



COMMONWEALTH of VIRGINIA

*Joint Legislative Audit and Review Commission
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INTERNAL SERVICE FUNDS SUBCOMMITTEE REPORT

June 12, 2006

TO: Senator Thomas K. Norment, Chair
Members, Joint Legislative Audit and Review Commission

FROM: Delegate Leo C. Wardrup, Subcommittee Chair

On June 12, 2006, the Internal Service Fund Subcommittee of the Commission met to consider rate requests from the Virginia Information Technologies Agency (VITA) and the Department of General Services (DGS). The subcommittee heard presentations from VITA and DGS, and representatives of the two agencies also answered questions from the members of the subcommittee.

VITA Rate Request

The Virginia Information Technologies Agency (VITA) requested approval of service rates for its new "Dashboard" service. This service is a centrally hosted application that will permit customer agencies to track various financial and operational measures for management control and decision making. The dashboard service will capture and analyze data from Virginia Excels, the State accounting system (CARS), the procurement system (eVa), and other sources to provide standard reports on performance. It can also be used to report on agency procurement performance related to women and minority-owned businesses. Use of the dashboard system by agencies is optional.

The charges for the service are based on VITA cost experience with its own internal dashboard application. However, since there is no cost history of this particular service with customers and the number of customers likely to use the service is an estimate, the VITA proposed rates should be considered preliminary. VITA proposed three charges for the service: \$1,042 for a one-time startup charge, \$75.77 per month for the agency, and \$16.53 per month for each user (individual employee) account. The proposed rates would be effective July 1, 2006.

The subcommittee recommends that the Commission approve the rates proposed by the Virginia Information Technologies Agency for its new information dashboard service.

DGS Rate Request

The Department of General Services (DGS) submitted a request for approval of several changes in its internal service fund rates for maintenance, capital outlay, and building rents. The changes apply to: (1) the hourly labor rates that are charged for the Special Maintenance Services provided by DGS for service agreement buildings, (2) the hourly billing rate that agencies are charged for review work done by professional staff in DGS' Bureau of Capital Outlay Management (BCOM), and (3) rent plan rates which agencies are charged for occupying space at the seat of government covered by the DGS rent plan.

The attached table summarizes the rates which are addressed in the rate request packages furnished to JLARC by DGS. The table shows the current rates that are charged, the proposed rates, and the percentage change. The increases for maintenance labor rates reflect salary increases and revised fringe benefit factors. The increase for the capital outlay bureau's billing rate is the first increase requested since FY 2003, and reflects a number of cost updates, including recognition of wage increases and revised fringe benefit factors. Increases in square footage charges under the rent plan have been requested by DGS so that the revenues collected cover anticipated building costs, which have been increasing in a number of areas such as utilities, and also to provide for rent revenue credits, salary and fringe benefit cost increases, a reserve for major equipment failures, and an improved working capital balance. The proposed rates would be effective July 1, 2006.

The subcommittee recommends that the Commission approve the rates proposed by the Department of General Services for maintenance labor rates, capital outlay professional services, and building rents.

Attachments

Internal Service Fund Rates Proposed by DGS			
Rate Category	Current Rate	Proposed Rate *	Percent Change
Labor Rates for Special Maintenance Services (\$ per hour)			
Housekeeping	\$ 20.20	\$ 21.08	+ 4.4 %
Security	\$ 16.39	\$ 17.84	+ 8.8 %
Painter	\$ 25.02	\$ 27.13	+ 8.4 %
Electrician	\$ 27.10	\$ 29.36	+ 8.3 %
Sheet Metal Worker	\$ 26.22	\$ 27.20	+ 3.7 %
HVAC Mechanic	\$ 28.92	\$ 31.52	+ 9.0 %
Plumber	\$ 25.86	\$ 27.52	+ 6.4 %
Carpenter	\$ 27.72	\$ 29.23	+ 5.4 %
Grounds Worker	\$ 21.29	\$ 22.06	+ 3.6 %
Project Management	\$ 44.38	\$ 47.23	+ 6.4 %
Bureau of Capital Outlay Management Billing Rate for Review Services (\$ per hour)			
BCOM billing rate	\$ 95.00	\$114.00	+ 20.0 %
Rent Plan Rates for Building Space (\$ per square foot)			
Storage space	\$ 3.75	\$ 4.00	+ 6.7 %
Library	\$ 9.48	\$ 9.48	no change
Laboratory	\$ 15.49	\$ 17.55	+ 13.3 %
Exec. mansion complex	\$ 13.23	\$ 13.23	no change
Office space	\$ 12.19	\$ 13.83	+ 13.5 %
<p>* Proposed rates are to become effective July 1, 2006. Labor rates for Special Maintenance Services are proposed for the remainder of this calendar year. The BCOM billing rate and the rent plan rates are proposed for FY 2007.</p> <p>Source: JLARC staff compilation based on materials submitted by DGS.</p>			