

MINUTES OF THE
LEGISLATIVE, JUDICIAL, AND ADMINISTRATIVE SUBCOMMITTEE

January 19, 1979
8:30 a.m.
Room 132
State Capitol Building
Tape Data: 2:2-2:170-end
Subject: Dept. of Administration

The meeting was called to order by Chairman Menahan. All members were present. Fiscal Analyst JanDee May was also present.

The hearings for the day were Department of Administration: General Services, Surplus Property, Legislative Support, Building Standards.

DEPARTMENT OF ADMINISTRATION
Building Standards

Jim Kembel, Administrator, stated that the division is self-supporting and charges for it's services. He mentioned Senate Bill 47 which will pass enforcement back to local government. If the bill fails they will need more help to carry out mandates of the law.

Under the modified level they have asked for an attorney to help the present legal staff. They have asked for two more plan reviewers. They have estimated 700-800 additional plans over what they have received. Mr. Kembel said numerous commercial buildings are being missed. They request an addition of 5 building inspectors. He said they previously have one who is handling the inspection for the entire state. They request an additional office clerk. If they do obtain the modified level they hope to establish offices around the state to make their services more accessible to the public. They also ask for 2 additional secretaries which would give them one secretary for each bureau within the division. They have 3 bureaus, one for electrical, one for building codes and one for mechanical. They request 4 additional electrical inspectors. Chairman Menahan questioned why electrical inspectors were needed with licensed electricians doing the work. Mr. Kembel said they inspect and still find violations. For plumbing they request 5 additional inspectors. Presently, they have one inspector to cover the eastern part of the state and the rest is handled on a contract basis. The plumbing inspectors would assist with the mechanical code and they also request 2 additional inspectors to handle the mechanical code.

An Attorney General's opinion states they are responsible for all buildings within the cities and those within the 4 1/2 mile limits of the city. In the past they have only covered state buildings. There was discussion on some cases with grain elevator inspections. There was 1,097 elevators inspected this last

year. About 90% were on maintenance contracts. Only 360 of the 1,097 were issued final certificates. The rest had violations. Approximately 8 were condemned.

The Fiscal Analyst commented that last year there was a low staffing pattern for the program. They had a 27% vacancy rate. Now with cash coming in and 100% staffing, there will be more inspections and the operation will improve. They did lose one position with the freeze.

Mr. Eaton stated that the Executive did not recommend the modified request. He said this is primarily because of all the Legislation regarding this agency. Mr. Eaton said if the Legislation does not pass, Mr. Kembel will need additional people and additional funds. Mr. Eaton said that the committee could increase Building Standards' authorization per the modification request and if the money was not generated then it could not be spent. Another alternative would be to go off current level base of the program.

Mr. Lewis commented on Senate Bill 47 that the bill does have enough opposition from towns and cities and other people that it will not pass and the liability will stay with the state.

Chairman Menahan notified the committee that Military Affairs would be moved from February 15 to January 31. They also extended an offer to the committee to tour the facilities in Great Falls.

Surplus Property

Deane Blanton, Administrator, stated that the Department of Administration took over the program last year and in October the program changed from the Department of Public Instruction to the General Services Administration. They acquire their surplus property from donations throughout the state. In May last year, the program was moved to the old liquor warehouse. During the move, they lost some time and Mr. Blanton said business has not picked up as it should have.

Mr. Blanton stated that they are not able to acquire enough property from the state donations and will be going out-of-state.

V. Harrison Lowe, Chief, stated that every dollar that is allowed to the program should save the state several dollars. He said they requested 8 employees and \$203,000. The Executive reduced their request to \$143,000.

The program is self-supporting. The markup on the merchandise is what the program operates on. The Fiscal Analyst said the operating account for this program for 1978 totaled \$106,000. During the year, they received 2 CETA positions. These positions were supported by the original budget. They are now requesting 2 additional FTE and \$100,000 over the biennium. The Fiscal Analyst questioned this. The Fiscal Analyst also said at the end of this year there was a \$128,000 fund balance, which was

almost double what they expended. She said this indicates they are charging too much.

The Fiscal Analyst stated that a majority of the property does not go to the state but goes to school districts and localities. She questioned to what extent the state benefited from the program. Mr. Lowe said the cash reserve was needed to replace equipment. Mr. Lewis stated that through a federal audit it was brought out that these funds were to be used for capitol purchases. Mr. Saxby remarked that sales have fallen off but they will still have the expenses and this reserve could be utilized.

Mr. Blanton stated they need the personnel to go out and screen the property before picking it up to bring back to the program. He said they will send two men out now to do this.

The program sends out a catalog of merchandise available every two months. Mr. Blanton stated one reason the state agencies have not been using surplus property is because they were not eligible until October of 1977 and have not become very well acquainted with the program.

There was discussion on the program acquiring heavy equipment. Senator Thiessen commented on the expense of overhauling versus buying equipment and specifically on the Kenworth truck. Truckers have turned over 400-500,000 in mileage in these trucks. The program has requested \$3,500 in repairs and maintenance.

Mr. Eaton brought out that there is a budget modification approved for Fiscal Year 1979 current operating year. They are up to 7 FTE. Mr. Eaton said if the committee was to follow the Fiscal Analyst's recommendation a person would have to be laid off that is currently employed. Mr. Eaton said he believed the self-generating dollars in this area are in fact a savings somewhere else and every saving improves operation of state government and reduces general fund.

General Services

Mr. Lewis stated the state is having a problem with the janitor services. It is on a competitive bid basis and there has been a lot of complaints. One alternative is the possibility of hiring people and equipment and doing it themselves. Mr. Lewis said there could be some money saved according to their estimate of \$60,000 over 3 years and a much better job could be done.

Mr. Lewis said that the state could be in a breach-of-contract within the future over the present contract with Commercial Building Maintenance from Billings.

Larry D'Arcy, Deputy Director, stated they have a fulltime security supervisor that keeps track of the janitors' work in the complex. Mr. D'Arcy stated that they need some direction because the case has gotten out of hand.

There was discussion on hiring private individuals to do the work. Mr. Lewis said the estimate would be about 30 FTE for doing the work. The savings would be approximately \$20,000 the second year and \$40,000 the third year. They can cancel the present contract with a 60 days notice.

BUILDINGS AND GROUNDS. Mr. Lowe stated that the Executive reduced their request about \$300,000 and the Fiscal Analyst reduced the request almost a million. The Buildings and Grounds Bureau is operating presently on \$2.00 a square foot. Mr. Lowe stated they are asking for \$2.25 in 1980 and \$2.47 in 1981 for square footage. In addition, they requested \$100,000 for the central office administration and \$10,000 for maintenance of the area north of the mansion where they will be developing a park. The \$100,000 and the \$10,000 was deleted from their request.

The Fiscal Analyst recommended \$2.13 in 1980 and \$2.25 in 1981. She stated that the \$2.25 and \$2.47 agency request was excessive. She said the inflation rate would be 56% and 70%. Total square footage increased by only 28%. The Fiscal Analyst also stated at the end of Fiscal Year 1978 the program had a fund balance of \$167,000. An additional \$100,000 was transferred to the Accounting Division for SBAS expense. Mr. Lowe stated the fund balance was to be used for the Montana Power increased rating which occurred later than they had anticipated, December 1977. He also said the utilities increase would be about 15% per year for the next biennium. The Fiscal Analyst said the heat recovery system on the computer could heat part of the Mitchell building and this would be a savings in the area of utilities.

The Fiscal Analyst stated she added in the increase in square footage to the 1978 expenditures and added the inflationary rate. She also stated some areas in the complex do use less utilities and some less janitorial services so there could be some areas of savings.

Mr. Lewis's concern was that they had enough spending authority to charge enough rent to pay utilities. He said that they do not know where Montana Power is going with their rates in the next couple years. Mr. Lewis also stated the capitol building complex funds, used for renovation in the complex area, is being taken away and put into the building program. He said this would not allow flexibility for some things that do come up to be taken care of in the future.

There was discussion on the idea of a central location for paying all utility bills from all departments.

Representative Bardanouve stated he and Senator Himsel decided to follow the Fiscal Analyst proposal in regards to the SBAS and central payroll revolving accounts. General funds will be used rather than charging individual agencies. There may be one exception with the universities which might need special controls.

REPRODUCTION AND DISTRIBUTION. The Fiscal Analyst authorized a 8% increase in 1980 over 1978 and a 9% in 1981 over 1978. Actual expenses for the agency from 1974 through 1978 and estimations for 1978, 1980 and 1981 show an average of a 33% increase in expenses. Mr. Lowe said it is strictly a revolving fund operation and to continue to save the state money they need the increase in spending authority. The Fiscal Analyst stated this information was not furnished her.

The Fiscal Analyst said that in 1978, \$921,000 was spent within the program. For 1979, there was spending authority of \$1,781,000, almost a 100% increase. She said there was a tremendous amount of travel and communication. The program requests \$955,000 in 1980 and over a million in 1981 in communication costs because they are hoping to obtain mail services from other departments who have in-house capabilities. The Fiscal Analyst said that the centralizing of the mail service has not come about yet and questions if it will come about in the 1981 biennium. In 1978 out of \$1,716,000 appropriated, \$921,000 was expended. For this year they were appropriated \$1,780,000 and to date have expended \$419,000. The Fiscal Analyst questioned their request for additional spending authority in hopes of getting the mail service.

Mr. Lowe said they could save money through presort mailing if they had the mail in one area, whereas individual departments do not know of mailing in this way.

Mr. Saxby stated that the Fiscal Analyst has recommended \$570,000 for 1978 under the Executive budget. Of that \$570,000, \$42,000 is for salaries and wages; \$445,000 is in communications. Mr. Saxby suggested line iteming for postage. Mr. D'Arcy said another problem with getting the mail service going was the FTE. He said it is fine to take the mail service over but the departments do not want to transfer the FTE. A savings would come in this area and also in transferring the mailing equipment.

Mr. Eaton stated that he has left a great deal more spending authority than the Fiscal Analyst has recommended but the Budget Office has not recommended additional FTE. The Fiscal Analyst deleted one mailing clerk at the current level. Mr. Saxby suggested that they sit down with the Fiscal Analyst and sort out some of the details.

Legislative Support

The Legislative Support represents the amount that it would cost to pay for utilities, janitorial services and small maintenance costs for all Legislative agencies within the Capitol Building.

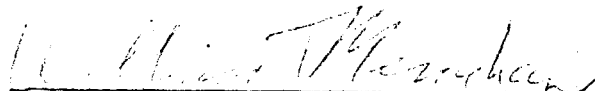
The Budget Office feels that every agency should be charged. The charge would be based on the square footage.

In the past the Legislative agencies have not been charged

but money has been put into the general fund to pay for the expenses.

The meeting was adjourned at 11:05 a.m.

Respectfully submitted.


William Menahan, Chairman

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