

Transition Briefing Paper

Department of General Administration

210 11th Ave. S.W.
Olympia, WA 98504-1000

Web address: <http://www.ga.wa.gov>

Contact: Rob Fukai, Director. **E-mail:** rfukai@ga.wa.gov

Phone: (360) 902-7200

Agency responsibilities

The mission of the Department of General Administration (GA) is to help its customers succeed by being their essential operations partner. GA is responsible for a variety of services that support the operations of state agencies, boards and commissions as well as city and county governments, school districts, colleges and universities, and a number of non-profit organizations.

Among our key services:

Goods and services contracting. GA manages contracts for goods and services on behalf of 750 public entities -- \$260 million annually, representing about 7% of all state contracting activity.

Mail services. GA picks up and delivers mail for 104 state agencies, processing more than 3 million pieces of mail monthly.

Public works contracting. GA manages an average of 425 construction projects worth over \$600 million per biennium on behalf of state agencies.

Property management. GA is the landlord for about 5 % of the state's owned facilities. About 20 percent of total agency revenue comes from rent payments. GA also assists state agencies with over 1,100 leases in privately owned facilities throughout the state.

Motor Pool. GA rents and maintains 11 percent (1,500) of state-owned passenger vehicles, including a day-rental pool of roughly 150 vehicles.

Facilities operations and maintenance. In Thurston County, GA maintains 50 buildings and 485 acres, including four parks and the 260 acre Capitol Lake, for 10,000 public employees and 650,000 annual visitors. GA also operates facilities in five other counties, including the North Cascades Gateway Center in Sedro Woolley.

Office supply/inventory management. GA operates a central stores warehouse on behalf of 655 state and local agency customers.

Agency description

GA is a central service support agency with five operating divisions. With an average of 650 FTEs, GA serves as a partner to other agencies by providing expertise in essential services that agencies would otherwise have to provide themselves.

Agency funding structure

GA operates with a biennial budget of approximately \$181 million, split almost evenly between operating and capital. About 96 percent of GA's operations are on a fee-for-service basis. Only 4 percent of the department's operating budget comes from general fund or other direct appropriations.

Major issues

1. Saving money for state government by improved purchasing

Summary

The state spends nearly \$3.7 billion annually for goods and services via uncoordinated purchasing activities scattered across state agencies. This results in missed opportunities for leveraging state purchasing power and increases costs for taxpayers. It also raises confusing barriers to small businesses trying to access state contracts. GA is well positioned to help achieve more cost-effective spending in several key business areas on behalf of agencies and the taxpaying public. The department has created strategies for several initial opportunities that could result in saving over \$300 million annually.

GA is prepared to:

- Achieve greater coordination and efficiency to save 10% to 20% of the \$3.7 billion that state agencies spend annually on goods and services.

- Reduce statewide inventories and consolidate space to save \$4 million annually.

- Provide a central place where vendors can register and bid on state contracts, improving the efficiency of state contracting and greater access for businesses to state contracting opportunities.

Key concerns

- Willingness of the Governor and legislative branch to direct coordinated and consolidated purchasing activities.

- Investing in enterprise-level business management systems to provide reliable data for making decisions.

Key stakeholders: All state agencies; businesses of all sizes; taxpayers.

2. Improving the efficiency of state government

Summary

General Administration is recognized as a national leader in providing centralized state government support services and has generated over \$26 million in savings for our customers during FY03 and FY04. However, there has been a historic policy tension between centralization and decentralization of services. Despite creating GA to unite and streamline essential support services, the state has continued to permit agencies to opt out of or duplicate many of these services for operational reasons where the cost-benefit is not clear. This has resulted in redundancies, extra supporting infrastructure and overhead costs, and loss of maximum achievable efficiencies and economies of scale.

Four examples of these redundancies:

- More than 18 agencies duplicate services that could be provided by Consolidated Mail Services.

- State agencies own almost 5,000 passenger vehicles that are not under some form of professional fleet management.

- Agencies have entered into 1,100 leases throughout the state, generally without trying to co-locate with other state agencies. Agencies in Thurston County have almost 300 leases, one quarter of which is very small spaces.

- Many state agencies have contracting specialists who duplicate services available from GA's Office of State Procurement.

Key concerns

Willingness of the governor, legislative branch, Office of Financial Management (OFM), GA and other central services agencies to solidify policy direction regarding centralization of essential support services.

Executive and legislative leadership in re-directing other agency staff resources to their core public service mission areas.

Key stakeholders: All state agencies; central service agencies.

3. Putting GA on a sound business model approach to operations

Summary

General Administration has been transitioning from a cost allocation-supported budget to a fee-for-service model for several years. The strategy is to adapt proven business management practices to the delivery of state services. By managing our operations using this competitive model, a service continues only if it meets the demands of its customers within state government. Rates for services match the fully loaded life cycle costs of those services, but the department strives to ensure that fees remain at least 15% below comparable private rates. GA is now moving to complete the approach with the last of GA's cost-allocated or directly appropriated agency services.

Key concerns

Rates charged for services must allow for adequate operating and reinvestment reserves.

To maintain competitive rates, GA must maintain low overhead and generate an adequate volume of service.

To properly manage its operations, GA needs support to quickly adjust levels of service, establish appropriate rates and to manage fund balances within a non-appropriated but budgeted appropriation structure.

Key stakeholders: Current customer groups; the Legislature; the Governor's Office; the Office of Financial Management; GA employees.

4. Real property portfolio management

Summary

GA is unlike most state agencies in that it owns and manages facilities in 6 counties using private sector-type business models. Properties are continuously evaluated to ensure that their financial performance meets these expectations and that they continue to meet the state's business and service needs. GA's rents or parking fees must not only pay for operations and maintenance, but also for capital preservation and debt service on acquisitions and reinvestments. Positive cash flows are required to sustain this approach.

Key concerns

Stakeholder outreach for the impending sale of 3 properties - the Tacoma Rhodes Center; portions of the North Cascades Gateway Center used by the federal Department of Labor in Sedro-Woolley; and the legislatively-approved sale of the 1058 Building in Olympia to TVW.

Executive and legislative branch support for GA to borrow funds or enter into private-public partnerships so that essential state government office and support facilities do not drain general obligation bond resources from education and transportation needs.

Potential future increases to rents.

Future increases in parking fees for the Capitol Campus.

Key stakeholders: Current building tenants; the Legislature; the Governor's Office; the Office of Financial Management; GA employees; private property owners; parking customers; the media.

5. Security improvement for the Capitol Campus

Summary

Governance of the Capitol Campus involves a number of overlapping authorities, including GA, the State Capitol Committee (consisting of the Governor, Lieutenant Governor, Commissioner of Public Lands and Secretary of State), and the Legislature.

A critical issue now facing the campus is security. GA is responsible for security in the public areas of the state capitol grounds, which involves a careful balancing of the public's right to open and accessible government with the need to guard against threats of violence and terrorism. The House and Senate are responsible for their respective areas within the Legislative Building.

The Legislature has determined that, beginning in December 2004, anyone entering the Legislative Building will pass through leased security screening devices. GA will hire supervisory security personnel, with contractors staffing the entries. The operational cost is projected at \$1.9 million biennially. However, a decision on screening beyond the current biennium has yet to be made by the Legislature.

GA is also the lead on campus-wide security. We are slowly implementing a study commissioned in 2002 that included a priority list of short- and long-term recommendations for all buildings and public areas.

Key concerns

The governance is confusing.

A number of key legislators and statewide elected officials oppose new security measures in the Legislative Building.

A final legislative decision on the extent of long-term screening will be made during the 2005 session.

Security planning and systems for other Campus facilities.

Responding to new security threats, including mail-related ones, will be a management and financial challenge.

Key stakeholders: Building tenants, including the legislative members and statewide elected officials; the media; the public; U.S. Postal Service; local law enforcement and emergency response organizations.