" (WOW) vehicles for this proposal.

Each year SFM conducts an AFV Vehicle Cost Analysis for awarded vehicles against their gasoline equivalents to ensure they are cost effective, and are within the 10% life cycle cost thresholds per S.B. 13-070.

**Step 5. Further Considerations to Determine Final List:** The State Fleet Management program does not operate in a static environment. Changes in the budgetary environment, evolving agency needs, historical funding patterns for the fleet, regulatory changes, legislative actions, and the impact of recent internal fleet initiatives can, and should, be taken into consideration in developing the final request for any given year.

- **State funding capabilities:** In any given year, it is impractical to replace all the vehicles necessary to maintain an optimal fleet, from a total cost of fleet perspective. When funds are scarce, it is especially important that the highest mileage vehicles that present immediate safety concerns are replaced so that the funds that are spent on the fleet can provide the optimal financial benefit to the State.
- **Impact of Fleet or Agency reduction initiatives:** Initiatives undertaken by State Fleet Management and individual agencies to reduce the total number of vehicles in the fleet can affect the replacement process in two ways. First, by reducing the overall size of the fleet, the percentage of optimal replacements necessary to maintain the fleet each year produces a smaller number of candidates. Second, a large number of vehicles leaving the fleet inevitably includes some of the worst vehicles in the fleet. These are also the same vehicles that should be the highest priority for replacement, and since they no longer need to be replaced, the number of requested replacements in that year might be reduced.
- **Prior year funding and replacement levels:** Reduced funding of replacements in previous years has put additional pressure on the fleet, and will require reasonable levels of replacements in subsequent years. With an average vehicle life of 10 years the State should be replacing approximately 1/10 of the non-CSP fleet or 550+ non-CSP vehicles each year. This level of replacement allows for maintenance costs to remain relatively unchanged year over year.
- This year's request represents vehicle replacements returning to near normal levels. If all 709 vehicles are replaced, the maintenance and fuel savings is projected to be $2,881,072 across appropriated and non-appropriated vehicles.

**Step 6: Economic Validation:** The final step involves a financial analysis of the alternatives to make sure that the proposed replacements have a solid economic justification and represent an optimal financial decision for the State.

***Additional Request Calculations***

**DPA Vehicle Replacement Lease/Purchase Line Item Calculation:** Based on recommended replacement vehicles for FY 2019-20, the following table outlines the calculation of the (7) Division of Capital Assets, (C) Fleet Management Program and Motor Pool Services, Vehicle Replacement Lease/Purchase line item.

| STATE FLEET LEASE LINE APPROPRIATION ANALYSIS | | | |
|---|---|---|---|
| **SFM Lease Payments Due by Trust Year** | **FY 18-19** | **FY 19-20** | **FY 20-21** |
| TRUST 2008 (Exhibit B) | $ 13,097 | $ - | $ - |
| TRUST 2009 (Exhibit B) | $ 840,125 | $ 304,611 | $ - |
| TRUST 2010 (Exhibit B) | $ 719,053 | $ 631,253 | $ 32,296 |
| TRUST 2011 (Exhibit B) | $ 149,849 | $ 32,597 | $ 15,290 |
| TRUST 2012 (Exhibit B) | $ 228,655 | $ 219,466 | $ 108,568 |
| TRUST 2013 (Exhibit B) | $ 1,238,293 | $ 1,077,144 | $ 999,484 |
| TRUST 2014 (Exhibit B) | $ 2,240,867 | $ 1,799,619 | $ 1,677,245 |
| TRUST 2015 (Exhibit B) | $ 3,820,541 | $ 2,267,593 | $ 1,795,500 |
| TRUST 2016 (Exhibit B) | $ 3,700,323 | $ 3,640,201 | $ 2,151,927 |
| TRUST 2017 (Exhibit B) | $ 3,101,002 | $ 3,101,002 | $ 3,093,901 |
| TRUST 2018 (18 Pro-Ration) | $ 3,045,650 | $ 3,402,662 | $ 3,402,662 |
| TRUST 2019 (19 Pro-Ration) Pending | $ 836,838 | $ 4,278,708 | $ 4,278,708 |
| TRUST 2020 (20 Pro-Ration) Pending | $ - | $ 943,550 | $ 4,683,898 |
| **Total Known Lease Payments Due** | **$ 19,934,294** | **$ 21,698,406** | **$ 22,239,481** |
| UNFORESEEN (Accident totals, denied repairs, etc.) @1.5% | $ 299,014 | $ 325,476 | $ 333,592 |
| ACCIDENT TOTALS (Known YTD) | $ - | $ - | $ - |
| **Total SFM Lease Spending Authority Need for FY 18-19=** | **$ 20,233,308** | **$ 22,023,882** | **$ 22,573,073** |
| FY 18-19 APPROPRIATION | | | |
| Current Year Base Spending Authority (FY 18-19 Base) | $ 21,606,087 | $ 21,606,087 | $ 21,606,087 |
| | | | |
| **Required Additional Spending Authority (over FY 18-19 Base)=** | **$ (1,372,779)** | **$ 417,795** | **$ 966,986** |