State of Oklahoma
Department of Central Services

Fiscal Year 2008 Performance Review

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EXECUTIVE SUMMARY

DCS FY 2008 Major Accomplishments – tough but a very productive year.

The agency has completed installation of management software for fleet operations, facilities operations, risk management, and printing management. All four systems are providing improved customer service, improved cost accounting and more efficient management of these critical state functions.

The fleet management system, MAXIMUS, is being made available to those agencies that have authority to own their own automobiles.

A fleet calculator on the agency's website which recommends the most cost efficient mode for state employee automobile travel was implemented.

The State Motor Vehicle Advisory Council performed the functions of a commodity council in the development and execution of statewide contracts for automobiles, fuel and fuel management and maintenance contracts for the state.

The agency has implemented processes for the delivery of construction with the design/build (DB) construction model, using the BRAC (Base Closure and Realignment Commission) armory replacements in OMD as the pilot projects. DB contracts are structured to maximize the amount of work performed by Oklahoma contractors.

Facilities division has completed its first phase of energy conservation programs, including lighting upgrades and improved HVAC control policies and equipment. This initiative has reduced energy usage by 5% in all DCS owned and managed state facilities. More remarkable results were achieved in the four buildings (Will Rogers, Sequoyah, Hodge and Connors Buildings) that have modern controls and equipment. Savings ranged from 8% to 16%, reducing usage by 696,000 kilowatt hours in the first five months of FY 09.

An engineering assessment was completed of the state capitol park west campus water issues, providing a roadmap to resolving various water related issues plaguing west campus buildings, including Denver Davidson, Attorney General, DOT and Thorpe buildings.

The agency funded phase I of its strategic sourcing initiative, providing a comprehensive assessment of the states procurement program and an initial analysis of the state's spend. As of the date of this report, the department has begun phase II of this initiative which will demonstrably improve the capabilities of the state's purchasing program.

DCS began implementation of paperless work environments in agency financial operations, audit operations and facilities operations.

The agency continues to refine major initiatives outlined over the last two years, including improvements in facilities and fleet management, enhanced state surplus operations and outreach (to counties and cities), continued cost controls in risk management, enhanced construction delivery and management programs and enhanced purchasing programs.

Customer communication remains a top priority throughout the Department. The Department of Central Services undertook Customer Service Initiative. Recent feedback from eighteen interviewed agencies has indicated improvements needed in the department's communication capabilities, technological capacities, and policies/procedures.

Summary of the FY 2010 Budget Request

The Department of Central Services' request for FY 2010 accommodates actual operating cost incurred and our most critical deferred maintenance issues. We have requested $12.92M dollars more than the FY 2008 base budget. This includes the $4.0M dollars for immediate deferred maintenance issues. It also includes $2.8M for strategic sourcing, $550K for increased facilities utilities and operations costs, $4.6M for alternative fuels infrastructure and other agency requirements and initiatives.

STRATEGIC EMPHASIS

DCS recommends that the legislature develop a funding mechanism to address deferred maintenance needs of all DCS owned and managed facilities. We have requested legislation to improve our purchasing programs. Internally, DCS is continuing an aggressive improvement in our purchasing programs through emphasis on collaborative purchasing decision processes, analysis of the state's spending to strengthen our negotiation position, and streamlined purchasing procedures. The Department has completed Phase I of a comprehensive purchasing assessment and restructuring plan. As of the date of this report, the agency has begun Phase II which will result in improved policies, detailed analysis of the state's spend, organizational metrics, reorganization of the Central Purchasing Division, retraining, and the execution of at least one strategic sourcing contract. Funding for Phase III of this project is included in the agency's budget request and will culminate in significant savings for the state.

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GENERAL INFORMATION

STRATEGIC DIRECTION

Agency Purpose

Serve and support Oklahoma government

Agency Mission

The Department of Central Services assists customers in accomplishing their missions by providing essential services and quality solutions through: procurement, facilities, real estate, construction, fleet, risk management, property reutilization, printing and distribution.

Agency Vision

The Department of Central Services operates cohesively and shares a consistent set of values so that agencies and other entities of the State of Oklahoma have confidence and trust in management systems operated by DCS, and actively partner with DCS to resolve state government administrative issues.

Core Values

Service	DCS serves customers in a team-oriented partnership and in a collegial manner
Integrity	DCS provides cost-effective services and programs through emphasis on good stewardship and accountability of the taxpayers' dollars
Quality	DCS provides the best available solutions to the issues of state government through emphasis on quality and effectiveness

Areas of Emphasis

Customers	Facilitate and provide effective and efficient services through collegial and productive relationships with all state agencies
Finance	Develop and maintain sound financial systems and practices to support DCS' services by ensuring accurate and accountable financial performance
Processes	Develop and maintain programs and policies that enhance DCS service performance and improve state agency mission performance
Growth	Develop and broaden the professional skills of DCS' employees in order to promote a high value-oriented workforce with professional growth opportunities for each employee

Objectives

- Achieve effective financial management
- Deliver consistent, quality service through integrated processes and procedures
- Implement and maintain comprehensive, reliable information systems
- Educate, train and support our employees and our customers for optimal performance
- Maintain and enhance comprehensive internal and external communication

AREAS OF RESPONSIBILITY – FUNCTIONAL SERVICES

DCS Administers:

- Central Purchasing
- Construction and design of state facilities
- Facilities - sixteen (16) State buildings including the Capitol, Governor's Mansion and State Capitol Park, Tulsa, and historical monuments and markers
- Fleet, fuel management, and alternative fuels programs
- Leasing - plans and manages space in State-owned and commercially leased facilities
- Real Estate Services programs, including properties inventory, sale, purchase, lease, and/or easement of State-owned land
- Risk Management, including commercial and self-insurance programs
- Central Printing, photocopying and graphic design services
- Interagency mail service for state agencies in Oklahoma City area
- Federal Surplus Property Donation program
- State Surplus Property program
- State Recycling program
- State Procurement Audit program
- Statewide Inventory program

DCS Provides Direct Administrative Support to:

- Oklahoma Capitol Improvement Authority
- Capitol Preservation Commission
- Oklahoma Capitol-Medical Center Improvement and Zoning Commission
- Public Employees Relations Board
- State Use Committee (under supervision of the Central Purchasing Division)

ORGANIZATION

LEADERSHIP

On December 1, 2004, Governor Brad Henry appointed John S. Richard as the Director of Central Services and Deputy Cabinet Secretary of Human Resources and Administration. (74 O. S. § 10.1, et seq).

STRUCTURE

The organizational structure of DCS positions the Department to expediently deliver the highest quality business services to its customers throughout state government. DCS is committed to providing systems and services on which our customers can depend. DCS organization consists of seven (7) functional and nine (9) administrative units.

DCS consists of seven functional divisions, which deliver centrally managed services to state agencies, boards and commissions. They are: Central Printing & Inter-agency Mail, Central Purchasing, Construction and Properties, Fleet Management, Property Reutilization, Risk Management and Office of Facilities Management.

DCS supports its mission divisions with nine administrative units. They are: Finance, Information Services, Human Resources, Auditing, Legislative Liaison, Procurement, Rules Liaison, General Counsel, and Special Projects.
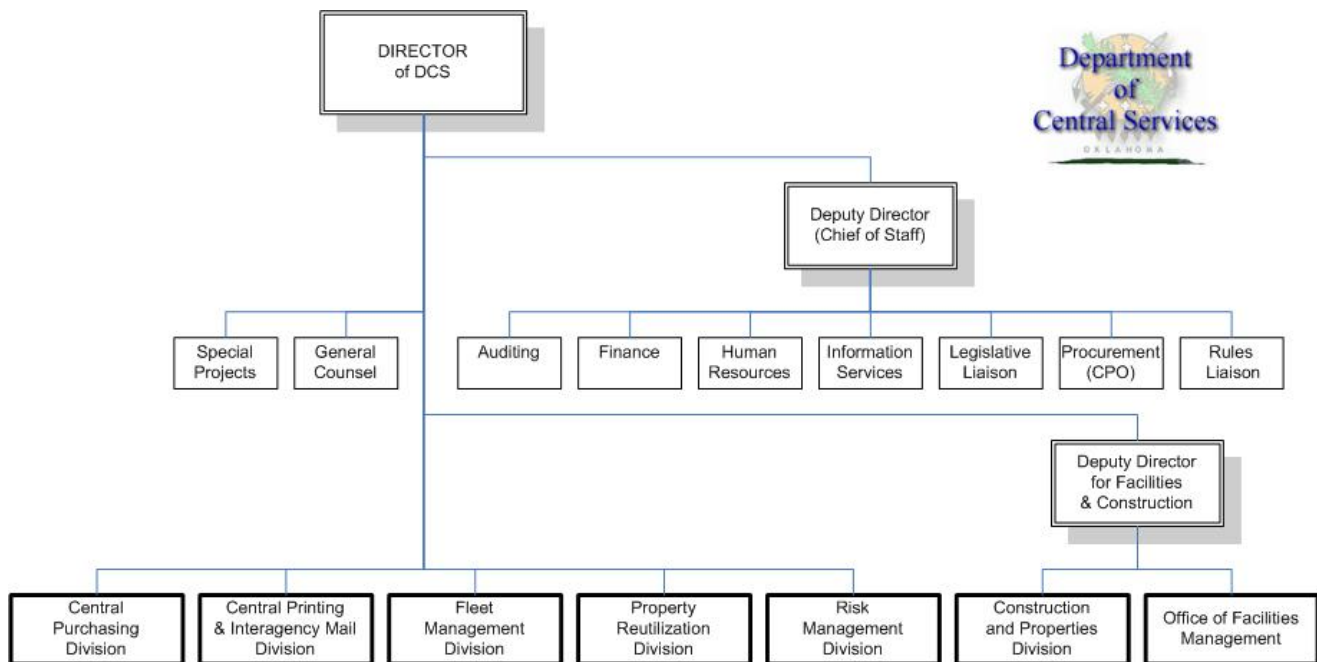

Figure 1 – DCS Organization Chart as of June 30th, 2008

EMPLOYEES / HUMAN RESOURCES

Mission

Provide quality and effective human resource services which support the agency in the achievement of the Department's mission, values, and goals, and which maximizes the professional development of all agency staff.

Accomplishments / Initiatives

- Went live with the HR electronic time-keeping system in January 2008 in a joint project with ISD and Payroll. The new e-TM accommodates 5 different flexible work-week schedules and manages comp, overtime and FMLA requests.
- Conducted 17 on-site training sessions as a result of the strategic goal to educate, train, and support our employees
- Issued new Employee Policy Handbook in March 2008
- 99% of employees were evaluated by the PMP process per statutory requirements.

Key Performance Indicators

- Statutory required supervisory training: DCS will meet 100% goal by the end of CY-08.
- Salary Adjustments were completed for 41% of DCS staff as a result of a 2007 compensation audit. Purpose was to improve compensation in comparison with other local market salaries, to improve the morale of employees, to retain quality staff, and to assist in recruiting qualified applicants.
- EEO/AA goals: DCS continues to meet its goals in hiring minority groups, resulting in the number of minority staff ratio at DCS being 32%. In FY-08, 30% of new hires were minorities and 33% of promotional selections were minority applicants.
- Employee growth: 33 new staff were hired and 57 employees were promoted in FY-08.
- Employee turnover: DCS turnover rate in FY-08 went down to 8.29%.

Challenges and Roadblocks

- Continued inadequacy of DCS pay scales to recruit the necessary talent in highly skilled areas including architects, engineers, construction managers and procurement specialists.
- Need for financial resources to adjust current staff's salaries to be competitive with the market. DCS hiring rates are two years behind the current mid-point on OPM 2008 Salary Schedule.
- PeopleSoft constraints in providing the necessary reports and data for the effective employee and position data management
- Inadequate IT resources to program management reports. Our challenge is to train existing staff in Crystal Reports enabling them to program the necessary management reports in various mission areas.

DIVISION	FTE
Administration	9
Auditing	7
Finance	11
Human Resources	3
Information Services	6
Legal	4
Central Printing and Interagency Mail	22
Central Purchasing	32
Construction & Properties	20
Fleet Management	20
Office of Facilities Management	74
OFM Administration & Support	*10*
Facilities Management	*59*
Real Property Services	*2*
State Leasing Office	*2*
Property Reutilization	14
Federal Property Distribution	*11*
Surplus Sales	*3*
Risk Management	11
TOTAL DCS	233
Administratively Supported Programs*	8
GRAND TOTAL	241

*Table 1 – **Number of FTEs According to the Organization Structure as of June 30th, 2008 (* See Page 7)***

FINANCE / BUDGET

Mission

Provide outstanding financial and reporting services to both internal and external users in a timely manner. It is the vision of the finance staff to instill confidence in the information and services provided.

Accomplishments / Initiatives

- Integrated the Fleet Management system and the Printing Management system into the agency's accounts receivable system.
- Completed internal financial policy revisions which maximize mission division chiefs' authority and accountability over their respective budgets.
- Implemented paperless document system for DCS finance, reducing administrative costs and improving efficiency.

Key Performance Indicators

Data Presented in $1000s		FY-2008	FY-2008	FY-2009
Fund #	Fund Title	Budget Work Prog.	Actual Expenditures	Budget Work Prog.
DCS GRAND TOTAL		**$70,633**	**$67,912**	**$78,995**
	Administration			
19X	General Revenue	984	813	1,419
201	Gen Purpose Rev.	19	0	19
445	Payroll Trust Fund	0	0	0
TOTAL	Administration	$1,003	$813	$1,438
	Core Services			
11X	Public Building Fund	0	433	0
19X	General Revenue	15,320	13,733	14,748
201	Gen Purpose Rev.	430	727	456
205	Risk Management	0	0	100
215	State Const Rev.	1,365	1515	1,792
225	Severely Handicapped	224	224	240
230	OK Print Shop Fund	0	0	12
231	Postal Service Rev.	890	779	765
240	Asbestos Abate. Rev.	117	42	63
244	Statewide Surp. Prop.	1,728	3059	2,680
245	Build. And Fac. Rev.	13,473	12,765	14,328
250	State Motor Pool Rev.	0	1	288
255	Ok Motor Lic Agent Indemnity	0	0	0
260	Risk Manage. Fire Prot.	0	0	0
265	Bid Document & Bond F.	0	T0	0
270	Regis. Of State Vendors	114	59	77
271	Vendor Fees & Rebates	377	313	793
272	Purch. Training Fund	39	19	41
275	State Recycling Rev.	32	29	48
443	Interagency Reimb.	0	0	0
445	Payroll Trust Fund	669	669	674
494	Sales Fund Surplus	0	0	0
57X	Special Cash Fund	3,200	862	2,239
TOTAL	Core Services	$37,978	$35,229	$39,344
	Public Employees Relation Board			
11X	Public Building Fund	0	0	0
19X	General Revenue	52	54	52
201	Gen Purpose Rev.	11	17	18
57X	Special Cash Fund	0	0	0
TOTAL	PERB	$63	$71	$70

Table 2 – Budget, Expenditures and Funding Lines

Data Presented in $1000s		FY-2008	FY-2008	FY-2009
Fund #	Fund Title	Budget Work Prog.	Actual Expenditures	Budget Work Prog.
Capitol Medical Zoning Commission				
11X	Public Building Fund	0	0	0
19X	General Revenue	92	81	92
TOTAL	Zoning Commission	$92	$81	$92
Property Distribution				
11X	Public Building Fund	0	0	0
210	Surplus Property Rev.	1,475	1,523	1,612
245	Build and Facility Rev.	0	0	0
TOTAL	Property Distribution	$1,475	$1,523	$1,612
Central Printing				
11X	Public Building Fund	0	0	0
230	Ok Print Shop Fund	1,623	1,630	1,745
TOTAL	Central Printing	$1,623	$1,630	$1,745
Motor Pool				
19X	General Revenue	0	0	0
250	State Motor Pool Fund	7,021	7,269	7,470
TOTAL	Motor Pool	$7,021	$7,269	$7,470
Alternative Fuels				
11X	Public Building Fund	0	0	0
19X	General Revenue	50	48	50
250	State Motor Pool Fund	8	5	0
251	Alternative Fuels Tech	28	7	28
TOTAL	Alternative Fuels	$86	$60	$78
Risk Management				
19X	General Revenue	40	81	40
205	Risk Manage. Rev.	19,741	19,932	25,054
206	Community Action Ag	0	0	0
223	Foster Families Prot. Fund	431	518	830
255	Motor License Agent ID	94	67	105
260	Risk Mgmt Fire Protec.	770	517	915
261	Risk Mgmt Elderly & H	0	0	0
262	Risk Mgmt Political Subdivisions	216	121	202
TOTAL	Risk Management	$21,292	$21,236	$27,146
DCS GRAND TOTAL		**$70,633**	**$67,912**	**$78,995**

Table 2 (cont.) – Budget, Expenditures and Funding Lines

Summary of FY-10 Budget Request - Operations Funding Changes FY-10

#	PROJECT	State Appropriated	State Revolving	Federal Funds	Total Funding Change	FTE Changes
1.	Utilities/Operations Cost (Appropriated Buildings)	$ 550	$ -	$ -	$ 550	-
2.	Health Benefits Increase	$ 518	$ -	$ -	$ 518	-
3.	Deferred Maint. Management (Appropriated Buildings)	$ 4,000	$ -	$ -	$ 4,000	-
4.	Comprehensive Review of State Procurement Activities	$ 2,000	$ -	$ -	$ 2,000	-
5.	FTE needed to carryout Strategic Sourcing Initiative	$ 779	$ -	$ -	$ 779	12.00
6.	Oklahoma Municipal Collective Bargaining Act (OMECBA) PERB	$ 200	$ -	$ -	$ 200	-
7.	Alternative Fuels Conversion Act	$ 4,611	$ 44	$ -	$ 4,655	1.00
8.	Education Reimbursement	$ 150	$ -	$ -	$ 150	-
9.	Information Services Division - Workstation Replacements	$ 54	$ -	$ -	$ 54	-
10.	Imaging Equipment	$ 60	$ -	$ -	$ 60	-
	TOTAL	$12,922	$ 44	$ -	$12,966	13.00

Table 3 – Summary of FY-10 Budget Request (000's)

Impact of not Funding FY-10 Request by Priority Number

Priority 1—Utilities/Operations Cost – Increased energy cost (despite decreases in energy usage) coupled with increased service contracts and utility rates (water, gas and electric) over the past 24 months have created the need for additional funding to retain services at current levels. Several cost saving initiatives have mitigated the increases. Failure to fund will require reduced services and stringent energy reduction efforts similar to those undertaken in FY-06. (reduction of janitorial service, reduced services in the Capitol Park, resetting temperature set points, reduced lighting, etc.)

Priority 2 – Health Benefits Increase – Failure to fund mandated increases in employee health benefits will further stretch the shifting of available funds. Reduction of FTE's or contractual services will result, which will impede the agency's ability to perform required services.

Priority 3 – Deferred Maintenance – Appropriated Buildings – Failure to fund the cost to maintain the appropriated buildings will force DCS to shift operational funds to pay hard costs for repairs and building equipment failures. If the operational cost is not funded, the ability to maintain the functionality of buildings will be impaired. The agency will not have the ability to address critical emergency repairs.

Priority 4 – Comprehensive Review of Procurement Activities – The department cannot complete the strategic sourcing initiative without funding for Phase III, during which the Central Purchasing Division, in conjunction with our consultants and in cooperation with state agencies through commodity councils will execute procedural and organizational changes that will maximize the efficiency of the state's spend on strategic products and services. Current estimates have the payback on this investment in less than one year. Potential cost savings will be realized far into the future. Extending the consultant's contract to complete this initiative is critical.

Priority 5 – Strategic Source Initiative – Organizational changes required to implement the strategic sourcing initiative require the addition of 12 new positions in the Central Purchasing Division. The agency has concluded that initially, we can reduce current workload through policy adaptation and accomplish our goals with 7 additional

personnel. It is not possible to implement our stated goals without appropriately skilled personnel to perform the analysis and other identified procurement processes.

Priority 6 – Oklahoma Municipal Collective Bargaining – A recent Supreme Court decision now requires grievances to be managed by the Public Employees Relations Board. In order to comply with this decision, adequate funding is necessary to cover the cost of administrative hearing officers, staff and operational expenses.

Priority 7 – Alternative Fuels Conversion Act – The focus of this program is to develop strategically located multi-fuel re-fueling stations to implement the widespread use of alternative fuels. Without the infrastructure to refuel vehicles, the program will not be viable.

Priority 8 – Educational Reimbursement – The Legislature has recently provided agencies with a tool to attract and retain skilled personnel through payment for educational loans and tuition. Failure by our agency to fund this program will result in missed opportunities to obtain and retain skilled personnel, when competing with other state agencies and the private sector. However to pay for this program without funding, the agency will have to reduce services or personnel, which is contrary to the intent of the legislation.

Priority 9 – Workstation Replacement – The agency's continued advancement in the use of sophisticated data base systems to manage its various missions requires a systematic program of work station replacement. Additionally, the agency executes training responsibilities for all state agencies which require up to date workstations. Many of our workstations are at the end of their useful life cycle, risking systems failure for our mission responsibilities and training support.

Priority 10 – Imaging Equipment – If funding is not available to purchase imaging equipment, DCS will not be able to participate with the Office of State Finance in streamlining the process of paying claims and financial accounting. Missed opportunities and savings will far exceed the cost of the imaging equipment. Additionally, DCS will miss the opportunity to reduce paper and storage cost.

Challenges / Roadblocks

- Agency is operating at the bare operational minimum with little flexibility to address critical emergencies due to building or mechanical failures or weather incurred damages.

- Agency will incur approximately $350,000.00 for employee's insurance payments, which will have to be taken from operational funds.

- Unexpected events will be funded from operational funds, i.e. J.D. McCarty repairs of $700k in FY-08. The agency is at risk of not being able to meet critical operations when future unexpected events occur.

- DCS needs legislative assistance to systematically address deferred maintenance needs in our Capitol facilities.

- DCS maintains the State of Oklahoma Capitol facilities, including two million square feet (2,000,000 sq ft) of office space in the Capitol complex. The budgetary costs for maintaining one-half of that space is appropriated directly to DCS by the Legislature annually. No funds are appropriated to maintain or repair on an annual basis, resulting in significant deferred maintenance issues.
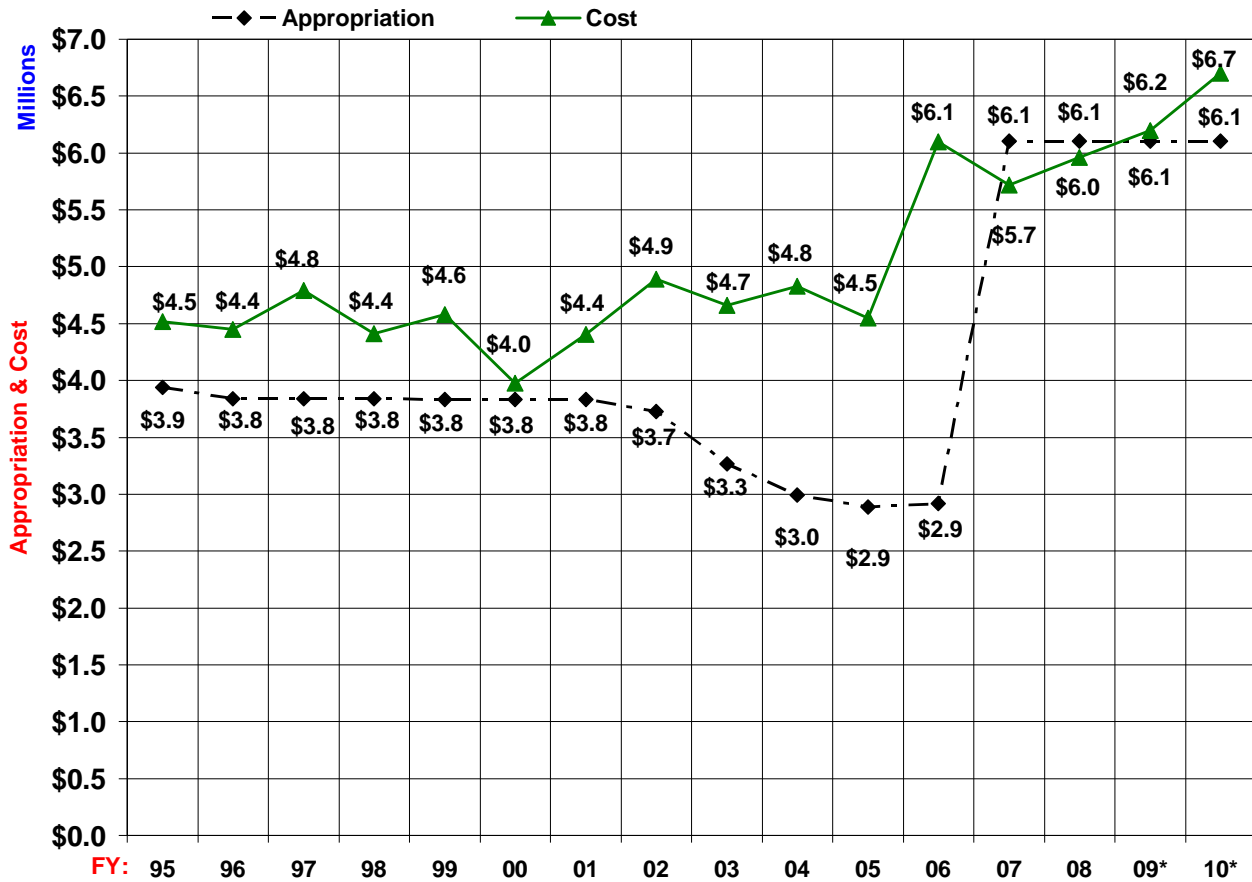
Figure 2 - Buildings Appropriation vs. Maintenance Cost (09 - FY2009 maintenance cost is an estimate)*

INFORMATION / TECHNOLOGY

Mission

Develop and deploy information technology that empowers the Department of Central Services to provide service to the State of Oklahoma.

Accomplishments / Initiatives

- Implemented an in-house developed employee time management system for the department.
- Deployed Fleet Management Calculator – Web-based application providing decision metrics for determining appropriate travel means for state employees.
- Deployed eFileCabinet – Web-based internal application for scanning, storing and organizing documents on a network server for DCS Finance Division.
- Integrated Fleet Management Calculator and FleetFocus data applications, fully streamlining auto leasing processes for state agencies.
- Implemented FacilityMax – Web-based application for Facilities Management
- Undergoing conversion of antiquated Domino applications addressing new safety standards and providing easier access to information for customers (14% of legacy Domino applications have been submitted to Ok.gov for conversion and upgrade)
- Finalized Agency network security project plan implementation – Includes upgraded firewall; Intrusion Detection / Prevention device and improved security and functionality for remote users.

- Investigating Blade Server system to replace current Agency servers – will reduce space and energy requirements for server room
- Investigating Virtual Server Applications – will eliminate need to purchase physical servers and further reduce space and energy requirements for server room

Key Performance Indicators

- Network - Uptime exceeds 99%
- Security:
- All viruses stopped at firewall or workstation level to prevent virus spreading
- Anti-Virus definitions updated on a daily basis
- Operating Systems updates received within 24 hours of release
- Applications
- Project schedules are determined within one week of completed request packet
- All projects completed to specifications and on schedule
- Operations Support
- 1-hour response time to requests for support
- 4-hour resolution time for all requests not requiring the purchasing of parts
- 2-hour resolution time once parts arrive

Challenges / Roadblocks

- 1:34 support ratio - 1 ISD employee supports 34 DCS employees. This compares to a support ratio of 1:22 in like-sized organizations within the state. Industry wide, an organization the size of DCS would have a support ratio of 1:18.
- Limitations on access rights to *PeopleSoft,* with which to integrate current and prospective systems.

AUDITING UNIT

Mission

Plan and perform audits in accordance with professional auditing standards to ensure that programs and contracts administered by the Department of Central Services are conducted in accordance with laws and regulations and used in an ethical, effective and efficient manner while limiting exposure to fraud, waste, mismanagement, or abuse.

Objectives

- Identify systemic issues with DCS administrated programs
- Assist State agencies in improvement of their DCS promulgated programs
- Effectively monitor agencies' compliance and procedures with DCS programs

Services

Auditors review compliance with the purchasing procedures, State Use laws, State Purchase Card procedures and adherence to and management of contract terms and conditions. When requested by the Director of Central Services, the auditors review and audit construction contracts for compliance with Title 61 of the Oklahoma Statutes. Based on findings from reviews and audits, the Director of Central Services may require retraining of a

State agency CPO, reduce the State agency acquisition competitive bid limit or transmit audit findings to the State Auditor and Inspector or Attorney General for further review.

Accomplishments / Initiatives

- Implemented an agency wide online fraud and abuse reporting system
- Enhanced our paperless auditing system
- Enhanced communication and working relationships with State agencies
- Provided resolution of identified issues
- Identified systemic issues in Published Purchase card procedures resulting in revised procedures published in January 2008
- Received reliable feedback from the agencies, related to ease of use, timeliness, accuracy, cost and choice

Key Performance Indicators

- Completed 26 auditing and monitoring projects in FY 2008
- FY 2008 P/Card audits indicating reduction in compliance issues with respect to P/Card management

Challenges / Roadblocks

- Procurement audits indicating need to update statutes and streamline rules and policies

FUNCTIONAL UNITS OVERVIEW

CENTRAL PRINTING AND INTERAGENCY MAIL DIVISION

Mission

Provide professional printing, mailing and distribution services to agency and governmental entities of the State of Oklahoma.

Objectives

- To provide best value printing and mail services to state, county and city governmental entities that exceeds customer expectations
- Effective business and marketing practices to ensure Central Printing and Interagency Mail operates on a sound financial basis
- An efficient processes management that optimizes CPIAM resources and reduces administrative and operating costs
- Promotion of accountability and opportunities for each CPIAM employee and effective management of CPIAM staff

Services

- Printing products and services:
- Graphic design and layout, single color through 4-color process printing, custom stationery, business cards, receipt books, newsletters, brochures, posters, books, forms, tabs, on-demand color printing, fulfillment services, application forms, certificates, notices, licenses, handbooks, large volume envelope printing and storage, renewal forms, large format/banner printing, variable data printing, collating, folding, booklet making, perfect binding, numbering, foiling, die cutting, coating
- Automated mailing with discounts through Central Printing's postal permit and barcode addressing, folding and inserting, presort Mail discounts for agency-provided US mail.
- Interagency Mail makes 160 stops a day by delivering and picking up the mail for state agencies. Interagency Mail meters first class, presorts, and issues postal permits for bulk mailing

Considered Services

Central Printing is constantly searching to find new and innovative services of benefit to its customers. Some services that are being considered are:

- Scanning and Archiving
- Large format/banner printing
- Variable data printing
- Satellite copy centers

Accomplishments / Initiatives

- Central Printing completed Phase I implementation of the new print management system that replaces the outdated AS400 based order/invoicing system. The new system has streamlined order entry and invoicing and is providing in-depth data access for: benchmarking, identifying profit/loss centers, as well as real time job tracking. Phase two of the new system, scheduled for completion by

July 1, 2009, will streamline print ordering for Central Printing's customers via a personalized, secure web portal.

- In FY08, actual expenditures were $120,000 less than budgeted and revenue exceeded estimations by $140,000.
- 4,300 print and mail jobs completed in FY08. Average price of each job: $430.00.

Key Performance Indicators

Central Printing	Job Requests	Job turn-around	Billing	Expenses
FY 2006	4,625	16 days	$1,634,256	$1,480,557
FY 2007	4,584	16 days	$1,641908	$1,449,604
FY 2008	4,300	16 days	$1,844,611	$1,630,267

Table 4 – Central Printing Performance

Interagency Mail	Delivered	Metered
FY 2006	713,637	1,114,577
FY 2007	1,118,773	1,450,942
FY 2008	1,489,970	1,395,271

Table 5 – Interagency Mail Performance

Challenges / Roadblocks

- Integrating state printing management, inclusive of a competitive private printing capacity and state operated printing operations.
- Assuring accurate data from Print Management System
- Integrating print procurement needs with procurement guidelines and laws
- Upgrading printing technology to remain cost effective
- Remaining viable within the trend to go paperless.
- "Green" or "Eco-friendly" technology costs

CENTRAL PURCHASING DIVISION

Mission

Provide leadership and services for innovative, responsive, and accountable public procurement by working in partnership with state agencies, local governments and suppliers to provide quality goods and services, striving to optimize taxpayer dollars while carefully monitoring and improving the use of our time, talent and resources.

Objectives

- Capture and quantify spend data for improved negotiation leverage
- Increase use of negotiations to improve cost effectiveness of contracts
- Improve Vendor performance monitoring and contract management procedures
- Provide consistent procurement services

- Leverage PeopleSoft functionality to move towards electronic commerce.
- Increase use of performance monitoring programs for contracting officers and vendors
- Minimize valid protests
- Increase knowledge of customer needs through commodity councils and customer surveys
- Increase communications to external users
- Increase resources available for training for external customers
- Increase procurement system user proficiency (internal and external)
- Provide opportunities for personal growth of staff

Services

As required by 74 O.S. § 85.3 and 85.4, the State Purchasing Director, under the supervision of the Director of Department of Central Services, has sole and exclusive authority and responsibility for all acquisitions used or consumed by State agencies. The Division is made up of the following branches and programs:

- Supplies/Operations Branch
- Technical/Services Branch
- Multi-State And Statewide Contracts Administration
- Training Support Program
- Customer Relations Program
- Vendor Registration Program
- State Use Program
- P-Card Program

Accomplishments / Initiatives

- Central Purchasing enlisted the assistance of a consulting firm to evaluate the entire Central Purchasing operation. Targeted for evaluation was State Purchasing statutes, rules, organizational structure, and skill sets of Central Purchasing employees. Central Purchasing expects changes in the organizational structure of the department, establishing performance metrics, enhanced contract management procedures, staff augmentation and an increased focus on statewide contracts.
- Central Purchasing is working in partnership with the OSF Core group to implement E-supplier and Strategic Sourcing that will facilitate moving forward with electronic commerce. E-supplier will provide our supplier base increased visibility from solicitation announcement to accounts payable information. Strategic Sourcing will allow for the electronic issuance of solicitations and electronic receipt of supplier responses.
- Continuing efforts to assist state suppliers in doing business with the State of Oklahoma by working with OBAN (Oklahoma Bid Assistance Network), and other organizations for various opportunities to speak directly to the business community.
- Increased communications and networking initiatives with other States for cooperative contracting opportunities.
- Modification of state statutes, which allows for electronic commerce and eliminates the need for two notarized non-collusion affidavits.
- Created and released a standardized solicitation package which has been adopted by Central Purchasing and made available for state agency use which will provide for more consistent supplier responses and ease of processing.

Key Performance Indicators

- The number of sustained protests benchmarked at 3 - 4 per year
- Agency vendor performance complaints

Vendor	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Complaints*	148	89	91	75	79	72	63
Valid Protests	3	3	3	3	4	3	3
Registered with the State	2988	2923	2299	2145	2272	2429	1959

Table 6 – Vendor Performance Indicators (Agencies' complaints about vendors)*

- Number of active commodity councils: 7
- Level of on-line vendor registration coupled with total number of registered vendors
- Increased use of the Purchase Card program by implementation of more flexible p-card legislation

Purchase Card	FY 2005	FY 2006	FY 2007	FY 2008*
Expenditures - State Agencies	$21 million	$26 million	$35 million	$41 million
Expenditures – Other Entities	$93 million	$95 million	$120 million	$127 million
Expenditures – Total	$114 million	$121 million	$155 million	$168 million
Rebate - State Agencies	$175,000	$228,000	$343,000	$420,000
Rebate – Other Entities	-	$1,047,000	$1,263,000	$1,270,000
Rebate – Total	$175,000	$1,275,000	$1,606,000	$1,690,000

Table 7 – P-Card Performance Indicators (Estimate)*

- Increased number of agency personnel trained and certified for certified purchasing officer positions

Training*	FY 2005	FY 2006	FY 2007	FY 2008
Agency Personnel	2323	2869	3040	3152

Table 8 – Training Performance Indicators (Agency training consisted of a variety of purchasing seminars, CPO classes, purchase card, travel and portal training) Decreased volume of low value purchase orders (POs) processed in CP, especially $0K-$25K POs, which allow CP personnel to focus more on high value and complex contracts.*

- Increasing share of volume of low value purchase orders (POs) processed in CP (54% volume vs. 3% of value in FY2008 for $0K-$25K POs) prevents CP's personnel from focusing more on high value and complex contracts (15% volume vs. 84% of value in FY2008 for over $100K POs)
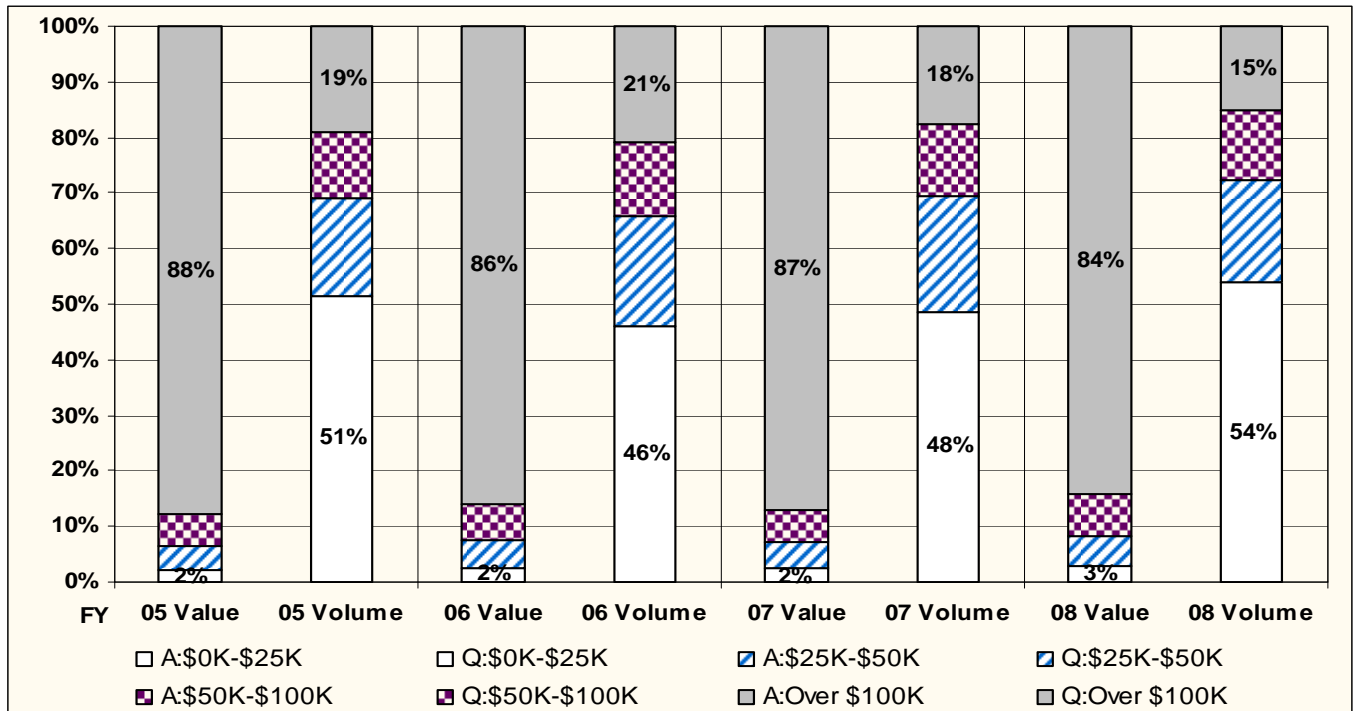

Figure 3 – Purchase Orders Performance Indicators

- Business with Minority and Small businesses in FY 2008
- POs issued to minority and small businesses – 6,956 (13.49% of all PO issued)
- P-Card purchases from minority and small businesses – around 100,000 transactions (almost 25% of all transactions)
- minority and small businesses registered with the state – 1,301 (69.3% of all 1877 businesses registered with the State)
- minority and small businesses that are registered with the state and subsequently conducted business with the state through POs cut – 503 (38.7% of 1301 minority and small businesses registered with the State or 53.6% of 939 minority and small businesses that received PO's)
- minority and small businesses that are registered with the state and subsequently conducted business with the state through P-Card transactions – 59 (4.5% of 1301 minority and small businesses registered with the State or 1.5% of about 4000 minority and small businesses that got business from the state through P-Card)

Challenges / Roadblocks

- Need legislation to revise current purchasing statutes for more effective procurement thresholds & practices
- Comprehensive tracking of spend data from People Soft, purchase card and agency data.
- Development of a more strategic procurement organization
- Challenge associated with implementing electronic procurement processes

- Continue to increase communication between agencies and Central Purchasing Division to improve procurement contracting
- Continue to work closely with State agencies and suppliers to assure that we are providing the best quality services and products available
- Agencies not fully exercising their spending authority distracts Central Purchasing focus on larger savings opportunities
- Increase participation of small and minority business in state contracts

CONSTRUCTION AND PROPERTIES DIVISION

Mission

Procure and administer design, construction and maintenance services to effectively support the facility needs of state agencies.

Vision

Construction and Properties will create a public procurement environment that allows each stakeholder – designers, contractors and using agencies – to excel at their respective roles.

Services

Construction and Properties (CAP) is responsible for design and construction of State facilities and has contractual authority to engage the services of architects, engineers and construction contractors (61 O.S.). The Director of Central Services appoints a State Construction Administrator (SCA) who supervises CAP. Oklahoma statutes require the Administrator to be either a licensed architect or registered professional engineer. The SCA sets policies and procedures as directed by statute and directs a team of professionals to assist state agencies in achieving their construction goals.

CAP Core Values

Communication:	CAP will provide clear instructions and set clear expectations for clients and vendors
Leadership:	CAP, by daily example, will be recognized and respected as the authority for public construction procurement
Accommodation:	CAP will remove real and perceived barriers that obstruct doing business with and within the State of Oklahoma
Professionalism:	CAP will maintain the highest standards for design and construction technologies
Accountability:	CAP will manage the Division's internal finances and the resources entrusted by state agencies, proactively and with specificity

Accomplishments / Initiatives

- CAP has completed its transition to a '*Fee for Service*' operation, stressing customer service and client satisfaction
- Improved financial position = Improved capacity and service to agencies
- Construction dollar-to-staff-ratio is now closer, but still short of the regional average - $10.5M. CAP = $12.5M (the higher the number, the greater workload)
- Improved organizational structure accomplishes 'more with less'

- Programs to streamline common procurement actions have increased efficiency and service to State Agencies; CAP has continued to add statewide purchasing contracts for minor services. Four new programs and 24 vendor contracts have been added in 2008
- Construction lawsuits, for the second consecutive year, were ZERO (0) in FY08
- There were ZERO (0) bid protests in FY08
- Continued to offer '*Doing Business with CAP* seminars for State Agency personnel - Two seminars during FY08, total of 310 agency representatives attended
- Time to complete procurement actions continues to improve - Example: for small contracts, the time from receipt of Agency Requisition to Contract Award has improved from 26 days in FY2006 to 10 days in FY2008.
- Fewer agency requisitions are rejected due to increased clarity of processes - In FY2006, 12% of agency requisitions were returned for correction or re-submittal. In FY2008, less than 1% of all requisitions needed correction.
- Improved public relations:
    - Agencies (clients) – general outreach and "Doing Business with CAP" seminars
    - Design and construction community – CAP Construction Advisory Council
- Expanded Services to Agencies
    - Predesign Services and Pre-Construction Planning – Accurately establishing needs, costs and expected outcomes
    - On-Call and IDIQ (Indefinite Delivery Indefinite Quantity) Services continue to expand in variety and usage – *Streamlined Service Acquisition*
    - Improved competitive bid process – Improved relations with bidders = more bidders
- Compliance with "Fair Pay Act" has reached 96% and improving
- Implementation of the "Design-Build" contracting process in FY08 to support the Oklahoma Military Department's Federal BRAC Program
- Advanced Procurement Methodology: CAP has retained the Performance Based Research Studies Group from Arizona State University to explore and implement "Best Value Procurement" for consultant and construction contracts. This methodology is designed to increase contract performance, accountability and reduce project costs.
- Shift in Division culture towards professionalism of the construction contracting staff.

Key Performance Indicators

- Project management work load (Table 9)
    - Dollar Volume/Number of Projects
    - Volume per employee
    - Volume per Project Manager
- Response Time within CAP – Agency Requests for Contract Awards (Table 10)

CAP Projects	FY 2006	FY 2007	FY 2008	FY 2009 (Projected)
Value	$200,000,000	$240,000,000	$350,000,000	$325,000,000
Contracts	736	521	680	650
Contracts/FTE	61	37	37	34
Contracts/Project Manager	147	87	97	97

Table 9 – CAP Projects Value and Volume

Time for Contract Award	FY 2007	FY2008	FY 2009 (Projected)	Goal
Small Projects (are not bid out)	12	10	8	5
Large Projects (for Bidding and Contract Award)	76	70	65	48

Table 10 – CAP Projects Time for Contract Award

Challenges / Roadblocks

- Ratio of Projects per Professional Staff has improved, but still deficient
  - Funding for additional staff has not been forthcoming
  - Must continue to improve efficiency of professional staff
  - Must continue to increase capacity of administrative staff by efficient procedures
  - In lieu of expanded professional staff, must set clear contract requirements and expectations for design consultants
- Implementation of 2008 HB3394, requiring development of high performance and sustainable construction standards for State projects
  - Limited professional expertise within Division, particularly energy engineering
  - Legislative mandate did not provide funding for program development
  - Must gain professional expertise, particularly energy engineering, from consultants and industry liaisons
  - Must educate current staff on sustainability issues
  - Many stakeholders involved with process: State, Higher Education and industry
- Collaborative, goal-oriented construction industry will require modernization of public procurement laws – must fully allow evolution of practices in a way that completely addresses public policy issues
  - Must implement 'Best Value' contracting
  - Must gain support of design and construction community for procedural changes

FLEET MANAGEMENT AND ALTERNATIVE FUELS

Mission

Provide economical motor vehicle services to State agencies including policy oversight, leasing, fueling, maintenance management, reporting, and educating, training and promoting alternative fuel usage in both the public and private sectors

Objectives

- Execute Generally Approved Accounting Principles (GAAP) and effective business practices to ensure Fleet Management provides cost-effective services on a continuous basis.
- Provide efficient fleet services that "enable" supported State agencies to meet their core missions.
- Provide accurate and consistent accounting of all state-owned motor vehicles, operational cost and utilization data.
- Effectively manage the life-cycle costing (purchase price plus operation and maintenance costs over the life cycle cost of the entire fleet of state-owned motor vehicles.
- Provide professional development opportunities for each Fleet Management and Alternative Fuels employee through a mission-driven, skill-based performance pay program.
- Manage Fleet Management and Alternative Fuels staff effectively using performance-based, data-driven fleet management programs and allocation statistics.

Finances	FM-FY2007	FM-FY2008	FM-FY2009	FM-FY2007	FM-FY2008	FM-FY2009
Budget	$8,176,500	$8,045,809	$7,469,993	$50,440	$85,121	$77,332
Expenditures	$6,836,218	$7,908,873	-	$50,470	$62,360	-

Table 11 – Fleet Management and Alternative Fuels Financial Performance

FLEET MANAGEMENT DIVISION

Services

The Division provides oversight and advice to State agencies that own, operate and utilize motor vehicles. It also administers the statewide fuel management program.

The State fleet, managed by the Division, includes passenger vehicles, minivans, full size vans, cargo vans, pickup trucks and box trucks that are available for rent on a daily or monthly basis averaging less than the State reimbursement rate.

Accomplishments / Initiatives

- Increased the involvement of the Motor Vehicle Advisory Council (MVAC) (all State agencies with statutory authority to own vehicles) in determining fleet policy and procedures focusing on developing statewide standards, policies and rules for vehicle acquisition, leasing, maintenance, repair and disposal by all state agencies. The council serves as a catalyst for change – and now, more than ever, is vital to the joint success of agency fleets across the state. The MVAC has been in existence since October 12, 2006.
- Commodity Management Group - Streamlined the processes involved in awarding the statewide contract for purchasing vehicles – with an eye toward fuel economy and alternative fuels capability. This year's statewide automobile contract has an alternative fuels option that crosses all vehicle types facilitating use of the contract by potential bidders to support the alternative fuels initiative. This group is formed from the membership of the MVAC.
- FY2007 - $42,802,479.00
- FY2008 (1st and 2d Qtr) - $27,287,137.12
- Maximus Fleet Focus M5 Expansion - DCS is offering advanced fleet management software and associated equipment to other state agencies interested in upgrading or updating their current fleet

operations management systems. The program's expansion is expected to create efficiencies in work order management, centralized maintenance and parts operations, and more coherent and cost-effective vehicle replacement policies by using state agencies. Expansion beyond DCS Fleet Management to state agencies authorized to own vehicles offered since October 2008.

- GPS initiative - pursuing installation of telematic or AVL (Automatic Vehicle Location) Equipment - Telematic equipment can best be described as a "black box" for vehicles. Telematic equipment monitors vehicle performance and driver behavior. The telematic equipment is contained in one device about the size of a CD player connected to the vehicle's onboard diagnostic computer OBD-II and transmits information via mobile communications networks back to a central hub. An integrated GPS interface also allows the vehicle's location to be determined and tracked.

- Comprehensive and Collision Insurance Coverage – since August 13th, 2008, vehicles owned by DCS receive additional comprehensive and collision insurance coverage. Cost for the additional insurance coverage is approximately $100 per vehicle per year. Deductibles have been set at $2,500, limiting vehicle loss rates and providing agencies predictability in creating their annual budgets.

- Rate Initiatives – DCS has developed several mileage plans to provide maximum flexibility to agencies based on their missions. These rate plans are going to be implemented July 2009.

- Increase in Rural Alternative Fuels Service Stations – DCS is submitting a request for appropriated funding for the development of increased alternative fuel infrastructure to be located in rural areas currently not supported by private or state-owned alternative fueling stations. These locations would be unattended and open to both public and state use vehicles.

- Comdata Fuel Card - The statewide automated fleet fueling management contract continues to provide notable benefits to the state's vehicle fleets. Comdata provides the state with expansive acceptability throughout Oklahoma and neighboring states at any fuel location that accepts MasterCard® as a payment method for fuel or maintenance. This acceptability provides for a single-card use system to purchase fuel and automotive maintenance services at local or state-owned facilities, marinas, airports, and other mobile locations.

- Statewide Rental Car Contract -To combat increasing fuel prices and meet existing statutory requirements, a statewide rental car contract was awarded to Enterprise Rent-A-Car®. As a concurrent and complimentary initiative, a web-based application was created to compare and select the most cost-effective mode of travel for state employees. Heretofore agencies were limited to leasing a state vehicle, or authorizing state employees to request mileage reimbursement while driving their personal vehicle on state business. The "Trip Calculator" comparative web tool became available on the DCS/Fleet web site (www.dcs.ok.gov) in October, 2007. Enterprise Rent-A-Car® has over 44 locations throughout the State of Oklahoma and over 6,000 locations nationwide.

Key Performance Indicators

- Increase customer base and vehicle rentals.

Key Data	FY 2005	FY 2006	FY 2007	FY 2008
Number of vehicles in DCS Fleet	909	1,050	947	926
Average maintenance cost for DCS vehicle*	$461	$597	$630	$631

*Table 12 - DCS Motor Pool Statistics (*During FY 2008 automotive parts, supplies, and petroleum byproducts such as tires, lubrications, antifreeze, seals continued to increase concurrent with crude oil price increases.)*

- Maintain vehicle rental rates at a cost less than private rental companies and mileage reimbursement rates for use of an employee's personal vehicle.
  During FY-08 DCS Fleet Management leased rates (cost per mile) continued to be extremely cost-efficient in comparison to the IRS and State approved mileage reimbursement rates (FY07 – 48.5 cents; FY08 – 50.5 cents; and FY09 – 58.5 cents per mile). DCS lease rates include vehicle administration, fuel, maintenance, wrecker service, insurance, and depreciation (total life cycle costs).

Vehicle Type	Cost Per Mile (¢)
Compact Sedan	.32
Midsize Sedan	.39
Mini-van (passenger)	.42
Mini-van (cargo)	.42
Pick-up	.42
Maxi-van (cargo)	.44
Box-truck (cargo)	.63
Maxi-van (passenger)	.66

Table 13 - DCS Lease Rates (*During FY 2008 lease rates continued to provide a cost savings to State agencies over the IRS and State approved mileage reimbursement rate.)

- Fleet Statistics (General)
- State owned light vehicles (minus higher education) 7480 (includes alt fuel vehicles)
- DCS owned light vehicles 926 (includes alt fuel vehicles)
- Miles driven State fleet annually + 105 million
- Miles driven DCS fleet annually + 15 million
- Value of State fleet (replacement price) + $210 million
- Value of DCS fleet (replacement price) + $20 million

- Vehicles Owned by Agency

Agency	Total Vehicles FY 07	Home to Work	Driven <12K miles	Total Vehicles FY 08	Home to Work	Driven <12K miles
025 Military Dept.	89	1	59	96	1	77
030 ABLE Comm.	39	35	14	21	40	7
039 Boll Weevil	0	0	0	19	0	25
040 Agriculture	1,279	0	26	289	0	27
125 Mines	12	0	4	11	0	4
131 Corrections	1,086	0	852	871	0	856
204 J.M Davis Memorial	1	0	1	1	0	1
220 Dist. Attorney Council	81	6	44	61	4	40
265 Education	3	0	3	3	0	4
266 OETA	0	0	0	0	0	0
292 DEQ	1	0	1	1	0	1
308 OSBI	215	202	100	173	173	84
309 Emergency Mgt.	3	0	3	1	0	3
320 Wildlife Conservation	318	0	43	325	0	59
340 Health	4	0	3	4	0	3
345 ODOT*	1,480	0	0	1554	0	0
350 Historical Society	9	0	9	9	0	11
390 CompSource	5	0	3	4	0	3
400 OJA	129	0	52	110	0	47
415 CLEET	14	0	14	14	0	16
452 ODMHSAS	290	0	169	234	0	266
477 OBN	80	0	13	78	0	41
566 Tourism	396	0	199	321	0	260
568 Scenic River Comm.	7	0	7	7	0	9
580 DCS	947	75	379	926	75	371
585 DPS*	1,299	0	0	1,259	0	0
605 OHRE	16	0	13	8	0	9
606 Ardmore Hi Ed Center	1	0	1	1	0	1
645 Conservation	8	0	2	7	0	4
650 Veterans Affairs	81	0	42	70	0	63
670 J.D McCarty Center	8	0	8	7	0	9
695 Tax Commission	7	0	7	6	0	7
800 Career and Tech.	15	0	15	11	0	14
805 Rehab. Services	40	0	27	35	0	30
830 DHS	418	0	126	376	0	182
835 Water Resources	37	0	13	25	0	5
880 Will Rogers Comm.	3	0	3	3	0	3
978 Transportation Auth.	320	0	120	319	0	115
980 Grand River Dam Auth.	218	0	110	215	0	102
981 Municipal Power Auth.	6	0	2	5	0	2
999 Higher Education*	0	0	0	0	0	0
Total	8,965	319	2,487	7,480	293	2,761

*Table 14 – State-owned vehicles by agency (*Agencies statutorily exempted from reporting to DCS. Total vehicles owned increased slightly as agencies prepped vehicles for surplus. Concurrently, vehicles surplused prior to the end of the FY coupled with increased fuel pricing contributed to the vehicle utilization statistics decreasing.)*

Challenges / Roadblocks

- Rising fuel prices and associated increases in automotive parts and supplies due to higher transportation costs and oil byproducts. DCS Fleet Management maintained rental rates lower than private vehicle rental and mileage reimbursement even with higher fuel prices during FY-08.

ALTERNATIVE FUELS PROGRAM

Services

In 1990, the Legislature passed the Oklahoma Alternative Fuels Conversion Act creating a revolving fund to assist governmental entities with zero interest funding for conversion of vehicles to alternative fuels and installation of refueling facilities. The Committee of Alternative Fuels Technician Examiners has the responsibility of training and certification of alternative fuel technicians and natural gas vehicle conversion companies.

Accomplishments / Initiatives

- DCS continues to meet the federal mandate for replacement with alternative fuels capable vehicles within the State. 10 CFR Part 490, The Alternative Fuel Transportation Program, began in 1997 with 30% replacement increasing to 75% by 2000. State has exceeded the mandate requirement in past years and have 240 Banked Credits that can be used in the event the State could not meet the replacement mandate in the future.

- The Committee of Alternative Fuels Technician Examiners has the responsibility of administering the examinations of applicants for certification as alternative fuels equipment technicians, certification of alternative fuels equipment technicians and advising the Department of Central Services on matters relating to a training program that ensures the health and safety of the citizens of this state.

- In FY08, CNG vehicles were not available on the statewide contract. In FY08, 166 flex-fuel vehicles were purchased by DCS.

- The FY09 replacement target for DCS includes 30 CNG vehicles and as many flex-fuel vehicles as are available on the statewide auto contract. Historically, flex-fuel pricing for available models on the statewide auto contract has been comparable to non flex-fuel vehicles models available on the same contract.

Key Performance Indicators

Alt Fuel Product	New in FY 07	New in FY 08	Cumulative since 1990
CNG	8	22	110
Hybrid Electric	0	0	10
LPG	1	2	93
Grand Total	9	24	213

Table 15 – Number of alternative fuel technicians in Oklahoma

Number of Vehicles	Owner		Total
Alt Fuel Product	DCS	State	
CNG	7	3	10
E85 (flex-fuel)	265	149	414
Hybrid Electric	2	0	2
LPG	0	2	2
Grand Total	274	154	428

Table 16 – Number of alternative fuel vehicles utilized by the State of Oklahoma

Challenges / Roadblocks

- Lack of availability of alternative fuel infrastructure (fueling/charging stations) in the State of Oklahoma
- Limited availability of Environmental Protection Agency (EPA) approved alternative fuels engine conversion kits.

OFFICE OF FACILITIES MANAGEMENT

Mission

Provide quality work environments to our customers

Objectives

- Provide safe and efficient office facilities for State agency programs
- Apply statutes, rules and policies consistently and fairly
- Develop and maintain sound financial systems and practices to support Office of Facilities and Management's (OFM's) services by ensuring accurate and accountable financial performance
- Fulfill the operational and financial requirements of our state agency customers by use of good business practices
- Maintain a comprehensive inventory of state owned real property
- Manage OFM staff effectively

FACILITIES MANAGEMENT

Mission

Provide a safe, comfortable workspace for our tenants and guests through quality facilities and responsive service

Services

The Facilities Management Division directs management, operations and maintenance of 2.1 million square feet of space in sixteen (16) major State buildings valued at $420 million. Primary buildings include the State Capitol, Governor's Mansion and the office buildings in the Capitol Complex and Tulsa.

Accomplishments / Initiatives

- Benham Engineering has completed the groundwater and storm sewer analysis and has identified drainage issues and their effects on the area building structural issues in the ODOT building, Thorpe building, Denver Davison building and Attorney General building (West Campus). The final report includes a summary of identified issues, their causes, proposed remedies and engineer's estimate of construction costs for the proposed remedies.
- Established an Energy Management Program to reduce the cost and environmental impact of the DCS buildings by advancing energy efficiency and water conservation, promoting the use of distributed and renewable energy and improving utility management decisions in DCS operated buildings.
- Facilities are continuing to retrofit fluorescent light fixtures with energy efficient fixtures and install occupancy sensors in offices.

- Installed deduct meters on all cooling towers in Capitol Complex buildings this will save DCS an estimated $46,500 a year which offset the increase in water cost.

- Installed 200 low flow urinals estimated savings of 1,000,000 gallons.

- Saved $50,464 in natural gas cost by using Commissioners of the Land Office as third party provider.

- Completed 57 capital improvement projects costing $6,842,153

- Facilities Management is in the process of implementing MAXIMUS FacilitiesMax facilities management software which provides a holistic view of DCS' assets and assists in the management of the interrelationships between those assets in order to minimize total costs of ownership while maximizing availability, utilization, and effectiveness. This integrated software allows DCS to consider the overall life cycle of its facilities, from planning, design and construction to ongoing operations and maintenance to capital asset management and facility renewal. Capturing and maintaining accurate data on infrastructure assets, their disposition and their cost can promote substantial and measurable cost savings. The software includes automatic facilities condition indexing, inflation capabilities, cash flow, and budgeting tools.

- DCS selected 2 energy service companies (ESCO) to provide technical energy audits of Capitol Complex. ESCO will identify and evaluate energy-saving opportunities and then recommend a package of improvements to be paid for through savings. ESCO will guarantee that savings meet or exceed annual payments to cover all project costs - usually over a contract term of seven to 15 years. If savings do not materialize, ESCO pays the difference, not the customer. To ensure savings, ESCO offers staff training and long-term maintenance services. Many types of building improvements can be funded through agencies' existing budgets - new lighting technologies, boilers and chillers, and energy management controls, to name a few. ESCO provides:
    - <u>Better Buildings</u> - higher-quality systems, fewer breakdowns and reduced maintenance
    - <u>A Wise Investment</u> - funds redirection into investments in buildings
    - <u>Improvements without Sacrifice</u> - comprehensive approach that optimizes benefits
    - <u>Cost Savings</u> - energy savings of 15 to 35% and also long-term maintenance costs reduction
    - <u>Proven Technology and Expertise</u> - widely accepted and reliable way to make energy improvements
    - <u>One-Stop Shopping</u> - streamlined approach with a single contract

Key Performance Indicators

Buildings Maintenance	*FY 2006*	*FY 2007*	*FY 2008*
Number of Custodial Service Complaints	156	284	52
Number of Service Complaints	12	8	6
Major Systems Down Longer Than 2 Hours	11	30	31

Table 17 – Facilities Maintenance

Challenges / Roadblocks

The state government must increase its commitment to fund the maintenance of its facilities. Unpredictable funding impacts planning and leads to "hills and valleys" of maintenance funding. The absence of a reliable funding stream for major life-cycle replacements, equipment upgrades, and renovations is a huge obstacle to maintaining and improving the condition of the State's real property assets. Failing to fund an intentionally reliable plan, which

addresses reducing the deferred maintenance backlog and life-cycle placements, will cause buildings' value to decline.

Priority	Cost
Replace Capitol chilled water line for well & cooling tower	756,000
Replace Capitol Cooling tower	288,711
Capitol south plaza re-grouting and repair	275,000
Replace Denver Davison boiler draft stack	64,556
Library lighting and lighting control upgrade	442,440
Replace Library air damper system & install controls	75,000
Update controls in Denver Davison	750,000
Replace Denver Davison cooling tower	210,000
Tuckpoint Mansion	65,000
Replace Library boiler and humidity control	200,000
Roof Replacement	68,949
Replace boiler	36,000
Waterproof tunnels	1,500,000
Total current priority projects cancelled (this is not an all-inclusive list)	*$4,731,656*

Table 18 – Facilities Unfunded Priority Events

STATE LEASING

Mission

Assists state agencies in accomplishing their missions by providing essential real estate services through uniform leasing and space standards, detailed space evaluations, centralized management of real property transactions, uniformity in contractual terms, favorable and economical rental rates, and agency staff training.

Services

The State Leasing office seeks to assist our client agencies in the performance of their mission by:

- Assigning space in state-owned or leasing from the private sector.
- Authorizing the amount of space to be acquired by state agencies and executing leasing contracts on behalf of state agencies.
- Assisting the client agencies in completing the required forms.
- Providing expertise in serving the unique real estate needs of state government leasing various types of space including industrial, storage, parking, hangar, boat slips, etc.
- Providing expertise in property management, lease terms and conditions, and market rate information to the agencies we serve.
- Providing information and encouraging the real estate community to do business with the State of Oklahoma.

- Maintaining a computerized database of leased and owned real property for the approximately 4 million square feet occupied by state agencies.
- Providing a single communication point for all state agencies and the real estate community regarding: leased space; state owned space; space standards; lease terms and conditions; rental rates; and contract expectations.
- Striving to be responsible and timely in our customer service to state agencies and the landlords who do business with us.

Accomplishments / Initiatives

- Successfully maintained below market rental rates for leased space.
- Maintained a strong reputation of credibility with the real estate community.
- Developed the Active Space Request listing on the DCS website to be used by state agencies, Oklahoma State Finance (OSF) for possible data line relocations, and the private sector real estate brokers to inform them of current state space needs.
- Decreased the processing time for purchase order approval.
- Approved approximately 29 million dollars in funding lease agreements (processed $29M in state leasing contracts)
- Approved 51 new lease agreements and successfully negotiated $157,009.36 in new lease rental rates in FY08.
- Trained six state agencies in State Leasing Procedures.
- Reduced the amount of file storage space by scanning contracts and purchase orders versus keeping a hard copy.

Key Performance Indicators

- Negotiated and maintained office rental rates at or below current private market rates
- Increased the number of Hits to the "Active Space Request" listing.

Measure	Goal	Result in FY08
Maintain leased rental rate below market	OKC Average Rate: $13.92	Avg. Leased Rate: $10.29
	Tulsa Average Rate: $12.78	Avg. Leased Rate: $12.31
Number of Hits - Active Space Request List	200 Hits	1631 Hits
Purchase Order Approval Turnaround	1 week or less (previously 2 weeks)	Averaged 5 days

Table 19 – State Leasing Performance

Challenges / Roadblocks

- Ability to locate office space around the State Capitol.
  Objective: State to build more buildings in Lincoln Renaissance development area.
- Insufficient office space inventory.
  Objective: State to build more buildings in Lincoln Renaissance development area.
- Lack of staff to develop and implement strategic long term plans for space:
  Objective: Achieve funding for additional staff person.

REAL PROPERTY SERVICES

Mission

Support and assist customers with centralized real estate transaction services while supplying comprehensive real property records through continued development and maintenance of a real property inventory database.

Services

- Maintain database of state-owned real property including surface leased premises and easement data.
- Administer, review/approve and execute contracts for acquisition, disposal, surface leasing and the granting of easements for requesting agencies.
- Educate agencies, organizations and individuals on the proper procedures to be used when executing real property transactions.
- Coordinate directly with agency liaisons to obtain/verify ownership data for state-owned real property.
- Evaluate surplus state-owned real property for alternate uses.

Accomplishments / Initiatives

- Reviewed and approved $2,988,000 in acquisitions and disposals in FY 08.
- Completed land planning analysis of real property acquisitions acquired for the Lincoln Renaissance Project.
- Completed verification process of real property data records for Oklahoma Department of Wildlife Conservation, Oklahoma Tourism and Recreation Department, Oklahoma Capitol Improvement Authority, Oklahoma Department of Corrections, Oklahoma State Bureau of Investigation, and Oklahoma Department of Human Services.
- Clarifying and simplifying the processing of real property transactions.
- Prepared to develop rules for Real Property Services.

Key Performance Indicators

- Increase surface lease and easement contract values to current market values.
- 100% completion of verification process for state-owned real property database.
- Publish and implement rules for Real Property Services business.

Measure	Goal	Result in FY 08
Increase values of surface leases and easements.	25% increase of value	0% *
# of state-owned properties in database verified.	100%	65%
Publish and implement rules for RPS services.	100%	20%

Table 20 - State Leasing Performance (Easements involving monetary consideration were not executed during FY 08. Two surface leases were bid at the same rate as FY 05.)*

Challenges / Roadblocks

- Inconsistencies in language of state laws regarding state agency responsibilities for real property transactions.
  Objective: Clarify language in statutes and publish rules.

- Agencies often don't file ownership documents with DCS when real property transactions are executed thus rendering the real property database out-of-date.
  Objective: Educate and promote notification through DCS policy and rules.

- Availability of funding to develop and implement a statewide program to identify, review and obtain each counties official land records as they pertain to state-owned real property.
  Objective: Achieve as staffing will allow.

PROPERTY REUTILIZATION

Mission

Procure excess federal property targeted to the needs of agencies and political subdivisions of Oklahoma, and dispose of excess state property through use of best resale/auction programs.

Objectives

- Maintain sound financial systems and practices to support Property Reutilization (PR's) services by ensuring accurate and accountable financial performance
- Provide effective and efficient services through collegial and productive relationships with all external customers
- Maintain an efficient processes management that optimizes PR resources and reduces administrative and operating costs
- Provide growth opportunities for each PR employee
- Manage PR staff efficiently

Services

Federal Property Distribution

The program operates pursuant to State and Federal regulations and an approved State Plan of Operation. The program acquires and distributes excess and surplus Federal property and acts as a reseller of used Federal vehicles to eligible entities, known as donees. Donees consist of governmental entities, schools, qualified not-for-profit groups and other groups authorized to participate in the program by Federal regulations. Program funds come from a service charge, ranging from five percent (5%) to twenty percent (20%), of the original government acquisition cost for excess and surplus property. The program purchases used Federal vehicles for resale and adds a service charge to the purchase price to establish a sale price to donees. The program receives no appropriated funds.

State Surplus Property

The program receives surplus property of all types from State agencies and redistributes it to authorized entities. Surplus vehicles are received from State agencies, colleges and universities and political subdivisions. Authorized entities include state agencies, political subdivisions, schools, non-profit entities and eligible senior citizen centers. The program conducts monthly auctions that are open to the public as well as online electronic auctions. The program is self-funded through redistribution and sales fees and receives no appropriated funds.

Accomplishments / Initiatives indicate current status and use of 1033 and 1122 Programs

- Donated over $13,683,489.88 GAC (Government Acquisition Cost) of Federal Property for $1,829,679.84 million.
- Continue to obtain FEMA trailers and other items for the benefit of Oklahoma taxpayers. 315 travel trailers & 149 mobile homes. The division is currently seeking to receive and additional 387 mobile homes and 149 travel trailers for authorized Oklahoma entities.
- Improved DCS developed auction software for the public auction and daily sales processes. It has made auctions more efficient, provides accountability and requires fewer personnel.
- Daily sales to non-profit entities increased by 103%; online auction sales increased 38%; and public auction sales increased by 5% in FY08.
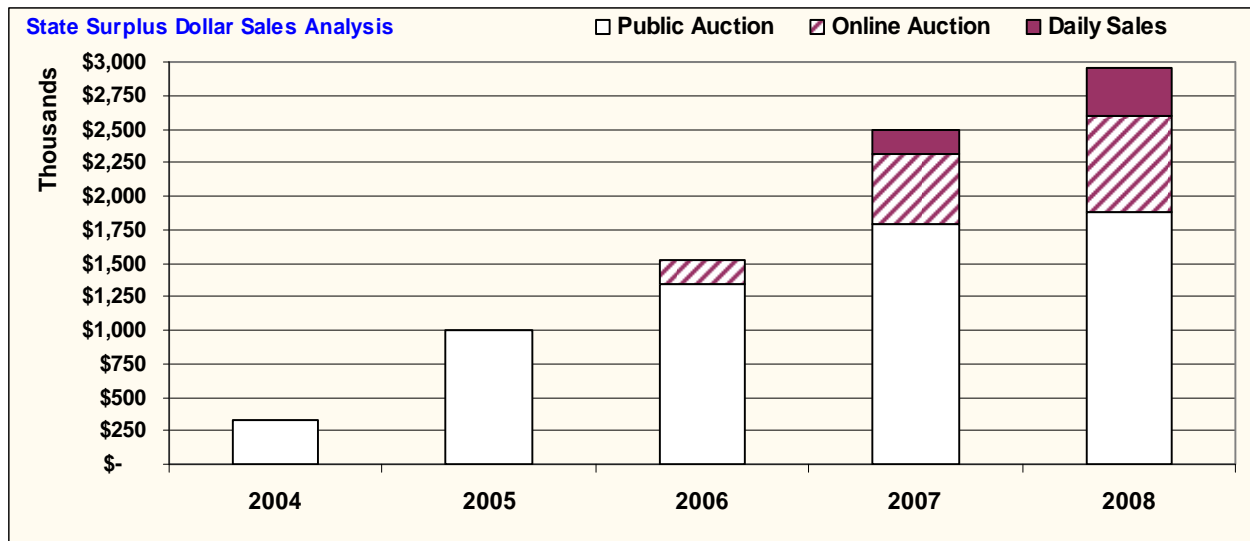

Figure 4 – Sales Information

Key Performance Indicators

- Increased number of donees from 89 to 98 for 1033 Law Enforcement Program (49 in FY2006)
- Increased number of active donees in the donation program from 1,080 to 1140 in FY2008 (629 in FY 2006)
- Donated property in 76 counties - Goal is to donate property in all 77 counties
- Number of registered bidders with the online auction – 6,774
- Revenue returned to other State Agencies from auctions of vehicles, large equipment and scrap metal: $1.9M in FY2008, $1.6M in FY 2007, and 1.2M in FY 2006
- Business with other governmental entities: items sold to 196 (152 in FY 2007) other governmental and qualified entities which includes private and public schools, police departments, fire departments, higher education, counties/cities/towns, hospitals and non-profits.

Challenges / Roadblocks

- Rerouting of I-40 reduces State Surplus parking space available for surplus vehicle lots and bidders to park their vehicles
- Marketing our programs: auction, donation, resale, 1033 and 1122 Programs
- Obtaining more excess travel and mobile home trailers and other FEMA items for our donees
- Expanding 1122 Program
- Increasing disposal fees and transportation costs
- Encouraging other State agencies to use our cost-effective programs and discourage them from duplicating services
- Making surplus property disposal easier for agencies (resources to account for and move property)
- Obtain authority for DCS to purchase industrial facilities for surplus operations using lease purchase agreement with existing revenue streams.

RISK MANAGEMENT DIVISION

Mission

To provide professional Risk Management (RM) services by supporting and building partnerships with all entities including claimants and vendors as provided by law.

Objectives

- To provide Risk Management services to all state entities and other entities provided by law
- To stabilize and lower insurance cost for the State of Oklahoma
- To manage the Risk Management Division budget efficiently and effectively
- To have Total Continuous Improvement (TCI) in Risk Management Division processes
- To provide opportunities for personal growth for RM staff

Services

The Risk Management Division (RM) administers a professional risk management program that provides liability and property insurance for State entities through commercial insurance lines and self-insurance (74 O.S., § 85.58A et seq.) The Division directs insurance programs for State agencies, higher education, fire departments, motor license agents and employees, conservation districts and foster family homes.

The Risk Management Division strives to maximize expense control for the State by utilizing programs commonly found in major corporations including taking advantage of economies of scale afforded large insurance programs These programs include: risk assessment, loss prevention, and loss control, risk transfer, (including contractual risk transfer), insurance, self-insurance, claims management and training.

The Division consults with and provides advice to customers engaging both internal and outsourced program controls. It works closely with all customers to protect customer interests. Using internal allocation models proposed by an actuary, the Division equitably distributes premium expense based upon customer loss exposure and actual loss experience. The Division seeks to bring discipline, responsibility, and accountability for risk management issues under the control of each state agency to reduce or prevent losses.

Accomplishments / Initiatives

- Risk Management Information System (RMIS) successfully implemented and operational. Division personnel currently working through a learning curve.
    - Claims management reflects significant improvement in the maintenance and access of claim data and response time to customer service needs relative to claim filings, inquiries, and resolution.
    - Other productivity improvements are occurring as related to insurance survey responses, property updates, commercial insurance claim reporting, communication of underwriting information, and attorney communications.
- Potential data management enhancements providing for Web-based interface with the RMIS are being explored and viability evaluated.
    - Submittal of updated property values.
    - Submittal of incident report and scope of duties forms.
    - Electronic filing of claims.
- RM educational seminar series and presentations continue to grow. Thirty-Five (35) formal seminars and requested presentations were held in FY2008. Additional courses are being developed for inclusion in the HRDD schedule.
- Four (4) RM seminars scheduled across the State during the FY.
- Fine Arts insurance program for State fine arts collections and rare book collections continues to grow. Estimated values at present in excess of $2.0 billion (excludes Historical Society collections).
- Lowered state entity property premiums due to lower than expected historical loss projections (Excludes NEO A&M loss which followed loss projection cutoff).
- After initial denial of flood coverage in excess of a $5 million sub-limit, Risk Management prevailed in its position that the $5 million sub-limit for Zone A flood coverage did not apply to the NEO A&M property loss. On June 8, 2008 carriers conceded to the State's position that full flood coverage applies.
- Lowered state entity tort premiums due to lower than expected historical loss projections.
- RM has reduced costs for state entities over the past four (4) years by $8.5 million provided in the form of premium credits.
- Implemented and completed Flood Zone Determinations project on State buildings. Initial research identified 37 agencies as having properties within the 100 year Flood Zone.
- Implemented and completed appraisals of twenty (20) State buildings.
- Expanded Auto Physical Damage Program coverage, beyond Specialty Vehicles only, to include passenger vehicles.
    - A Higher Education Institution added 19 vehicles to program.
    - DCS Fleet Management added 821 vehicles to program.
    - Insured values increased from $11.3 million in FY2008 to $25.0 million in FY2009.

Key Performance Indicators

Measure	Goal	Result
Performance satisfaction survey results	> 90%	95% (Combined Excellent and Good ratings)
# of risk control inspections and visits per year	100	116
# of educational programs per year (seminars held)	4*	6
Renewal insurance rates compared to previous year insurance rates	below 10% increase	Property rate decreased 1.3%
		D&O rate change: 11.2% decrease
		Renewal of other lines of coverage remained relatively flat.
Cost of risk compared to previous year rate. (Cost per $1,000 of Revenue)	below 10% increase	State's cost of risk (rate) in comparison to itself is as follows: FY 05: $0.99/$1000 of revenue; FY 06: $0.84/$1000 of revenue (15.2% down) FY 07: $0.81/$1000 of revenue (3.6% down) FY 08: $0.73/$1000 of revenue (9.9% down)

*Table 21 – Risk Management Performance (*1 Annual Seminar; 1 D&O/ELL/EPL Seminar; 2 HRDD Safety Seminars)*
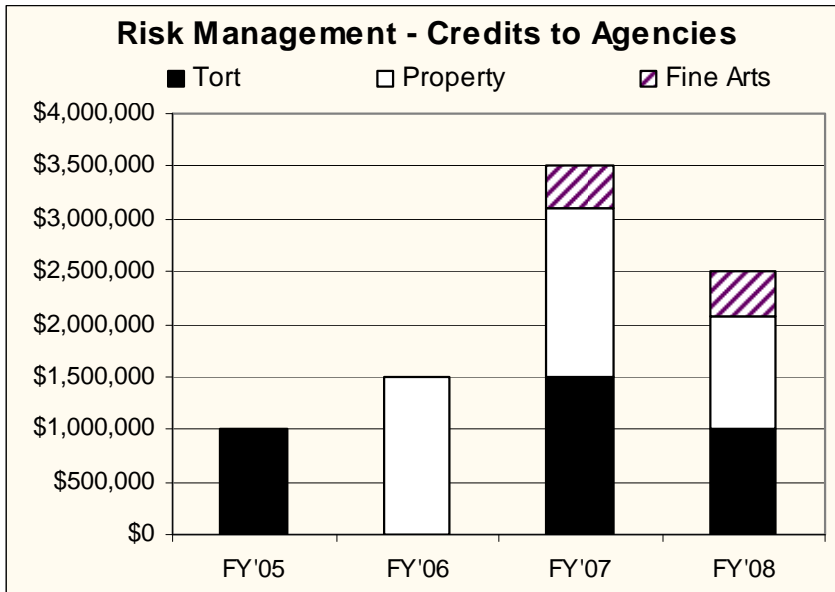

Figure 5 –Risk Management Credits to Agencies

Challenges / Roadblocks

- **Roadblock:** Commercial insurance marketplace; catastrophic losses and Loss experience; market coverage and availability
- Challenge: Explore all possible markets, build larger programs, and to extent possible leverage program marketing.
- **Roadblock:** Lack of commitment to Risk Control and low risk perception by State entities.
- Challenge: Current D&O/ELL model does not provide incentive for risk control activities to prevent losses. Current model will change for FY 2009 to an experience based model similar to the Tort and Vehicle models.
- Challenge: Review RM structure throughout the State and target training where most needed.
- **Roadblock:** Potential lack of flood insurance coverage for two (2) Fire Districts.
- Challenge: Assist Fire Districts in obtaining flood insurance through NFIP (National Flood Insurance Program).
- **Roadblock:** Financial impact of new Legislation.
- Challenge: Identification of exposures associated with SB930 and HB2863.
- **Roadblock:** Failure to report property value changes in a timely manner.
- Challenge: Educating Agencies on the possible negative impact on property policy renewals.
- Challenge: Educating Agencies on the possible negative impact on recovery of a loss.
- **Roadblock:** Identification of all State property within flood zones.
- Challenge: Educating Agencies on importance of reporting correct address and zip code on each property.
- Challenge: Educating Agencies on how correct address and zip code can impact property policy renewals and premiums.

ADMINISTRATIVELY SUPPORTED AGENCIES

OKLAHOMA CAPITOL IMPROVEMENT AUTHORITY

Services

The Oklahoma Capitol Improvement Authority ("OCIA" or the "Authority") is authorized to issue bonds, notes or other obligations to finance construction of buildings or other facilities for the State of Oklahoma, its departments and agencies. OCIA may also issue refunding bonds to refinance its existing obligations, if economically feasible. Powers and duties of OCIA are set out in its enabling statutes at Title 73, Oklahoma Statutes, Section 151 et seq. OCIA exists to finance, construct and provide adequate and suitable office space and other needed facilities for departments and agencies of State government.

In addition, OCIA helps provide financing for highway infrastructure for continued economic development in the State. Its enabling laws allow OCIA to purchase land, and to erect, maintain and operate buildings for the use of State and federal agencies. Such improvements are generally financed through issuance of long-term OCIA obligations, which are in turn retired by rental payments made by agencies occupying the facilities. Members of the OCIA governing board are determined by statute.

Accomplishments / Initiatives

- An independent audit of financial records was commenced and completed with an unqualified report issued.
- Full staffing for FY 2008 was accomplished, assisting the effort to establish complete processes and procedures within the new administrative group. However, the volume of debt instruments and projects to be managed will be a challenge for the fiscal year.
- Monthly financial statements are now routinely produced.

Key Performance Indicators

- Numerous debt schedules have been prepared and distributed to all agencies and regents for higher education with payment schedules as required on time.
- All bond closings were completed as scheduled.
- Continued improvement in the time required to pay contractors on projects funded by OCIA bonding was achieved.

Challenges / Roadblocks

- Continued increases in construction cost impacts accuracy of initial design and cost estimation
- Ensuring accurate estimates of construction costs for OCIA bonded projects prior to approval
- Funding for projects under construction

Properly estimating the cost of construction projects is a significant challenge which if not addressed, will continue to result in insufficient funding of OCIA projects and require supplemental bonding or other funding to finish projects and add unnecessary delay costs. Legislation passed in 2008 now requires pre-design services, which will include a complete scope of the project and professional estimation of its costs, prior to funding decisions. Our challenge is to appropriately implement these requirements in policy and implement.

PUBLIC EMPLOYEES RELATIONS BOARD

Mission

To act as the neutral party between eligible municipal employees, police and fire department members, their collective bargaining representatives and municipal employers to ensure the protection of all employment terms and conditions afforded such employees by law.

Objectives

To expeditiously and effectively carry out the intent of the legislature by holding ethical, trustworthy certification elections for the purpose of collective bargaining; and, to coordinate and act as a neutral representative on behalf of the State to hear and decide alleged unfair labor practice charges filed by employees protected by the laws administered by PERB.

Services

PERB schedules and coordinates elections for fire and police departments desiring collective bargaining representation pursuant to the Fire and Police Arbitration Act (FPAA) and for the municipal employees authorized representation pursuant to the Municipal Employee Collective Bargaining Act (MECBA). The Board must hold hearings to determine the appropriate bargaining unit of a municipal employee organization.

PERB also acts as the repository for unfair labor practice charges/prohibitive practice charges filed by individuals pursuant to the FPAA and MECBA. The Board holds hearings and issues decisions in such cases. Board decisions in MECBA cases may be appealed to the district court, however, decisions in FPAA cases may not.

Accomplishments / Initiatives

- Scanned PERB records dated from 1972 to 2002 and established a cross index of the records to provide a more reliable research source for Board members, attorneys and other citizens served by PERB. Electronic records are now available in the PERB office rather than paper records stored in boxes off-site.
- Compiled electronic document of all Board decisions and orders dated from 1972 to 2002.
- Selected to serve on an Association of Labor Relations Agencies (ALRA) committee, expanding PERB's network with other states and Canada, which has been proven to be a valuable resource of expertise to the Board and the Board's Administrator.

Key Performance Indicators

- In CY 08, 13 cases were filed with the PERB, which include 3 decisions and orders issued, 6 cases are pending, 1 case settled prior to hearing and 3 cases withdrawn by the complainant.
- The Board held 6 elections and issued 6 representation certifications to employee organizations

Challenges / Roadblocks

- Insufficient legislative funding for additional responsibilities mandated by the MECBA, which include use of hearing officers, provision of official written transcripts of hearings and the purchasing of an Arbitrator List upon request.
- Due to the increase in cases, the Attorney General's Office has asked PERB to contract for the services of an Assistant Attorney General, required to attend board meetings and write the Board's final decisions and orders, for one-quarter time (approximately $22,000).