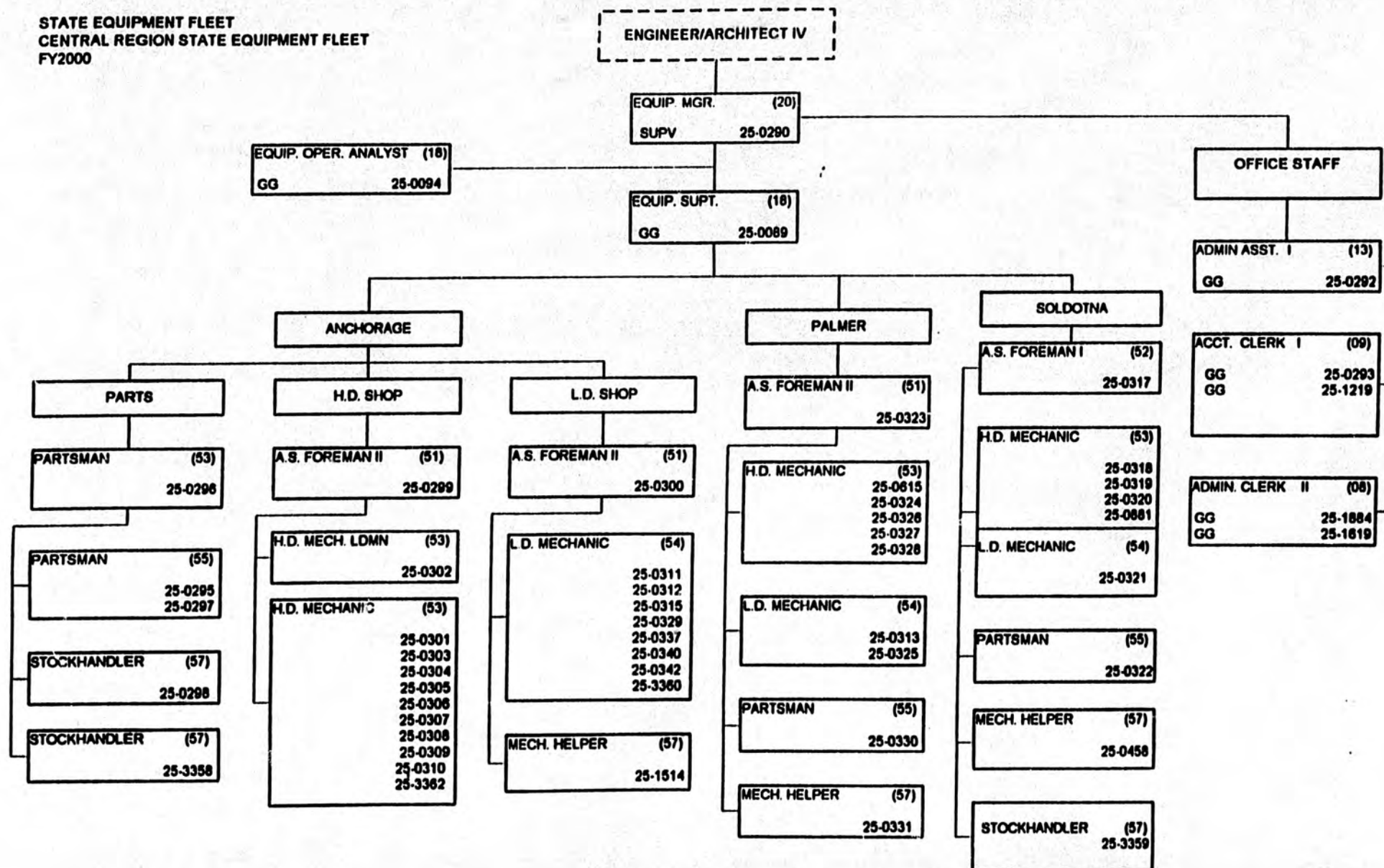


ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 8672
2714 SCOMM 122: COMMISSION ON PRIVATIZATION. . . , 1999

STATE EQUIPMENT FLEET
CENTRAL REGION STATE EQUIPMENT FLEET
FY2000



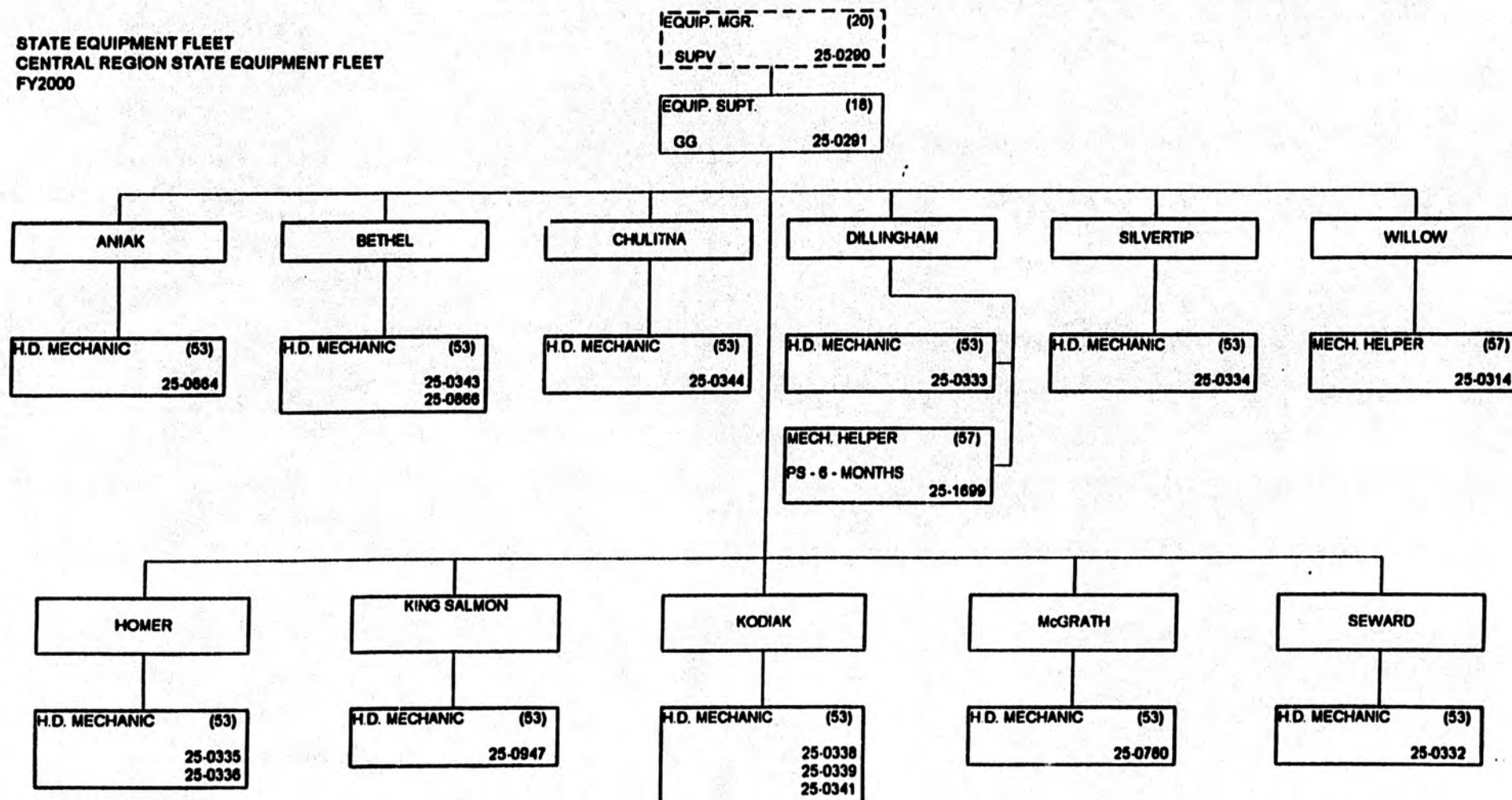
Footnotes:
All positions in Anchorage
unless otherwise noted

All positions are LTC
unless otherwise noted

TOTAL POSITIONS THIS DISTRICT 71

FULL TIME POSITIONS 70 SEASONAL POSITIONS 1

STATE EQUIPMENT FLEET
CENTRAL REGION STATE EQUIPMENT FLEET
FY2000

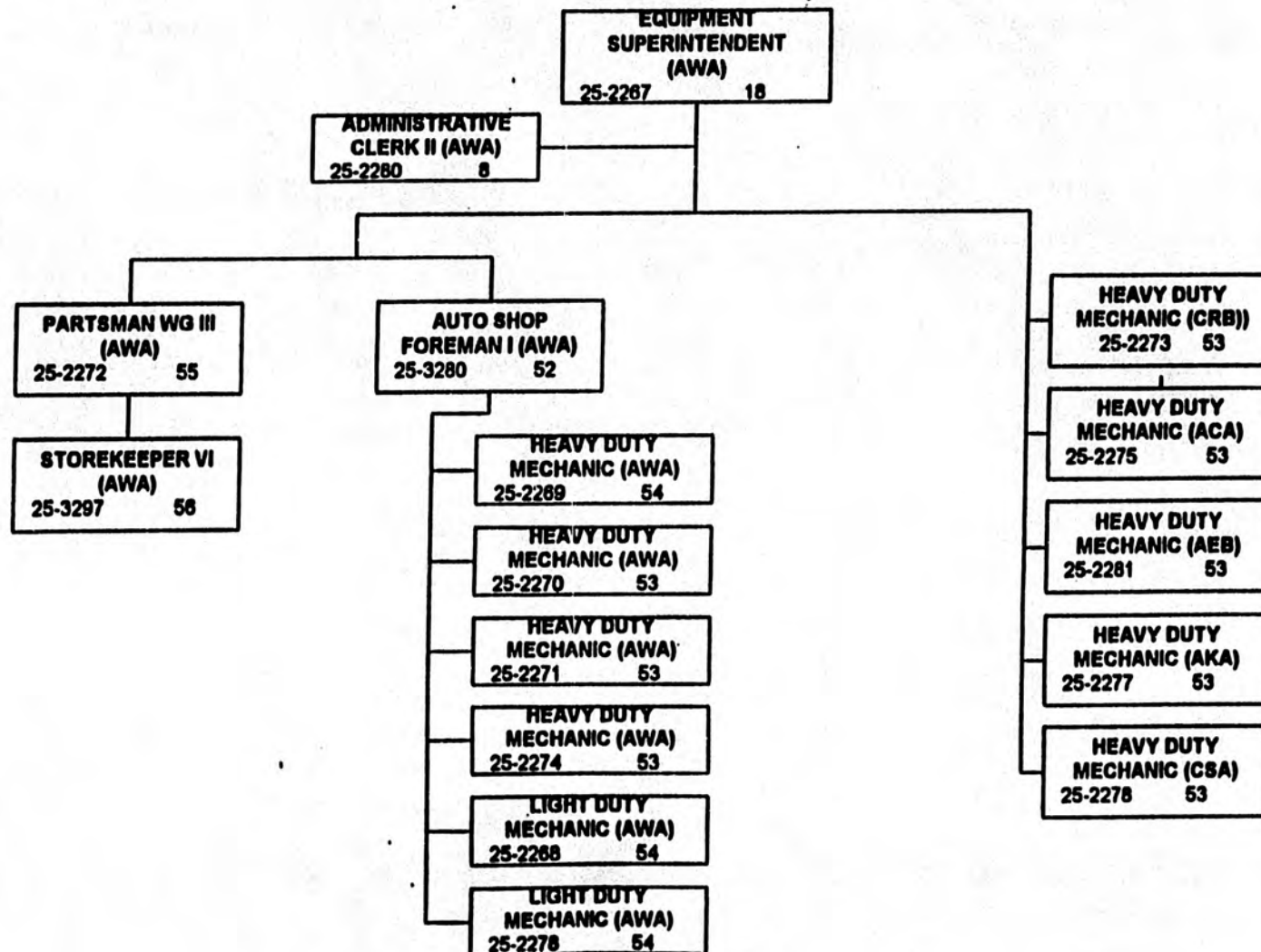


DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES
STATE EQUIPMENT FLEET
NORTHERN REGION STATE EQUIPMENT FLEET

HIA		JRA		FAIRBANKS/JRA		VALDEZ/EAA		ADM ASST (GG)	
DIST EQUIP SUP (SS)		DIST EQUIP SUP (SS)		DIST EQ MGR (SS)		DIST EQ SUP (SS)		25-1326 13	
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FY 00 STAFFING PLAN

BRU: State Equipment Fleet
 COMPONENT: Southeast Region State Equipment
 Fleet
 # 596



State Equipment Fleet
Fleet Assets by Department and Model Year
Excluding AHFC and U of A
(Status 'A' Assets Only)

<u>Department</u>	<u>Model Year</u>								<u>Total</u>	<u>Percent</u>
	<u><=64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-84</u>	<u>85-89</u>	<u>90-94</u>	<u>95-99</u>		
01 Governor								2	2	0.0%
02 Administration	1	2	3	4	6	12	25	15	68	1.0%
03 Law				1		1	3	2	7	0.1%
04 Revenue							2	3	5	0.1%
05 Education	2	4	5	8	5	9	13	4	50	0.8%
06 H&SS				2	4	17	67	72	162	2.4%
07 Labor						6	11	30	47	0.7%
08 Commerce		1	1	3	11	13	19	9	57	0.9%
09 M&VA	5	3	2	7	4		8	17	46	0.7%
10 DNR	24	18	19	44	65	124	130	75	499	7.5%
11 F&G	11	10	29	80	131	153	181	115	710	10.7%
12 DPS				4	18	20	152	281	475	7.1%
16 SEF & Pools	4	4	12	48	71	141	107	59	446	6.7%
18 DEC				3	1	18	33	19	74	1.1%
20 Corrections	9	14	17	35	40	43	51	66	275	4.1%
21 C&RA					2	2		1	5	0.1%
25 DOT&PF	36	23	95	179	472	581	1266	1065	3717	55.9%
Total	92	79	183	418	830	1140	2068	1835	6645	100.0%
Percent	1.4%	1.2%	2.8%	6.3%	12.5%	17.2%	31.1%	27.6%	100.0%	

State Equipment Fleet
Fleet Assets by Group and Model Year
Excluding AHFC and U of A
(Status 'A' Assets Only)

<u>Group</u>	<u>Model Year</u>								<u>Total</u>	<u>Percent</u>
	<u><=64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-84</u>	<u>85-89</u>	<u>90-94</u>	<u>95-99</u>		
Light Duty	9	5	12	78	159	498	911	905	2577	38.8%
Medium Trucks	4	8	21	30	63	60	44	39	269	4.0%
Heavy Trucks	6	8	9	20	39	70	114	86	352	5.3%
Heavy Equipment	10	11	39	72	158	123	348	235	996	15.0%
Trailers	54	38	56	101	169	119	164	144	845	12.7%
Support Equipment	5	5	14	48	102	83	76	81	414	6.2%
Miscellaneous	2		5	3	6	1		5	22	0.3%
Attachments	2	4	27	66	134	186	411	340	1170	17.6%
Total	92	79	183	418	830	1140	2068	1835	6645	100.0%
Percent	1.4%	1.2%	2.8%	6.3%	12.5%	17.2%	31.1%	27.6%	100.0%	

State Equipment Fleet Asset Categories

I. Billing Status.

1. **Wet Rental.** Assets that are eligible for replacement with HEWCF funds and have maintenance performed by SEF. They are charged replacement and operating rates. Some examples are:

W07	Seven year amortization period.
W12	Twelve year amortization period.
WZ	Fully amortized asset but not yet replaced. Replacement rate is reduced to amount that recovers inflation.

2. **Dry Rental.** Assets that are eligible for replacement with HEWCF funds and any maintenance done by SEF is billed when performed. They are charged replacement rates only. These units are usually at locations where SEF does not have any maintenance capabilities. Some examples are:

D04	Four year amortization period.
D15	Fifteen year amortization period.
DZ	Fully amortized asset but not yet replaced. Replacement rate is reduced to amount that recovers inflation.

3. **Non Rental.** Assets that are not eligible for replacement with HEWCF funds and any maintenance done by SEF is billed when performed. They are not charged any operating or replacement rates. These units include those that are leased, acquired from federal surplus, AIA and FIA assets, and those belonging to the University and the Housing Authority. Some examples are:

N05	Five year depreciation period.
N10	Ten year depreciation period.
NZ	Fully depreciated asset.

4. **Wet Non Rental.** Assets that are not eligible for replacement with HEWCF funds but have maintenance performed by SEF. They are charged operating rates only. Typical units are snow removal and ARFF assets at rural airports that were purchased with AIP funds. The billing status code for all units in this category is WN.

5. **X Status.** Units that have been replaced but are kept in service as spares or for seasonal use. They are not eligible for replacement with HEWCF funds. They are not charged replacement rates. There are two examples in this category:

WX	Units that are charged operating rates.
DX	Units that are not charged operating rates.

II. Asset Status.

1. **Active in Service—AIS.** Assets that are assigned full time to the operating department.

2. **Active Daily Pool—ADP.** Assets that are rented to the departments on a daily basis.
3. **Active Rental Pool—ARP.** Assets that have been turned in by the using agency and are awaiting reassignment to another agency.
4. **Active Awaiting Assignment—AAA.** Assets that have been received and are being shipped to their assigned location or are in the process of being made ready for assignment.

III. Classes and Groups.

1. **Classes.** Categories of assets that are of the same size and type. Classes are used to determine operating rates. There are more than 300 classes in the fleet. Some examples are

108	Intermediate sedans.
115	Police Interceptors.
122	Pickup, 4x2, ½ Ton.
155	Pickup, 4x4, ¾ Ton.
158	Suburban, 4x4, ¾ Ton.
217	Dump Truck, 6x4, 8CY.
286	Dump Truck, 6x6, 8CY.
338	Wheel Loader, 4CY.
357	Grader, 37000 Lb.
566	Sander, 8CY.
626	Trailer, Lowboy, 50 Ton, Folding Gooseneck.
726	Snow Blower, Loader Mounted, 1200+ TPH
737	Snow Blower, Truck Mounted, 3000+ TPH.
840	Belly Blade, Truck.
856	Snow Wing, Grader

2. **Groups.** Classes are aggregated into groups. There are a total of eight. They are:

01	Light Duty. Sedans, interceptors, pickups, vans, SUVs.
02	Medium Trucks. Wreckers, flat bed trucks, utility trucks.
03	Heavy Trucks. Fifth wheel tractors, dump trucks, tank and distributor trucks.
04	Heavy Equipment. Graders, loaders, snow blowers, dozers, compactors, forklifts, sweepers, traffic liners.
05	Trailers. All types.
06	Support Equipment. Compressors, welders, generators, drills, steam boilers, road repair, sanders.
07	Miscellaneous. Crushers, conveyors.
08	Attachments. Brush cutters, snow wings and plows, belly blades, u-blades, loader buckets, rippers, mowers, cranes.

**State Equipment Fleet
Fleet Assets by Group and Billing Status
Excluding AHFC and U of A
(Status 'A' Assets Only)**

Billing Status	Group						Misc	Attach	Total	Percent
	Light Duty	Medium Trucks	Heavy Trucks	Heavy Equip	Trailers	Support				
Wet	1078	54	183	309	50	215	4	567	2460	37.0%
Wet Z	340	36	10	36	11	30	1	81	545	8.2%
Wet X	459	45	34	87	24	39	4	154	846	12.7%
Wet N	7		14	176	2	12		139	350	5.3%
Sub-Total	1884	135	241	608	87	296	9	941	4201	63.2%
Dry	55		10	26	3	20		24	138	2.1%
Dry Z	30	2	2	5	1	6		6	52	0.8%
Dry X	80	7	22	36	6	6	1	33	191	2.9%
Sub-Total	165	9	34	67	10	32	1	63	381	5.7%
Non	528	125	77	321	748	86	12	166	2063	31.0%
Total	2577	269	352	996	845	414	22	1170	6645	100.0%
Percent	38.8%	4.0%	5.3%	15.0%	12.7%	6.2%	0.3%	17.6%	100.0%	

State Equipment Fleet
Fleet Assets by Group and Amortization Period
Excluding AHFC and U of A
(Status Type = 'A' and Billing Types = 'D' and 'W')

<u>Amortization Period</u>	<u>Light Duty</u>	<u>Med Trucks</u>	<u>Hvy Trucks</u>	<u>Hvy Equip</u>	<u>Trailers</u>	<u>Supp Equip</u>	<u>Misc Equip</u>	<u>Attach</u>	<u>Total</u>	<u>Percent</u>
5 Years or Less	246	1							247	5%
6 to 9 Years	888	9	3	14		7		45	966	21%
10 Years or More	6	44	190	322	52	228	4	546	1,392	30%
Sub-Total	1,140	54	193	336	52	235	4	591	2,605	57%
Fully Amortized	361	38	12	41	12	36	1	87	588	13%
DX or WX Status	551	52	56	123	30	45	5	186	1,048	23%
WN Status	7		14	176	2	12		139	350	8%
Total	2,059	144	275	676	96	328	10	1,003	4,591	100%
Percent	45%	3%	6%	15%	2%	7%	0%	22%	100%	

State Equipment Fleet Rate Methodologies

I. Replacement Rates.

Each fleet asset that is eligible for Highway Equipment Working Capital Fund replacement has its own rate. It is based on the following:

1. The original cost of the asset.
2. An inflation adjustment to the original cost using the Anchorage CPI.
3. Capitalized costs, if any.
4. The book salvage value of the asset.
5. Net replacement fees paid to date.
6. The remaining amortization life of the asset.
7. Replacement overhead including interest and adjustments for gain or loss on sale of assets and prior year over or under replacement overhead recovery.

The initial purchase of the asset is funded by the operating agency. Subsequent replacements of the asset are funded by HEWCF. At replacement time any over payment on an asset is returned to the agency. Conversely, the agency is required to make up any under payment. If the asset is turned in and not replaced, all net replacement fees paid to date are returned to the agency.

II. Operating Rates.

Operating rates are based on the three-year average asset maintenance cost by class or group of classes by department. Across the board adjustments to the averages are made to reflect prior year operating surpluses or deficits.

The averages do not include the costs of repairs due to damage or accidents. Those costs are billed directly to the operating agency if the repairs were performed by SEF. The cost of a repair that is capitalized, such as a major overhaul, is recovered in the asset's replacement rate.

Only wet-rental assets have operating rates. Any repair made to a dry-rental or non-rental asset is billed directly to the asset's owner.

**State Equipment Fleet
Operating Rate Example
DOT&PF Class 217 Plow/Dump Trucks**

<u>Fiscal Year</u>	<u>Three Year Adjusted Maintenance Cost</u>	<u>Vehicles In Class</u>	<u>Average Cost/Vehicle</u>	<u>Average Cost Vehicle/Year</u>	<u>Average Cost Vehicle/Month</u>
FY2000	\$8,488,728	166	\$51,137	\$17,046	\$1,420
FY2001	\$8,129,232	166	\$48,971	\$16,324	\$1,360

State Equipment Fleet Equipment Management System (EMS)

The equipment management system (EMS) is a computer system that tracks asset costs, computes asset operating and replacement rates, manages parts and asset inventories, measures labor productivity, bills SEF's customers via the state accounting system (AKSAS), assists customers in managing their assets, and interfaces with the fuel credit card vendors.

The hardware and software for the EMS was purchased in 1991. The EMS software has been extensively modified since that time. It runs on a Wang mini computer. EMS is currently being moved to an IBM RS/6000. Completion date for the move is October 1999. This move was necessary to reduce overall support requirements, broaden the system's data handling capabilities, and to deal with Y2K non-compliance issues.

State Equipment Fleet Recent Cost Reduction Actions

1. Remove Fuel from the Operating Rates.

Starting in FY1999 fuel was removed from the operating rates. This change parallels the pricing strategy that rental car companies use. This is seen as a cost reduction action. When fuel was contained in the rates, the direct connection between fuel usage and costs was not evident. Users are now responsible for payment of their fuel and hopefully will reduce any excess consumption accordingly.

2. New Fuel Credit Card Contracts.

Prior to this change the use of the state fuel credit card was billed at the posted pump price and included federal taxes. New credit card contracts were negotiated in 1997 with Tesoro, Williams (Mapco), Delta Western, and Crowley Marine that removed those federal taxes from the bill. Three of the contracts have additional discounts from the posted pump price. Transactions are now sent to SEF electronically. This eliminates the cost of entering them into the equipment management system for cost accounting and billing purposes. The estimated cost reduction is more than \$250,000 per year.

3. Non Omaha Orange DOT&PF Light Duty Vehicles.

DOT&PF no longer purchases Omaha orange light duty vehicles. This lowers the initial purchase cost and increases the sale price at disposal. Lifetime savings are projected to be \$1,000 per affected vehicle.

4. Departmental Operating Rates.

In FY1998 and earlier operating rates were composed of averages by class across all departments. Any savings that a department would make would accrue in part to the other departments reducing the incentive to make any changes. High cost vehicles in one department were averaged with low cost ones in another. Costs were shifted between departments. With the operating rates implemented in FY1999 each department stands on its own.

5. Individual Asset Replacement Rates.

Up until FY1999 replacement rates were statewide averages by class across all departments. Within a single class even in the same department there were large differences in mounted equipment and accessories. The new rate strategy allocates the costs where they occur. Each asset now stands on its own.

6. Multi Year Procurement Contract.

Starting in 1998 multi year procurement contracts were implemented where appropriate. This saves the vendors the cost of having to prepare a bid each year. SEF saves by not having to issue as many invitations to bid.

7. Posting of Bids on the Internet.

SEF now posts its invitations to bid on the Internet. Local vendors and lower 48 manufacturers have immediate access to the bid and its specifications. Bid printing costs have been reduced by 90 percent.

8. Concept Plow/Dump Trucks.

Recently three concept plow/dump trucks were purchased. They have different hydraulic systems and controls from those we have been using. It is an attempt to find a more operator friendly and less costly to maintain and operate vehicle. A different body vendor supplied one of the units. If the latter unit proves to be effective we will have increased competition in the next round of plow /dump truck procurement.

Appendix A

Chapter 44.42. DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

Sec. 44.42.020. Powers and duties.

(a) The department shall

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(11) supervise and maintain all state automotive and mechanical equipment, aircraft, and vessels, except vessels and aircraft used by the Department of Fish and Game or the Department of Public Safety; for state vehicles maintained by the department, the department shall annually evaluate the cost, efficiency, and commercial availability of natural gas for automotive purposes, and the purpose for which the vehicles are intended to be used, and convert or purchase vehicles to utilize natural gas whenever practicable; the department may participate in joint ventures with public or private partners that will foster the availability of natural gas for all automotive fuel consumers;

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44.68 STATE PROPERTY

Article 01. USE OF STATE-OWNED VEHICLES

Sec. 44.68.010. Authorized uses.

State-owned vehicles may be used only in the conduct of state business. A state officer or employee may not use or permit the use of a state-owned vehicle except in the conduct of state business.

Sec. 44.68.020. Regulations.

The Department of Transportation and Public Facilities shall adopt regulations that

- (1) define what is the use of state-owned automotive and mechanical vehicles in the conduct of state business and distinguish this use from misappropriation for private use;
- (2) prescribe use governing the storage of state-owned vehicles in those locations where storage space, under the jurisdiction of the Department of Transportation and Public Facilities, is available for storage of state-owned vehicles;

(3) provide for the marking of state-owned vehicles as property of the state and for the use of distinctive license tags for state-owned vehicles.

Sec. 44.68.030. Exemptions.

AS 44.68.010 - 44.68.040 do not apply to the use of vehicles by the governor.

Sec. 44.68.040. Violations.

A state officer or employee who violates AS 44.68.010 - 44.68.040 or a regulation adopted under AS 44.68.010 - 44.68.040 is subject to dismissal from state employment upon hearing as provided for other dismissals for cause.

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Sec. 44.68.210. Fund established.

The highways equipment working capital fund is established as an intragovernmental service fund for the use of the Department of Transportation and Public Facilities.

Sec. 44.68.220. Use of fund.

The Department of Transportation and Public Facilities shall use the highways equipment working capital fund for necessary expenses resulting from the centralization of equipment maintenance and for the operation of supply depots. The annual estimated balance in the fund may be used by the legislature to make appropriations to the department to carry out the purposes of this section.

Sec. 44.68.230. Rental fees and charges.

(a) Receipts from rental fees and surcharges to the various departments for equipment rental, repair and supplies shall be deposited in the highways equipment working capital fund. The departments of the state government shall include in their annual budgets the rental fees, equipment repairs and supplies.

(b) Rental and surcharge rates charged by the department are subject to annual review and approval by the governor.

Sec. 44.68.240. Records of fund.

The Department of Transportation and Public Facilities shall maintain cost accounting records showing the income and expenses of the highways equipment working capital fund.

Sec. 44.68.250. Additions and replacements to fund.

Additions to capital equipment, replacements of capital equipment, or improvements paid from the highways equipment working capital fund are subject to annual appropriation by the legislature and must be detailed in the executive budget.

Sec. 44.68.270. Transfer of equipment to political subdivisions.

- (a) The commissioner of transportation and public facilities may transfer directly to a political subdivision of the state, including a village organized under 25 U.S.C. 461 - 479 or 48 U.S.C. 362, the title to automotive and construction equipment that can be used in the maintenance or construction of roads and airports.
- (b) Equipment may not be transferred unless it is in excess of known state requirements in the major senatorial district and is intended for use, to some extent, to maintain and construct airports or roads.
- (c) The commissioner may transfer equipment that in the commissioner's judgment is not economically repairable or is obsolete, without regard to (b) of this section.
- (d) The commissioner shall determine how the equipment is to be allocated in the best interests of the state. The commissioner may adopt necessary regulations to implement this section and AS 44.68.280.

**Commission on Privatization and
Delivery of Government Services**

**Subcommittee Report on the Department of Transportation &
Public Facilities**

Appendix P

***Privatization Subcommittee member report on
State Equipment Fleet***

PRIVATIZATION

DOT/PF STATE EQUIPMENT FLEET

There are numerous possibilities that could be evaluated for privatization that I have not had time to prepare for a report. The volumes of data that are available and have been provided could be analyzed in considerable detail by someone interested in certain areas of the SEF. I am concerned that we have only had a limited time in which to prepare a report and that as volunteers our time is limited.

I feel that I could spend at least three months doing justice to a report just on certain aspects of the DOT/PF and SEF.

Because the DOT/PF was reluctant to make available a internal audit report and have admitted they did not want to release the information, and because the report is extremely critical of the SEF with complete backup documentation in their files, I am left with the distinct impressions of less than truthful information from the department's senior management. For the Governor's representative to indicate that their office was aware of this report, to indicate that he thought it had been provided to the Legislature and for no response to be prepared by management and to attempt to hide the report is extremely disturbing. If it is true that all these groups knew about this information and has failed to insist upon corrective action then it is quite disgusting.

Soon after this SEF internal audit was issued the auditor who did most of the work retired. In his workpapers I found a document which reflected his dismay at the lack of action by the department. I offer the following quotes from that document:

Indicating that the report was in fact issued and responded to by the SEF, "HQ SEF review comments does not provide any actual costs data and uses assumption through out their review for FY95 and FY96. Our audit report has questioned costs and methodologies that do not support Operating and or Replacement Rates billed to Federal agencies."

"It is very apparent that HQ SEF still does not want to and will try everything to get out of keeping track of costs as actual costs."

"One comment received from SEF while talking about the OMB review and comments was, 'screw OMB, as long as the effect is minor, Nancy (Director Administrative Services) said that we (SEF) don't have to change anything.' "

Quite clearly the attitude within the department was far short of what should be expected and that they never intended to respond to the audit and only because this committee insisted upon its release and the Department of Law told the department it could not legally withhold it, do we have this information today.

Is all this exercise in recommending privatizations merely window dressing?

Or

If anyone really cares about more effective and efficient government then how can information like the treatment of the SEF audit be tolerated? How can the senior managers responsible for this cover up continue to be employed by the state?

I think the Governor should issue a personal comment on this matter.

????

DRAFT OUTLINE

Privatization

State Equipment Fleet

Without repeating the easily available budgetary information that is prepared annually by DOT/PF and submitted to the Legislature, the State Equipment Fleet is a prime candidate for privatization. There are several aspects of this SEF that can easily be recognized as candidates and others that require some additional analysis.

Before going into the recommendations, I must say that the current SEF Director Mr. Darling and the Internal Review section have been most cooperative in supplying information. The remainder of the Department management has been less than forthright in releasing certain critical audit information that in my opinion reveals the essence of management style and irresponsibility. The Department indicated to this committee in its written response dated 9/2/99 that "Internal Review has not issued the draft report as so many changes have been made that to issue the report now on old methodologies would not be productive." What has in fact happened is that the Department and the Commissioner have failed to follow up on the audit as required that their own internal procedures. I continue to be astonished and dismayed at the information which has been kept under wraps within the Department without receiving corrective action or management comment to date and for over two years. As a former DOT/PF auditor I nonetheless rely on the factual and documented information produced by the current DOT/PF auditors. Their files are well documented and contain well-supported conclusions. The report appears to be in final form based on my 16 years of having issued similar reports for the Department.

Privatization recommendations:

1. Contractor supplied equipment:

The Alaska DOT/PF Standard Specifications for Highway Construction dated 1988 in section 644-2.05 Field Transportation states "The contractor shall furnish and maintain vehicles for use of the Engineer on the job site for the duration of the project."

The SEF continue to have numerous pieces of equipment that are operated less than 100 miles per year and less than 50 hours per year as stated in the equipment audit report.

Perhaps if the SEF would evaluate its current fleet, a reduction could be made utilizing existing specifications and federal funding.

The Legislature should ask for a detailed response to this issue to be made available no later than 1/10/2000.

2. Lease vs. Own Equipment:

The SEF has in the past stated that "Although leasing may be a cost effective short-term solution for acquiring vehicles, research indicates that ownership is less expensive when a long term need has been identified."

The DOT/PF auditors have indicated that this is not true. That when complete actual cost data is used the ownership option is more costly.

Perhaps the SEF should re-evaluate its use of less than total actual costs when deciding whether lease vs. own is being decided.

Further, DOT/PF should seriously consider a more active leasing program along with extended maintenance for those leased vehicles.

3. Efficiency of operations:

As recently as July 26, 1999 when the single audit for the State of Alaska

fiscal year ending 6/30/98 was issued, there continue to be strong indications that the SEF needs to be re-audited. The single audit states, "To reiterate our conclusion M&O appropriations were overspent in FY98 by almost \$1 million. DOTPF concealed this over expenditure by using HEWCF funds to pay M&O fleet bills for the last three months of FY98. This is inconsistent with the statutory purpose of HEWCF funds and is a circumvention of the legislative appropriation process."

The record indicates that contrary to the Department's statement that "significant changes" were in process that those changes have not resulted in significant improvements. Also contrary to the Department's statement that "Internal Review intends to follow-up on implemented changes to SEF operation and rate calculation" the auditors have not and do not have a follow-up audit scheduled.

The OMB and DOT/PF internal auditors have both sited "numerous errors in the calculation of the operating and replacement rates" for the SEF. There are documented indications that the rates being charged to other departments are incomplete and incorrect, that the systems and resultant information produced place the SEF federal funding in jeopardy, and that senior department management disregard for oversight and critical comments is indicative of blatant disrespect for public responsibility by certain officials at DOT/PF.

To go into the voluminous specific findings indicated in the audit reports would be useless at this point. We recommend that the Legislature take an active interest in the actions of the Department in this regard. We further recommend that a copy of the DOT/PF Internal Audit Report on SEF be provided to all departments served by the SEF for their separate analysis. Perhaps through the light of day the department will finally decide to take some late but much needed corrective actions.

Finally, our recommendation for improving efficiency is that a joint follow-up audit be conducted by OMB, Legislative Audit and DOT/PF auditors to determine the current state of affairs within the SEF and its management based on prior findings and facts. That barring a positive response to this recommendation resulting in a completed report by March 15, 2000 that the State of Alaska and the Legislature is bound to report the earlier findings to the Federal OIG for DOT for further investigations which may lead to serious funding repercussions for the SEF.

**Commission on Privatization and
Delivery of Government Services**

**Subcommittee Report on the Department of Transportation &
Public Facilities**

Appendix Q

***DOT/PF memo listing professional service contracts dated
October 14, 1999(5 pages)***

MEMORANDUM**State of Alaska**

Department of Transportation & Public Facilities
Statewide Design & Engineering Services Division

TO: Kurt Parkan
Deputy Commissioner

DATE: October 14, 1999

FILE NO:
TELEPHONE NO: 465-2960
FAX NUMBER: 465-2460
TEXT TELEPHONE: 465-3652

FROM: Michael L. Downing, P.E.
Director

SUBJECT: Professional Services
Contracts

We have a standing question from the Privatization Commission Subcommittee for the Department of Transportation and Public Facilities on how our professional services contracts breakdown by type and percentage. I have listed below the types of professional services that we contract for in the Design and Engineering Services Division:

The major disciplines:

Civil Engineering
Geotechnical Engineering
Traffic Engineering
Structural Engineering
Environmental Engineering
Architecture
Landscape Architecture
Mechanical Engineering
Electrical Engineering

Facility types:

Highways
Airports
Buildings
Bridges
Harbors
Marine terminals

Primary Design Contracts:

Highway design
Airport design
Building design
Bridge design
Harbor design
Marine terminal design

Specialty Contracts:

Design elements for the facilities listed above
Surveying
Aerial surveying and mapping
Aerial photography
ROW appraisals
Traffic engineering
Traffic data collection
Traffic studies
Geotechnical investigation and reporting
Materials testing

**Contracting Signature Log for Steve Van Horn, Preconstruction Engineer
July 1-31, 1999**

Type of Item Signed	Project Title	AKSAS Project No.	Federal Project No.	RFP/PSA No.	Date Item Signed	Final Signature (Y/N)	Contractor Name	Dollar Amount	Brief Description of Services
RONs & Amd 1	O'Malley Road Reconstruction	53935	STP-0512(5)	92051	7/1/99	Y	Lounsbury & Assoc. Inc.	\$67,000	Traffic Analysis of Hillside
SP Contractor Selection Package	Palmer-Wasilla Hwy Ext, Knk Goose Bay Rd to Parks Hwy	52921	Not yet assigned	36892112	7/1/99	Y	Not yet selected	Estimate \$25,000 to \$50,000	Appraisal Services
RONs & CSP Agreement	Parks Highway, MIP 35.5 to 40, Glenn Hwy to Seward Meridian (ROW)	52497	NH-OA4-1(13)	36892101	7/1/99	Y	Diane Black-Smith	\$49,300	Appraisal Services
SP Contractor Selection Package	Parks Hwy, 57-67	59163	Not yet assigned	36892111	7/2/99	Y	Not yet selected	Estimate \$50,000 to \$100,000	Appraisal Services
SP Contractor Selection Package	Nikolai Airport	51807	Not yet assigned	36892114	7/2/99	Y	Not yet selected	Estimate <\$25,000	Appraisal Services
ITA	Huffman Rd Reconstruction, Old Seward to Lake Otis Parkway	53933	STP-0534(1)	92052	7/2/99	Y	DOWL Engineers	\$311,414.00	Preliminary engineering & Environmental services
ASPS Modification	Bethel Boardwalk / Chief Eddie Hoffman Pathway	53461 / 53927	MGS-001(171) / MGS-6208(9)	36892109	7/8/99	Y	Not yet selected	Estimate \$301,135.00	Design services for pathways
NTP 5 / RONs	Aldak Airport Improvements	51828	3-02-0005-01	82091	7/9/99	Y	Tryck Nyman Hayes, Inc.	\$37,197.34	Record of Survey
NTP 6 / RONs	New Koliganek Airport Relocation	59941	3-02-0424-01	82091	7/9/99	Y	Tryck Nyman Hayes, Inc.	\$28,284.58	Record of Survey
PSA/Rons	Huffman Rd Reconstruction, Old Seward to Lake Otis Parkway	53933	STP-0534(1)	92052	7/9/99	Y	DOWL Engineers	\$311,414.00	Preliminary engineering & Environmental services
Amd 1	Palmer-Wasilla Hwy Ext Traffic Analysis	52921	STP-044-1(1)	92104	7/12/99	Y	Rader Econometrics & Engineering	\$0.00	Extend Period of Performance Ending Date

Legend: Amd = Amendment NTP = Notice to Proceed ITN = Intent to Negotiate ITA = Intent to Award
RON = Record of Negotiation SP = Small Procurement ASPS = Authority to Seek Professional Services

**Contracting Signature Log for Steve Van Horn, Preconstruction Engineer
July 1-31, 1999**

Type of Item Signed	Project Title	AKSAS Project No.	Federal Project No.	RFP/PSA No.	Date Item Signed	Final Signature (Y/N)	Contractor Name	Dollar Amount	Brief Description of Services
RONs & AMD 6	Port Access A-C Couplet to Port of Anchorage	51243	STP-0529(1)	61-082-12	7/12/99	Y	VEI Consultants	\$ 79,666.00	Additional environmental, surveying & engineering services
ITN	Bethel Boardwalk / Chief Eddie Hoffman Pathway	53461 / 53927	MGS-001(171) / MGS-6208(9)	36892109	7/14/99	Y	ASCG, Inc.	Estimate \$301,135.00	Design services for pathways
PSA/Rons	Midtown Segment of the North South Trail	52509	TEA-0001(159)	92054	7/15/99	Y	CRW Engineering Group	\$294,900	Design services for trail
RONs & AMD 5	Kalifornsky Beach Road, MP 16.4 to 22.4	51618	STP-0463(14)	61-037-12	7/19/99	Y	CH2M Hill, Inc.	\$21,364	amendment for additional work to final PS & E
RONs & PSA	Nikolai Apt Appraisal Services	51807	Not Assigned Yet	92114	7/20/99	Y	Alan G. Olson	\$ 9,150.00	Appraisal Services
ASPS Modification SP	Spenard Rd, 36th to Fireweed Lane	53986	HRO-0001(172)	36892113	7/22/99	Y	Not yet selected	Estimate \$150,000 - \$250,000	Channelization & Pedestrian Facilities Improvement
Contractor Selection Package	Eagle River Loop-Hiland Road Appraisal Services	56508	FM-0551(1)	36802001	7/23/99	Y	Not yet selected	\$ 8,995.00	Appraisal Services
RONs & PSA	Eagle River Urban	53834	STP-0558(4)	92074	7/26/99	Y	CRW Engineering Group	\$ 257,329.00	Design Study Report, Plans Specifications & Estimate
NTP 5/RONs	Parks Pedestrian Bridges Design Survey	53930	TEA-OA4-1(16)	82092	7/26/99	Y	Lounsbury & Assoc. Inc.	\$45,144.42	Land Surveying
RONs & AMD #6	15th Ave. Safety Imp. L St. to Orca St.	50624	FA-HHE-0530(001)	61-046-12	7/27/99	Y	DOWL, LLC	\$ 38,894.00	Additional Schedules & Coordination, Environmental Activities, and ROW
ASPS	Knik-Goosebay Rd Rehabilitation - Photogrammetric Services	Not yet assigned	Not yet assigned	36802006	7/27/99	Y	Not yet selected	Estimate \$150,000 - \$250,000	Planimetric mapping and digital terrain model data
ITN	Kenai Spur Road Unity Trail Pedestrian / Bike Path	53928	MGS-022-1(12)	36892108	7/30/99	Y	R&M Consultants, Inc.	Estimate \$250,000 - \$500,000	Land Surveying & Engineering Services
Amd #1	Boniface Parkway land Scape Design	52513	STP-0543(3)	92092	7/30/99	Y	Land Design North	\$0.00	Extend Period of Performance

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**Contracting Signature Log for Steve Van Horn, Preconstruction Engineer
August 1-31, 1999**

Type of Item Signed	Project Title	AKSAS Project No.	Federal Project No.	RFP/PSA No.	Date Signed	Final Sign. (Y/N)	Contractor Name	Dollar Amount	Brief Description of Services
Amd 2	Term Agreement for Land Surveying	n/a	n/a	82092	8/2/99	Y	Lounsbury & Associates		Amendment to update IDCR and billing rates
ITN	Spennard Rd, 38th to Fireweed Lane	53986	HRO-0001(172)	36892113	8/2/99	Y	Not yet selected	Estimate \$150,000 - \$250,000	Traffic Safety Analysis & Report
Amd 8	Dowling Rd-Old Seward to Lk Otis Pkwy	59599	NH-0532(4)	82019	8/4/99	Y	Lounsbury & Associates	1,110,925	IDCR Change
Amd 2	O'Malley Rd Reconstruction	53935	STP-0512(5)	92051	8/4/99	Y	Lounsbury & Associates	594,468	IDCR Change
SP Selection	Concrete Retaining Wall Standard Drawing Review & Comment	n/a	n/a	2004	8/6/99	Y	Golder Assoc.	Estimate <\$25,000	Review & Comment - Special Circumstance - M Downing authorized SVH to sign due to schedule.
Amd #8 & RONS	Old Seward Highway Dimond to Dowling	53178	RS-M-0537(1)	82031	8/9/99	Y	Thomas R. Dunagan MAI dba Affiliated Appraisers of AK	3,000	Appraisal Report
PSA & RONS	Parks Hwy MP 57-67	59163	I-OA4-1(6)	92111	8/10/99	Y	Alan G. Olson, MAI	42,800	Appraisal Services
Amd # 2	Project Closeout (ROW)	53036	FM-0523(1)	82014	8/10/99	Y	Grace E. Hartley dba	0	Add projects to be closed
Amd 2	Huffman Road Reconstruction: Old Seward Hwy to Lk Otis Pkwy	53933	STP-0534(1)	92099	8/13/99	Y	Crazy Mountain JV	0	Photogrammetric Mapping Services - Amd is to Extend Period of Performance Ending Date
Amd 6 /Rons	Bragaw Safety Improvements, DeBarr Road to 20th Avenue	51681	HRO-0001-(85)	71-006-12	8/19/99	Y	R&M Consultants, Inc.	44,947	PS&E Modification, etc.
PSA& RONS	Palmer-Wasilla Hwy Ext., Knik Goose Bay Rd to Parks Hwy	52921	STP-044-1(1)	92112	8/20/99	Y	Robert G. Ameen, MAI dba Valley Appraisal and Analysis, Inc.	33,000	Appraisal Services

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RON = Record of Negotiation SP = Small Procurement ASPS = Authority to Seek Professional Services

**Contracting Signature Log for Steve Van Horn, Preconstruction Engineer
August 1-31, 1999**

Type of Item Signed	Project Title	AKSAS Project No.	Federal Project No.	RFP/PSA No.	Date Signed	Final Sign. (Y/N)	Contractor Name	Dollar Amount	Brief Description of Services
Amd 9 / Rons	Dowling Rd - Old Seward Hwy to Lake Otis Pkwy	59599	NH-0532(4)	82019	8/20/99	Y	Lounsbury & Associates, Inc.	18,334	Public Information Services
NTP 7 / RONS	New Kolliganek Airport Relocation	59941	3-02-0424-01	82091	8/26/99	Y	Tryck Nyman Hayes, Inc.	36,892	Surveying Services
SP Award & RONS	Eagle River Loop, Hilland Road Appraisal Services	56508	FM-0551(1)	P02001	8/26/99	Y	Franklin M. King Jr. MAI	8,975	Appraisal Services
ITN	DeArmoun Rd. Reconstruction	53987	STP-0510(2)	36802005	8/31/99	Y	Not yet selected	Estimate \$250,000 - \$500,000	Design services (Westwind to E. 140th Avenue)

Legend: Amd = Amendment NTP = Notice to Proceed ITN = Intent to Negotiate ITA = Intent to Award
RON = Record of Negotiation SP = Small Procurement ASPB = Authority to Seek Professional Services

**Commission on Privatization and
Delivery of Government Services**

**Subcommittee Report on the Department of Transportation &
Public Facilities**

Appendix R

DOT/PF Component Budget Summary

Component Summary
Department of Transportation/Public Facilities
All Funds

Budget Request Unit / Component	FY1998 Actuals	FY1999 ABS Conference Committee	FY1999 Authorized	FY2000 Adjusted	FY2000 Governor	FY1999 Authorized Vs Governor	FY2000 Governor
Marine Highway System							
CIP Program	0.0	965.4	970.2	0.0	0.0	-970.2	-100.0%
BRU Total:	0.0	2,962.6	2,968.1	0.0	0.0	-2,968.1	-100.0%
Marine Management							
Support Services	2,017.3	0.0	0.0	0.0	0.0	0.0	0.0%
BRU Total:	2,017.3	0.0	0.0	0.0	0.0	0.0	0.0%
Southeast Vessel Operations							
Southeast Vessel Operations	49,205.9	40,437.5	40,588.5	0.0	0.0	-40,588.5	-100.0%
BRU Total:	49,205.9	40,437.5	40,588.5	0.0	0.0	-40,588.5	-100.0%
Kennicott/Malaspina Vessel Operations							
Kennicott/Malaspina Operations	0.0	12,889.9	12,938.8	0.0	0.0	-12,938.8	-100.0%
BRU Total:	0.0	12,889.9	12,938.8	0.0	0.0	-12,938.8	-100.0%
Totals	321,437.7	333,435.5	335,395.8	335,436.8	337,711.5	2,315.7	0.7%
General Funds:	128,730.0	128,869.3	130,177.9	130,187.3	130,104.1	-73.8	-0.1%
Federal Funds:	990.6	1,308.9	1,311.8	1,311.8	928.2	-383.6	-29.2%
Other Funds:	191,717.1	203,257.3	203,906.1	203,937.7	206,679.2	2,773.1	1.4%

Component Summary
Department of Transportation/Public Facilities
All Funds

Budget Request Unit / Component	FY1998 Actuals	FY1999 ABS Conference Committee	FY1999 Authorized	FY2000 Adjusted	FY2000 Governor	FY1999 Authorized Vs Governor	FY2000 Governor
Marine Engineering							
Engineering Management	570.4	0.0	0.0	0.0	0.0	0.0	0.0%
CIP Program	944.1	0.0	0.0	0.0	0.0	0.0	0.0%
BRU Total:	3,161.0	0.0	0.0	3,392.5	3,647.5	3,647.5	100.0%
Central Region Highways and Aviation							
Central Highways and Aviation	28,129.2	27,952.1	27,978.4	0.0	0.0	-27,978.4	-100.0%
BRU Total:	28,129.2	27,952.1	27,978.4	0.0	0.0	-27,978.4	-100.0%
Marine Vessel Operations							
Reservations and Marketing	2,150.1	1,794.5	1,800.2	1,860.8	1,860.8	60.6	3.4%
Southeast Shore Operations	2,938.6	2,984.1	2,991.2	2,991.2	2,991.2	0.0	0.0%
Southeast Vessel Operations	0.0	0.0	0.0	53,502.7	53,502.7	53,502.7	100.0%
Southwest Shore Operations	834.0	951.3	952.0	952.0	952.0	0.0	0.0%
Southwest Vessel Operations	9,291.5	9,682.6	9,704.1	9,529.1	9,529.1	-175.0	-1.8%
Vessel Operations Management	857.4	869.6	872.9	1,072.8	1,072.8	199.9	22.9%
BRU Total:	16,071.6	16,282.1	16,320.4	69,908.6	69,908.6	53,588.2	328.4%
Northern Region Highways and Aviation							
Northern Highways & Aviation	37,568.6	37,128.8	37,165.9	0.0	0.0	-37,165.9	-100.0%
BRU Total:	37,568.6	37,128.8	37,165.9	0.0	0.0	-37,165.9	-100.0%
Front Section							
Marine Highway Stabilization	27,440.0	27,358.1	27,509.5	27,509.5	27,509.5	0.0	0.0%
BRU Total:	27,440.0	27,358.1	27,509.5	27,509.5	27,509.5	0.0	0.0%
Southeast Region Highways and Aviation							
Southeast Highways & Aviation	9,296.9	9,589.6	9,599.5	0.0	0.0	-9,599.5	-100.0%
BRU Total:	9,296.9	9,589.6	9,599.5	0.0	0.0	-9,599.5	-100.0%
Marine Highway System							
Overhaul	0.0	1,698.4	1,698.4	0.0	0.0	-1,698.4	-100.0%
Engineering Management	0.0	299.8	299.5	0.0	0.0	-299.5	-100.0%

Component Summary
Department of Transportation/Public Facilities
All Funds

Budget Request Unit / Component	FY1998 Actuals	FY1999 ABS Conference Committee	FY1999 Authorized	FY2000 Adjusted	FY2000 Governor	FY1999 Authorized Vs Governor	FY2000 Governor
Anchorage International Airport							
AIA Field Maintenance	5,070.4	5,246.9	5,254.4	5,254.4	5,536.4	282.0	5.4%
AIA Operations	2,292.6	1,485.5	1,490.1	1,490.1	1,681.1	191.0	12.8%
AIA Safety	6,011.3	5,941.3	5,979.0	5,979.0	6,020.0	41.0	0.7%
BRU Total:	28,987.6	29,320.8	29,400.1	28,860.1	30,131.1	731.0	2.5%
Statewide State Equipment Fleet							
Central State Equipment Fleet	7,994.7	7,692.6	7,702.7	0.0	0.0	-7,702.7	-100.0%
Northern State Equipment Fleet	10,498.6	10,710.6	10,723.4	0.0	0.0	-10,723.4	-100.0%
Southeast State Equipmnt Fleet	1,664.0	1,889.9	1,892.5	0.0	0.0	-1,892.5	-100.0%
BRU Total:	20,157.3	20,293.1	20,318.6	0.0	0.0	-20,318.6	-100.0%
Fairbanks International Airport							
FIA Administration	1,294.0	1,345.1	1,349.4	1,349.4	1,349.4	0.0	0.0%
FIA Building Maintenance	1,380.2	1,375.5	1,376.3	1,376.3	1,376.3	0.0	0.0%
FIA Custodial	744.0	742.6	744.2	744.2	744.2	0.0	0.0%
FIA Field Maintenance	2,303.4	2,491.7	2,494.4	2,494.4	2,494.4	0.0	0.0%
FIA Operations	785.0	964.9	967.4	967.4	967.4	0.0	0.0%
FIA Safety	2,466.1	2,333.5	2,349.3	2,349.3	2,349.3	0.0	0.0%
BRU Total:	8,992.7	9,253.3	9,281.0	9,281.0	9,281.0	0.0	0.0%
International Airports							
International Airport Systems	285.1	392.2	392.9	606.5	606.5	213.6	54.4%
BRU Total:	285.1	392.2	392.9	606.5	606.5	213.6	54.4%
Weights and Measures							
Weights and Measures	3,389.1	0.0	0.0	0.0	0.0	0.0	0.0%
BRU Total:	3,389.1	0.0	0.0	0.0	0.0	0.0	0.0%
Marine Engineering							
Marine Engineering	0.0	0.0	0.0	1,694.1	1,949.1	1,949.1	100.0%
Overhaul	1,646.5	0.0	0.0	1,698.4	1,698.4	1,698.4	100.0%

Component Summary
Department of Transportation/Public Facilities
All Funds

Budget Request Unit / Component	FY1998 Actuals	FY1999 ABS Conference Committee	FY1999 Authorized	FY2000 Adjusted	FY2000 Governor	FY1999 Authorized Vs Governor	FY2000 Governor
Statewide Construction and CIP Support							
Central Construction & CIP	0.0	12,458.8	12,510.4	0.0	0.0	-12,510.4	-100.0%
Northern Construction & CIP	0.0	10,341.1	10,380.8	0.0	0.0	-10,380.8	-100.0%
Southeast Region Construction	0.0	3,454.2	3,468.5	0.0	0.0	-3,468.5	-100.0%
BRU Total:	0.0	26,254.1	26,359.7	0.0	0.0	-26,359.7	-100.0%
State Equipment Fleet							
Central State Equipment Fleet	0.0	0.0	0.0	7,702.7	7,702.7	7,702.7	100.0%
Northern State Equipment Fleet	0.0	0.0	0.0	10,723.4	10,723.4	10,723.4	100.0%
Southeast State Equipmnt Fleet	0.0	0.0	0.0	1,892.5	1,892.5	1,892.5	100.0%
State Equipment Fleet Admin	0.0	0.0	0.0	2,274.3	2,274.3	2,274.3	100.0%
BRU Total:	0.0	0.0	0.0	22,592.9	22,592.9	22,592.9	100.0%
Statewide Facility Maintenance and Operations							
Central Region Facilities	3,339.2	3,351.4	3,354.8	0.0	0.0	-3,354.8	-100.0%
Southeast Region Facilities	3,999.6	3,895.2	3,898.3	0.0	0.0	-3,898.3	-100.0%
Northern Region Facilities	7,130.5	7,422.1	7,428.8	0.0	0.0	-7,428.8	-100.0%
Central Leasing & Property Mgt	515.6	580.2	582.9	0.0	0.0	-582.9	-100.0%
North. Leasing & Property Mgt	482.9	527.6	530.2	0.0	0.0	-530.2	-100.0%
Traffic Signal Management	1,203.0	1,183.0	1,183.0	0.0	0.0	-1,183.0	-100.0%
Northern Region M & O Admin	562.6	562.6	564.8	0.0	0.0	-564.8	-100.0%
Central Region M & O Admin	293.8	264.5	265.9	0.0	0.0	-265.9	-100.0%
BRU Total:	17,527.2	17,786.6	17,808.7	0.0	0.0	-17,808.7	-100.0%
Anchorage International Airport							
AIA Administration	4,476.8	5,725.9	5,738.2	5,198.2	5,563.2	-175.0	-3.0%
AIA Building Maintenance	5,993.8	5,676.1	5,683.5	5,683.5	5,683.5	0.0	0.0%
AIA Custodial	3,350.8	3,224.7	3,232.7	3,232.7	3,232.7	0.0	0.0%
AIA Equipment Maintenance	1,791.9	2,020.4	2,022.2	2,022.2	2,414.2	392.0	19.4%

Component Summary
Department of Transportation/Public Facilities
All Funds

Budget Request Unit / Component	FY1998 Actuals	FY1999 ABS Conference Committee	FY1999 Authorized	FY2000 Adjusted	FY2000 Governor	FY1999 Authorized Vs Governor	FY2000 Governor
Engineering and Operations							
Engineering and Operations	1,783.2	0.0	0.0	0.0	0.0	0.0	0.0%
CIP Program	3,443.6	0.0	0.0	0.0	0.0	0.0	0.0%
BRU Total:	5,226.8	0.0	0.0	0.0	0.0	0.0	0.0%
Central Region Design and Construction							
Central Reg Engineering Mgmt	3,396.1	0.0	0.0	0.0	0.0	0.0	0.0%
Central Region CIP Program	18,536.6	0.0	0.0	0.0	0.0	0.0	0.0%
BRU Total:	21,932.7	0.0	0.0	0.0	0.0	0.0	0.0%
Northern Region Design and Construction							
Northern Reg Engineering Mgmt	2,841.1	0.0	0.0	0.0	0.0	0.0	0.0%
Northern Region CIP Program	14,056.7	0.0	0.0	0.0	0.0	0.0	0.0%
BRU Total:	16,897.8	0.0	0.0	0.0	0.0	0.0	0.0%
Southeast Region Design and Construction							
Southeast Reg Engineering Mgm	1,949.0	0.0	0.0	0.0	0.0	0.0	0.0%
Southeast Region CIP Program	6,122.9	0.0	0.0	0.0	0.0	0.0	0.0%
BRU Total:	8,071.9	0.0	0.0	0.0	0.0	0.0	0.0%
Southeast Region Maintenance and Operations							
Southeast Region Facilities	0.0	0.0	0.0	3,888.5	3,888.5	3,888.5	100.0%
Southeast Highways & Aviation	0.0	0.0	0.0	9,076.4	9,076.4	9,076.4	100.0%
BRU Total:	0.0	0.0	0.0	12,964.9	12,964.9	12,964.9	100.0%
Statewide Design and Engineering Services							
Central Design & Eng Svcs	0.0	10,710.8	10,754.1	0.0	0.0	-10,754.1	-100.0%
Northern Design & Eng Svcs	0.0	9,433.5	9,468.9	0.0	0.0	-9,468.9	-100.0%
Southeast Design & Eng Svcs	0.0	5,112.0	5,129.5	0.0	0.0	-5,129.5	-100.0%
HQ Design & Eng Services	0.0	5,889.2	5,911.7	0.0	0.0	-5,911.7	-100.0%
BRU Total:	0.0	31,145.5	31,264.2	0.0	0.0	-31,264.2	-100.0%

Component Summary
Department of Transportation/Public Facilities
All Funds

Budget Request Unit / Component	FY1998 Actuals	FY1999 ABS Conference Committee	FY1999 Authorized	FY2000 Adjusted	FY2000 Governor	FY1999 Authorized Vs Governor	FY2000 Governor
Northern Region Planning							
Northern Region Planning	1,126.3	1,113.8	1,119.0	0.0	0.0	-1,119.0	-100.0%
BRU Total:	1,126.3	1,113.8	1,119.0	0.0	0.0	-1,119.0	-100.0%
Design and Engineering Services							
Central Design & Eng Svcs	0.0	0.0	0.0	10,795.2	10,920.2	10,920.2	100.0%
Northern Design & Eng Svcs	0.0	0.0	0.0	9,320.3	9,320.3	9,320.3	100.0%
Southeast Design & Eng Svcs	0.0	0.0	0.0	5,291.2	5,291.2	5,291.2	100.0%
SW Design & Engineering Svcs	0.0	0.0	0.0	6,014.0	6,014.0	6,014.0	100.0%
BRU Total:	0.0	0.0	0.0	31,390.7	31,545.7	31,545.7	100.0%
Central Region Planning							
Central Region Planning	1,130.7	1,142.3	1,148.3	0.0	0.0	-1,148.3	-100.0%
BRU Total:	1,130.7	1,142.3	1,148.3	0.0	0.0	-1,148.3	-100.0%
Central Region Maintenance and Operations							
Central Region Facilities	0.0	0.0	0.0	3,442.0	3,492.0	3,492.0	100.0%
Central Highways and Aviation	0.0	0.0	0.0	29,163.5	28,663.5	28,663.5	100.0%
Central Leasing & Property Mgt	0.0	0.0	0.0	582.9	582.9	582.9	100.0%
Traffic Signal Management	0.0	0.0	0.0	1,183.0	1,183.0	1,183.0	100.0%
BRU Total:	0.0	0.0	0.0	34,371.4	33,921.4	33,921.4	100.0%
Southeast Region Planning							
Southeast Region Planning	591.3	456.4	459.0	0.0	0.0	-459.0	-100.0%
BRU Total:	591.3	456.4	459.0	0.0	0.0	-459.0	-100.0%
Northern Region Maintenance and Operations							
Northern Region Facilities	0.0	0.0	0.0	7,437.8	7,437.8	7,437.8	100.0%
Northern Highways & Aviation	0.0	0.0	0.0	37,342.1	37,342.1	37,342.1	100.0%
North. Leasing & Property Mgt	0.0	0.0	0.0	602.3	602.3	602.3	100.0%
BRU Total:	0.0	0.0	0.0	45,382.2	45,382.2	45,382.2	100.0%

Component Summary
Department of Transportation/Public Facilities
All Funds

Budget Request Unit / Component	FY1998 Actuals	FY1999 ABS Conference Committee	FY1999 Authorized	FY2000 Adjusted	FY2000 Governor	FY1999 Authorized Vs Governor	FY2000 Governor
Southeast Region Administrative Services							
Southeast Region Admin Service	992.9	0.0	0.0	0.0	0.0	0.0	0.0%
BRU Total:	992.9	0.0	0.0	0.0	0.0	0.0	0.0%
Southeast Region Support Services							
Southeast Support Services	0.0	2,239.3	2,243.5	0.0	0.0	-2,243.5	-100.0%
BRU Total:	0.0	2,239.3	2,243.5	0.0	0.0	-2,243.5	-100.0%
Planning							
Central Region Planning	0.0	0.0	0.0	1,148.3	1,148.3	1,148.3	100.0%
Northern Region Planning	0.0	0.0	0.0	1,119.0	1,162.0	1,162.0	100.0%
Southeast Region Planning	0.0	0.0	0.0	508.8	508.8	508.8	100.0%
Statewide Planning	0.0	0.0	0.0	2,278.1	2,435.6	2,435.6	100.0%
BRU Total:	0.0	0.0	0.0	5,054.2	5,254.7	5,254.7	100.0%
State Aviation, Leasing and Airport Administration							
Statewide Aviation	699.4	629.0	631.5	0.0	0.0	-631.5	-100.0%
BRU Total:	699.4	629.0	631.5	0.0	0.0	-631.5	-100.0%
Regional Support Services							
Central Support Svcs	0.0	0.0	0.0	781.5	781.5	781.5	100.0%
Northern Support Services	0.0	0.0	0.0	1,066.3	1,066.3	1,066.3	100.0%
Southeast Support Services	0.0	0.0	0.0	2,137.3	2,137.3	2,137.3	100.0%
BRU Total:	0.0	0.0	0.0	3,985.1	3,985.1	3,985.1	100.0%
Statewide Planning							
Statewide Planning	2,279.4	2,268.4	2,278.1	0.0	0.0	-2,278.1	-100.0%
BRU Total:	2,279.4	2,268.4	2,278.1	0.0	0.0	-2,278.1	-100.0%
Statewide Aviation							
Statewide Aviation	0.0	0.0	0.0	631.5	631.5	631.5	100.0%
BRU Total:	0.0	0.0	0.0	631.5	631.5	631.5	100.0%

Component Summary
Department of Transportation/Public Facilities
All Funds

Budget Request Unit / Component	FY1998 Actuals	FY1999 ABS Conference Committee	FY1999 Authorized	FY2000 Adjusted	FY2000 Governor	FY1999 Authorized Vs Governor	FY2000 Governor
Statewide Administrative Services							
Regional Admin Services	0.0	3,054.6	3,076.0	0.0	0.0	-3,076.0	-100.0%
Statewide Admin Services	1,903.3	2,015.7	2,027.1	0.0	0.0	-2,027.1	-100.0%
Statewide Information Systems	1,745.7	1,734.5	1,739.6	0.0	0.0	-1,739.6	-100.0%
Statewide State Equipmnt Fleet	893.2	2,270.8	2,274.3	0.0	0.0	-2,274.3	-100.0%
BRU Total:	4,542.2	9,075.6	9,117.0	0.0	0.0	-9,117.0	-100.0%
Equal Employment and Civil Rights							
EE/Civil Rights	0.0	551.7	554.5	554.5	574.5	20.0	3.6%
BRU Total:	0.0	551.7	554.5	554.5	574.5	20.0	3.6%
Central Region Administrative Services							
Central Region Admin Services	1,591.7	0.0	0.0	0.0	0.0	0.0	0.0%
BRU Total:	1,591.7	0.0	0.0	0.0	0.0	0.0	0.0%
Central Region Support Services							
Central Support Svcs	0.0	779.3	781.5	0.0	0.0	-781.5	-100.0%
BRU Total:	0.0	779.3	781.5	0.0	0.0	-781.5	-100.0%
Internal Review							
Internal Review	0.0	0.0	0.0	684.5	684.5	684.5	100.0%
BRU Total:	0.0	0.0	0.0	684.5	684.5	684.5	100.0%
Northern Region Administrative Services							
Northern Region Admin Services	1,936.7	0.0	0.0	0.0	0.0	0.0	0.0%
BRU Total:	1,936.7	0.0	0.0	0.0	0.0	0.0	0.0%
Northern Region Support Services							
Northern Support Services	0.0	1,066.3	1,066.3	0.0	0.0	-1,066.3	-100.0%
BRU Total:	0.0	1,066.3	1,066.3	0.0	0.0	-1,066.3	-100.0%
Measurement Standards & Comm Vehicle Enforcement							
Measurement Standards	0.0	3,466.9	3,994.6	3,902.2	3,785.4	-209.2	-5.2%
BRU Total:	0.0	3,466.9	3,994.6	3,902.2	3,785.4	-209.2	-5.2%

Component Summary
Department of Transportation/Public Facilities
All Funds

Budget Request Unit / Component	FY1998 Actuals	FY1999 ABS Conference Committee	FY1999 Authorized	FY2000 Adjusted	FY2000 Governor	FY1999 Authorized Vs Governor	FY2000 Governor
Office of the Commissioner							
Commissioner's Office	1,046.9	0.0	0.0	0.0	0.0	0.0	0.0%
BRU Total:	1,046.9	0.0	0.0	0.0	0.0	0.0	0.0%
Administration and Support							
Commissioner's Office	0.0	921.5	1,423.7	0.0	0.0	-1,423.7	-100.0%
BRU Total:	0.0	921.5	1,423.7	0.0	0.0	-1,423.7	-100.0%
Administrative Services							
Regional Admin Services	0.0	0.0	0.0	3,402.4	3,402.4	3,402.4	100.0%
Statewide Admin Services	0.0	0.0	0.0	1,812.8	1,812.8	1,812.8	100.0%
Statewide Information Systems	0.0	0.0	0.0	1,739.6	1,889.6	1,889.6	100.0%
BRU Total:	0.0	0.0	0.0	6,954.8	7,104.8	7,104.8	100.0%
DBE/External Equal Employment							
Disadvantaged Business En/EE	536.7	0.0	0.0	0.0	0.0	0.0	0.0%
BRU Total:	536.7	0.0	0.0	0.0	0.0	0.0	0.0%
Commissioner's Office							
Commissioner's Office	0.0	0.0	0.0	862.7	887.7	887.7	100.0%
Contract Appeals	0.0	0.0	0.0	394.3	394.3	394.3	100.0%
BRU Total:	0.0	0.0	0.0	1,257.0	1,282.0	1,282.0	100.0%
Statewide Internal Review							
Statewide Internal Review	604.8	681.5	684.5	0.0	0.0	-684.5	-100.0%
BRU Total:	604.8	681.5	684.5	0.0	0.0	-684.5	-100.0%
Construction and CIP Support							
Central Construction & CIP	0.0	0.0	0.0	12,399.1	12,544.1	12,544.1	100.0%
Northern Construction & CIP	0.0	0.0	0.0	10,385.2	10,515.2	10,515.2	100.0%
Southeast Region Construction	0.0	0.0	0.0	3,368.4	3,858.4	3,858.4	100.0%
BRU Total:	0.0	0.0	0.0	26,152.7	26,917.7	26,917.7	100.0%

Agency:
Department of Transportation/Public Facilities

Reports

Component Summary – All Funds

Department Totals

Department of Transportation/Public Facilities

Description	FY1998 Actuals	FY1999 ABS Conference Committee	FY1999 Authorized	FY2000 Adjusted	FY2000 Governor	FY1999 Authorized Vs FY2000 Governor	FY2000 Governor
Positions :							
Permanent Full Time	2,716	2,726	2,735	2,800	2,821	86	3.1%
Permanent Part Time	651	647	647	647	645	-2	-0.3%
Non Permanent	1	1	1	1	1	0	0.0%

Department Totals

Department of Transportation/Public Facilities

Description	FY1998 Actuals	FY1999 ABS Conference Committee	FY1999 Authorized	FY2000 Adjusted	FY2000 Governor	FY1999 Authorized Vs	FY2000 Governor
Department Totals	321,437.7	333,435.5	335,395.8	335,436.8	337,711.5	2,315.7	0.7%
Objects of Expenditure :							
71000 Personal Services	194,503.6	201,879.9	205,861.9	205,932.9	208,104.6	2,242.7	1.1%
72000 Travel	2,953.5	2,999.0	3,006.8	3,016.8	2,958.7	-48.1	-1.6%
73000 Contractual	61,818.3	63,624.8	64,883.0	64,894.1	64,712.5	-170.5	-0.3%
74000 Supplies	32,787.0	35,216.8	33,558.0	33,610.4	33,959.2	401.2	1.2%
75000 Equipment	1,935.3	623.0	728.0	624.5	618.4	-109.6	-15.1%
76000 Land/Buildings	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	27,440.0	29,092.0	27,358.1	27,358.1	27,358.1	0.0	0.0%
Funding Sources :							
1002 Fed Rcpts	990.6	1,308.9	1,311.8	1,311.8	928.2	-383.6	-29.2%
1003 G/F Match	172.5	176.4	177.1	158.0	74.8	-102.3	-57.8%
1004 Gen Fund	123,310.5	123,589.1	124,225.3	124,817.6	124,817.6	592.3	0.5%
1005 GF/Prgm	4,791.4	5,103.8	5,632.2	5,211.7	5,211.7	-420.5	-7.5%
1007 I/A Rcpts	6,887.0	4,913.0	4,917.1	4,993.7	4,910.7	-8.4	-0.1%
1026 Hwy Capiti	20,902.2	22,354.0	22,385.7	22,385.7	22,385.7	0.0	0.0%
1027 Int Airprt	39,231.0	39,928.2	40,040.0	40,040.0	41,311.0	1,271.0	3.2%
1053 Invt Loss	455.6	0.0	143.3	0.0	0.0	-143.3	-100.0%
1061 CIP Rcpts	55,625.3	61,348.2	61,598.5	61,598.5	63,150.0	1,553.5	2.5%
1076 Marine Hwy	68,890.7	74,415.5	74,667.9	74,622.9	74,622.9	-45.0	-0.1%
1108 Stat Desig	180.9	298.4	298.9	298.9	298.9	0.0	0.0%
Totals :							
General Funds	128,730.0	128,869.3	130,177.9	130,187.3	130,104.1	-73.8	-0.1%
Federal Funds	990.6	1,308.9	1,311.8	1,311.8	928.2	-383.6	-29.2%
Other Funds	191,717.1	203,257.3	203,906.1	203,937.7	206,679.2	2,773.1	1.4%

UNIVERSITY

UNIVERSITY

**COMMISSION ON PRIVATIZATION AND
DELIVERY OF GOVERNMENT SERVICES**

SUBCOMMITTEE REPORT

ON THE

UNIVERSITY OF ALASKA

NOVEMBER 24, 1999

**Subcommittee Members: Cheryl Frasca, Chair;
Jan Fredricks, Wayne Jensen, K. Wayne Price, Tom Wilson, Nancy Usera**

**University of Alaska
Privatization Commission
Subcommittee Report**

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**University of Alaska Subcommittee
Commission on Privatization
and
Delivery of Government Services**

November 23, 1999

To: Commission on Privatization and Delivery of Government Services

From: Cheryl Frasca, Chair
UA Subcommittee

Subject: Recommendations

On behalf of the subcommittee that discussed opportunities for alternate mechanisms to deliver services at the University of Alaska, we offer the following recommendations on support functions that should be further evaluated for contracting-out opportunities.

First, however, the subcommittee wants to *commend the University for steps taken to-date* and the *staff's initiative in evaluating opportunities*. In recent years the University has used a "Request for Information" process to test potential private sector interest in the delivery of support services. In other instances, it has used informal communication with potential vendors in a community to assess its capacity to deliver a service. Given the rapid pace of change in technology and competitive private sector market forces, the subcommittee recommends that the University initiate such inquiries on a more frequent basis. It also encourages the University to provide an opportunity for the potential private sector vendor to describe different ways in which it might deliver a service (i.e. joint ventures).

A cautionary note, however, regarding potential outsourcing opportunities on campuses in smaller communities. As the Commission understands, it is necessary to have a ready-and-willing private sector capable of delivering a service in order to achieve the desired outsourcing goals of reduced costs and/or increased productivity. In smaller communities, this may not be possible because of a limited number of potential private sector vendors. Therefore a "cookie-cutter" approach that prescribes private sector delivery of a certain service at all campuses may not be appropriate.



Subcommittee Recommendations

1. *Evaluate the potential to outsource delivery of the following services (based on Attachment A, UA Privatization Matrix):*

A. Bookstore (all campuses)

Explore e-commerce/Internet book sales and consolidation of book sales. UAA has evaluated this option and is scheduled to revisit this potential in June 2001. Given the pace of technology change, the subcommittee encourages moving up the review date.

B. Utilities – Power, Heat Water (UAF)

UAF owns and operates the power plant that provides the campus with steam, condensate, electrical, and chilled and domestic water.

C. Utilities – Telephones (UAF)

D. Grounds Maintenance (all campuses)

While all campuses do grounds maintenance in-house, UAF hires students for much of the work. Continued employment of students by a potential private sector provider should be part of contract negotiations.

E. Housing (all campuses)

Periodically the campuses have evaluated management of student housing by the private sector but there was limited private sector interest. However, parts of the operation have been turned over to the private sector (i.e. UAA food service). While the campuses are encouraged to continue to explore private sector management, UAA and UAF also are encouraged to follow the Juneau campus's lead in which it actively rents out housing to non-students during the summer. Summer, non-student rental income generates 50% of the housing's revenues for the year, thereby lowering housing costs to students during the school year.

F. Garbage collection and removal (UAF)

G. Printing

UAA and UAF currently use a mix of in-house and outsourcing to meet its printing needs (*Attachment B discusses the outsourcing/competition steps taken to date*). Given the pace of technology change, the campuses are encouraged to review on a frequent basis current in-house services in order to identify potential outsourcing opportunities.

H. Janitorial (UAS)

2. *Evaluate the potential to outsource the hiring of temporary, non-student labor and payroll (Attachment C).*

Temporary Labor:

The University occasionally uses outside employment agencies to fill temporary assignments. Based on the subcommittee's inquiry, the University has agreed to review the potential to expand use of private employment agencies to fill non-student, temporary positions.

Payroll:

While the University has an integrated financial, student and human resource information system, this should not serve as a roadblock to evaluate the potential to outsource the distribution of payroll.

3. *Evaluate the potential to lease vehicles from the private sector, instead of buying them (Attachment D).*

Three years ago the University began to shift from department-owned vehicles to a vehicle pool. Attachment D is a UAF cost-comparison of leasing vehicles versus UAF-ownership. Before agreeing with the memo's conclusion that the cost of UAF ownership is significantly less than private sector leasing, it is necessary to standardize amortization periods for both types of ownership (this information has been requested).

Other Areas Discussed/Information

4. Potential to outsource campus security (Attachment E).
5. Collective bargaining agreement language regarding contacting out (Attachment F).
6. University Privatization Review (Attachment G) in which each campus describes outsourcing that has already occurred.

Subcommittee Participants

Cheryl Frasca
Jan Fredericks
Wayne Jensen
Wayne Price
Tom Wilson
Nancy Usera



APPENDICES



UNIVERSITY OF Alaska



UA Privatization Matrix as of 1/16/99

Function	UAA- Anchorage	UAA- Other	UAA Comments	UAF - Fairbanks	UAF- Other	UAF Comments	UAS - Juneau	UAS- Other	UAS Comments	SW
Book Store	IH	IH	Self-support auxiliary funded by UA receipts. Anchorage campus reviewed for Outsource potential 6/98; Decided to maintain operation IH based on service levels and pricing structures. Will revisit 6/01	IH	IH		IH	IH	Outsource RFP for Juneau campus 6/85 and again 6/96 with no serious responses. Some eCommerce utilized.	N/A
Food Service	OS	N/A	OS	OS	Bethel - IH	Vending outsource contract separate from food service OS	IH	N/A	Juneau campus bought IH after longstanding operation closed in early 90's; several RFP's followed through 1996 without success.	N/A
Utilities - Sewer	OS	OS		OS	OS	Maintains collection system to edge of campus	OS	OS		OS
Utilities - Power, Heat, Water	OS	OS		IH	OS	Co-generated steam plant on site - Steam, condensate, electrical and chilled water and domestic water are provided by UA owned and operated power plant.	OS	OS		See UAF

Function	UAA- Anchorage	UAA- Other	UAA Comments	UAF - Fairbanks	UAF- Other	UAF Comments	UAS - Juneau	UAS- Other	UAS Comments	SW
Utilities - Phones	OS	OS		IH	OS	Fairbanks campus operated as recharge for federal government cost recovery purposes	OS	OS		See UAF
Snow Removal	IH	IH	The cost expended in Anchorage for this activity is considered within market rate considering labor and equipment charges in the Anchorage market.	IH	IH	Reviewed for OS in 1995, and found no significant savings. All sidewalks, steps and entryways are cleared of snow by student labor.	IH	OS Ketchikan IH Sitka	Previous outsource contract in Sitka discontinued due to limited service availability	See UAF
Grounds Maintenance	IH	IH	Reorganized in 1999 and management staff reduced to streamline the functions. UAA has chosen to provide the delivery of this service because of the importance of quality. Grounds Maintenance branch is currently undergoing performance analysis, and converting tasks to service orders under a new computerized maintenance management system	IH	IH	Labor by student workers at Fairbanks campus.	IH	IH		See UAF
Housing - Dorms	N/A	N/A		IH	IH		IH	N/A		N/A
Housing - Apartments/ Suites	IH	IH Valdez	No response from RFI in FY95. New construction opened in fall 1998.	IH	IH Bethel		IH	IH Ketchikan IH Sitka	In house operation of private facilities at Sitka and Ketchikan	N/A

Function	UAA- Anchorage	UAA- Other	UAA Comments	UAF - Fairbanks	UAF- Other	UAF Comments	UAS - Juneau	UAS- Other	UAS Comments	SW
Housing - Students with family	N/A	N/A		IH	N/A	After RFI regarding outsourcing in 1995, UAF established internal enterprise with residents of 26 year old facility to restructure operations of 72 apartments in 12 buildings.	N/A	N/A	Some set-aside apartments within above	N/A
Housing - Grad student/faculty	N/A	N/A	grad students within above	IH	N/A	No action taken on RFI from 1995	N/A	N/A	grad students within above	N/A
Purchasing	IH - modified	IH	Staff reduced from 12 in 1992 to 4 Full Time and 3 Part time. Significant portions of routine supply activity outsourced leaving need for highly specialized contract managers.	IH	IH	Staff reduced from 17 in 1992 to 10.5 today. On-going effort of increasing productivity & partnership with other campuses on large/complex projects; co-development w/SOA contracts; decentralized small dollar purchases through better technology.	IH	IH	Regionally centralized for IFBs, outsourced to other MAUs for RFPs, limited RFQ authority within extended campuses.	SW uses UAF for purchasing functions Centralized system for protests, appeals, limited procurement and sole source justifications only.

Function	UAA- Anchorage	UAA- Other	UAA Comments	UAF - Fairbanks	UAF- Other	UAF Comments	UAS - Juneau	UAS- Other	UAS Comments	SW
Facilities Planning and Construction	IH	IH	Substantially reduced staff in this area. Currently 8 staff, down from 22 FT in the early 90's. As UAA has OS significant portions of its facility management activity, it is critical to have competent UA employed construction managers. All design and engineering services performed on campus are currently OS.	IH	IH	SW Admin. decentralized design and construction depts. to campuses in 1991	IH	IH		SW uses UAF for this function. System office decentralized function to regional campuses in 1991.
Minor Maintenance and Repair - Elevators, Building Control Systems	OS	OS	Also OS fire extinguisher maintenance. A relatively small IH physical plant operation is maintained for routine functions. A computerized Maintenance Management system has recently been installed to increase productivity and accountability.	OS	OS	Specific areas of maintenance (DDC controls and elevator repairs) have gone to OS over the years	OS	OS	Elevator full service, repair and upgrade outsourced region-wide. Most major renewal/replacement projects OS. Electronic Bldg. Mgmt. system evaluation design, upgrade and backup is also outsourced.	See UAF
Minor Maintenance and Repair	OS	OS	Any activity over \$2,500 is outsourced. Relatively small in-house capacity is maintained for routine needs.	IH	IH	Since 1994 some minor repair work is designed via OS consultants or in house staff and completed by outsource.	IH all design is OS	same		See UAF
Major Maintenance, Repair and Renewal	OS	OS		OS	OS		OS	OS		See UAF

Function	UAA- Anchorage	UAA- Other	UAA Comments	UAF - Fairbanks	UAF- Other	UAF Comments	UAS - Juneau	UAS- Other	UAS Comments	SW
Garbage Collection and Removal	OS	OS		most IH some OS through janitorial	OS	reviewed in 98, no interest in downtown center, or full service for special events, litter, student housing etc.	OS	OS		See UAF
Campus Security	IH	IH	High priority that campus safety be provided by fully commissioned police officers.	IH	IH	See "Security" paper attached	OS evening IH Daytime	Sitka & Ketchikan campus utilize municipal police and fire services		See UAF
Printing	OS Copying IH Printing		Examination in 1996 resulted in outsourcing the central copy service functions and a portion of machine maintenance. Printing was determined to be a cost-effective asset to UAA.	IH/OS	IH	Many projects are OS, depending on project, time frame. Some IH also gets OS from print shop. Copying machines are OS leases.	OS	OS		See UAF
Conferences & Institutes	Routine low-level functions	N/A	OS for large groups such as Elder Hostel; or when requested by outside groups	IH for routine low level functions	N/A		OS for large groups such as Elder Hostel	N/A	IH for low revenue activities such as small summer groups	N/A
Add Additional Functions Where OS centralization or major restructuring has occurred. Include Administrative services and extended site operations.		Mat-Su Campus outsourced child care services in 1997.	In 1998 UAA outsourced its tuition payment plans to a third- party.							Land Purchase contracts collected through local bank.
Janitorial	OS	IH Student/staff	small amount of IH custodial- housing, eating facilities, common areas	70% OS 30% IH	IH	OS in 1995	IH	IH Ketchikan		See UAF



UNIVERSITY OF Alaska



ANCHORAGE FAIRBANKS SOUTHEAST

The Privatization Sub-Committee for the University appears ready to recommend further study of privatization of printing services for all campuses. The campuses are not all alike. While others run a copy center, UAF has a full spectrum print shop which includes copy center services. But there is a good reason for that, and it goes back to legislation that compelled it, and academic needs that still require it.

Originally, the law was silent about whether to use in-house facilities or the private sector for print needs. UAF Printing Services capabilities grew to meet the need. Printing and graphic arts was, and remains, an instructional program at UAF. What was good for the student (4 color off-set presses, imagers, separations, etc) was also good for the needs of UAF and it's many and often elaborate publications.

Then around 1990, the law changed. The Legislature at that time took the view that State Agencies (and by association, UA) were not getting an appropriate return on their capital investments in copying and duplicating equipment. So the new law required that all print services be done in-house unless the in-house services couldn't meet the need. In fact, UAF Purchasing had to initiate a procedure requiring UAF Printing Services to sign-off permission for departments to use the private sector.

In 1994, the law changed again in another about-face. Now everything had to be out-sourced unless the private sector couldn't meet the need. That is the legislation in place today. Specifically, It requires that UAF offer the private sector the opportunity to bid on all printing jobs above the competitive threshold. The UA CPO approved this as the competitive limit established in AS 36.30, or \$2,500. And, to enhance individual department's access to the private sector below \$2,500, UAF Purchasing established electronic Blanket Orders with all the local print shops so that UAF departments can electronically place orders directly with the private sector if they so choose. The result is that the UAF Print Shop does not have a captive market at any level of printing services. We have to compete for price, service, and quality dollar for dollar. And, Printing Services is not subsidized by UAF. It is self-supporting as well as competitive. It is required to meet federal accounting standards for recharge centers that define a self-support entity. A few facts will demonstrate the excellent balance between UAF Printing Services and the private sector:

In FY 98 over \$727 thousand of UAF printing needs were out-sourced to the private sector.

In FY 99 that figure rose to nearly \$1.3 million.

55 RFQ's have been issued since FY98

30 were awarded to the private sector

25 were awarded to UAF Printing Services

The total value of the 55 RFQ's was \$382.6 thousand. When the private sector was lowest cost, UAF saved approximately \$138.2 thousand.

When UAF Printing Services was lowest cost, UAF save approximately \$134.5 thousand.

This is a very balanced system. But, Printing Services is not simply a "copy center" as defined by most agencies. It directly supports nine instructional programs in journalism, broadcasting, and graphic arts with a hard-wired connection through the campus Ethernet backbone. This means that large jobs don't have to be fragmented, delivered to an off-campus location and downloaded from many disks (with loss at the data margins). No one in the private sector has this access, speed and carrying capacity. We also provide an internship each year for a J&B or Graphic Arts student. In addition to the student benefit, UAF departments receive 100 or hours each year of consulting on design, color, and lay-out that at no cost from Printing Services.

Finally, UAF Printing Services provides copy machines throughout the campus, with maintenance and supplies out-sourced to the private sector. These are being tied to our One Card system so that students will soon be able to access any copier on campus. This is a terrific added convenience for students.

About three years ago, a national company visited campus to assess the potential for privatizing Printing Services. These

companies are most eager to assume management of such services when the current product is slow, out of date, expensive; and has very low customer satisfaction. After spending a day in Purchasing, Printing Services and touring they said they would get back to us with a formal offer. We never heard from them again. The point is, UAF Printing Services is providing an essential service at competitive rates, while providing support to academics and opportunities to students not available from the private sector.

We have reviewed the privatization issue for UAF Printing Services. We agree that competition is good for business. It has made us leaner and demonstrated our efficiency in direct, head-to-head comparisons. It is producing the best combination of low cost, service, classroom support, student opportunities and privatization. The system is very balanced as is, and it is in the University's best interest for it to remain so.





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MEMORANDUM

TO: Wendy Redman, Vice President
University Relations

FROM: Ed Foster
Superintendent

DATE: October 25, 1999

RE: Vehicle Cost Analysis of Purchasing vs Leasing from Private Vendor

During the teleconference with the Privatization Subcommittee on October 20, 1999 Chick Wallace asked why individual departments within the University own their vehicles and do not go through a centralized Vehicle Pool. I explained although many departments do still own their vehicles they are now required to go through our Vehicle Pool for additional vehicles or replacement vehicles. This decision was made approximately three years ago based on recommendations from a Legislative Audit conducted the same year. Through attrition, all vehicles at UAF will eventually belong to the Vehicle Pool.

The Subcommittee also asked why we purchased vehicles and did not lease them from private vendors. We did an analysis of leasing versus purchasing a few years ago, but I do not believe a formal report was written. This week Facilities Services was able to put together some lease costs, in today's market, for types of vehicles we frequently purchase. I have attached a comparison of those costs against the cost for a department to lease an identical vehicle today from our Vehicle Pool.

A few points to be aware of when reading this comparison chart are, our vehicle prices already include additional costs; such as, parking decals, insurance, unscheduled maintenance and cleanings. Also included in our price is a 10% depreciation expense for replacement and when the vehicle reaches the end of its life cycle the vehicle is sold.

A vehicle leased from a private vendor can be covered by a maintenance contract, but it will only cover scheduled maintenance, any unscheduled maintenance would be an additional cost. Also, if the vehicle has any damage other than fair wear and tear or excessive mileage at the time of return the customer will be charged accordingly, over and above the base lease price. Last but not least, at the end of the lease the customer turns in the vehicle and has no asset to show for the money paid out.

I hope this information is helpful. If there is any additional information needed please let me know. Thank you.

A. COST ANALYSIS OF PURCHASING VS LEASING

UAF PURCHASED VEHICLES

VEHICLE TYPE	MONTHLY COST	YEARLY COST	STARTUP FEES	TOTAL COST 1 ST YEAR
Suburban	\$346.67	\$4160.00	\$0.00	\$4160.00
AWD Minivan	\$303.33	\$3640.00	\$0.00	\$3640.00
15 Passenger Van	\$325.00	\$3900.00	\$0.00	\$3900.00
Sedan	\$195.00	\$2340.00	\$0.00	\$2340.00
2wd Truck	\$260.00	\$3120.00	\$0.00	\$3120.00

INCLUDES: \$225.00 Parking Decal, \$186.00 Insurance, License Fees, All Scheduled and Unscheduled Maintenance and Cleanings.

AUTOMOBILE DEALERSHIP LEASED VEHICLES

VEHICLE TYPE	MONTHLY COST	YEARLY COST	STARTUP FEES	TOTAL COST 1 ST YEAR
Suburban	\$645.88	\$7750.56	\$929.00	\$8679.56
AWD Minivan	\$510.06	\$6120.72	\$779.00	\$6899.72
15 Passenger Van	\$653.84	\$7846.08	\$1213.00	\$9059.08
Sedan	\$370.96	\$4451.52	\$1663.00	\$6114.52
2wd Truck	\$330.00	\$3960.00	\$2160.62	\$6120.62

INCLUDES: Scheduled Maintenance Only

Fees: may include - Security Deposit, License Fees, Document Fees and/or downpayment

cc: Kathleen Schedler, Director



UNIVERSITY OF
Alaska   
 ANCHORAGE FAIRBANKS SOUTHEAST

The following information on University campus security is provided to the University of Alaska subcommittee of the Privatization Commission as requested.

University of Alaska Campus security

1. Description of how each campus handles security:

Both UAA and UAF has State of Alaska commissioned police departments that can handle the full range of daily safety, police, investigative, and security needs for the campus community. Along with its commissioned police officers, UAF has the student community service officer program which provides police internships to UAF students. These student officers perform the security functions as any private firm would (parking, door checks, traffic control during special events) and provide educational opportunities for the students.

This is a highly specialized area in which UAA and UAF takes great pride. Safety and security are of the utmost importance. The UPD has jurisdiction over the campuses, has police officers and dispatchers available 24 hours a day, 7 days a week.

UAS outsources both security patrolling and alarm dispatch services, which in turn contact municipal police, fire and EMT services. Sitka and Ketchikan utilize municipal police and fire services directly, at no cost.

2. Will state/local police respond to incidents on a campus?

UAF is outside the corporate limits of the city of Fairbanks by a substantial amount thus no obligation to provide police coverage. Commissioned police coverage would fall to the State and the Alaska State Troopers as was the situation prior to 1991. The Alaska State Troopers currently have 3-4 troopers average on a patrol shift from North of Wasilla to the North Slope, and includes serving the 60K or so residents residing outside Fairbanks in the FNSB.

UAF does have a mutual response agreement, in which each agency (Fairbanks, Troopers, Airport, UAF etc.) will respond to life threatening and serious incidents in each others jurisdiction, not primarily as first responder, but as back up and to support other wise lean responses.

UAA also has a mutual response agreement with the Anchorage Police Department where the APD will respond to life threatening and serious incidents on campus.

3. Results of past reviews of strengths/weaknesses of private security versus UA employees.

Only public employees can be commissioned officers to uphold the laws of this state. However, this question does lead to one of "police" dept. vs. a "security" department which UAF has had experience with both. This then also becomes a question of levels of service which needs to be discussed with the community at large. Security officers

basically monitor and protect property. They can not deal with human interactions (intercede as police can, make traffic stops, investigate crimes, make police arrests, etc.) required to protect the community from personal and property crimes, security officers can only alert the proper authorities if and when available, that is even true of our students CSO we currently use to supplement our police force.

Prior to 1991 UAF did operated under a security department fashion relying on trooper responses to campus. What happened is the University just did not get the response or campus sensitivity required to protect the community. Responses by the outside law enforcement agencies were strictly handled in a reactionary mode and did not deal with the level of sensitivity needed. This was climaxed by the famous snowball - trooper shot gun incident. We also had security officers that were put in positions of danger and creating high liability as they were not trained nor commissioned police officers while still subject to dangerous incidents. As a result the State legislature authorized the commissioning of police forces at UAF and UAA.

A final thought on private security and its limitations, other than property issues that private security does have a place, many police interactions are with community members at their most vulnerable times in their lives. Public trust must never, ever be compromised.

4. *Is federal funding available for campus security?*

Campus security - NO. Campus police officers - Yes...but only with local matching funds and a continuation agreement to take over complete funding. Federal policing "grants" are available and have been use by UAF to fund several police officer positions. They are still some what available. However the federal government is not in the business of assuming community police protection, it uses these "grants" to prompt communities to spend more of there OWN funds to the police effort. The feds will fund up to 75% of a new position for the first year, with the community funding the rest, prorated till year 3, when the position must be fully funded by the local cmmunity. To accept these funds is a commitment to future increased self-funding. Unfortunately in the current Alaska budget climate, no community including UAF can make that commitment and take advantage of these "grants".

At UAA, federal funding is used to partially offset the cost of one officer solely dedicated to campus residential housing, the remaining portion of that position is funded by the housing auxiliary. Because of the priority for campus safety provided by fully commissioned police officers, UAA would not support the consideration of outsourcing in this area.



The UA Subcommittee of the Privatization Commission has requested to view the Collective Bargaining Agreement language that is favorable to contracting out. The following is an excerpt from that document:

Taken from the UACEA collective Bargaining Agreement dated 1/1/98 – 12/31/2000:

2.9 Contracting Out

- A.** The Employer specifically reserves the right to contract out any work it deems necessary. Prior to a decision which would result in the layoff of Bargaining Unit Members, or a decision to renew a contract which resulted in the layoff of Bargaining Unit Members, the Employer will:
1. Conduct a comprehensive cost study;
 2. Notify the union of the study;
 3. Give the Union thirty (30) days notice of its decision to circulate an RFP which will be considered using the same criteria as used for evaluation of outside proposals; and
 4. Notify the Union of the results of the Requests for Proposals review, including the basis for a decision to contract out.
- B.** In the event Bargaining Unit Members are displaced because work was contracted out, they shall be eligible for the following:
1. Every effort will be made to place the Bargaining Unit Member elsewhere in the University system. If the position is in another geographic location, the Bargaining Unit Member will be eligible for relocation assistance limited to the equivalent of a month's salary.
 2. The employer will attempt to provide training, apprenticeships and/or trades helper opportunities available to prepare the Bargaining Unit Member for remaining available work.
 3. Bargaining Unit Members will receive first consideration for vacancies, including temporary openings.
 4. The Bargaining Unit Member will have Layoff and Recall rights under the provisions of Article 5.4 for three years from the date of layoff.
 5. The employer will provide continuation of health benefits for six months from the date of layoff.
 6. The Employer will endeavor to provide employment opportunities with the contractor for the Bargaining Unit Member.
- C.** In the event the employer conducts an audit of work that has been contracted out causing the displacement of Bargaining Unit Members, the employer shall provide a copy of the audit to the Union.





UNIVERSITY OF ALASKA STATEWIDE SYSTEM

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TO: Marco Pignalberi, Legislative Aide
Representative John Cowdery

FROM: Wendy Redman

DATE: September 17, 1999

RE: University Privatization Review

Attached are reports from UAF, UAA and UAS regarding the privatization/outourcing activities and reviews that have occurred, or are in place, at the major UA campuses. As you will see, the University has put in a good deal of effort over the last five years to evaluate and implement the use of private contractors in those areas where cost savings or improved services could be achieved.

The Board of Regents and the executive administration of the UA system continue to seek every possible opportunity to achieve greater efficiency with available resources. Without going into a high whine, I will remind you that the general fund appropriation to the University is the same this year as it was over a decade ago; state general fund represents about 40% of our total budget today compared to nearly 70% a decade ago. While a shift in the proportion of state funding was certainly appropriate, the failure to maintain modest growth in state funding during the past decade is now seriously impeding our ability to secure non-general funds, and even more alarmingly, it is impacting our ability to offer the programs necessary to maintain enrollment. Even a cursory look at our funding history will show that we are dangerously close to a downward spiral that will be very difficult to correct. Though we have more than doubled tuition and increased other non-general funds available to support the operation of the University, these measures have fallen far short of keeping pace with annual inflation, and have allowed virtually no growth in response to changing state needs.

The University undertook a major organizational restructuring beginning in 1987 that merged the state's community colleges and university centers for an annual savings of \$6 million in administrative costs. A major program assessment completed in the mid-90's resulted in another round of program eliminations, consolidations, and reorganizations. A significant part of the last program review focused on opportunities for full or partial privatization and/or out-sourcing of a full array of services. This review resulted in the shift of many functions to contracted services, including the outsourcing of most of the facility maintenance and a significant portion of the building repair and maintenance at campuses in Fairbanks and Anchorage.

With an 11-person Board of Regents appointed from the private sector, we have the advantage of input and interest in alternative delivery methods at the highest levels of University governance and management, as well as a great deal of experience. In fact, I doubt there is another entity of state government that has demonstrated as much initiative or willingness to reorganize and rethink how it conducts its business. We have many years of experience with privatizing, and continue to be open to new ventures all the time. As new technologies are developed, opportunities for more efficient delivery of education as well as academic support services will certainly emerge. At

the same time, we are continuing to pursue opportunities for joint programming with schools, private industry, and other non-profit groups that will allow the most efficient use of limited resources to meet the academic, research, and public service needs of all Alaskans. Although the legislation that formed the privatization task force did not include the University as an agency for review, I know there has been interest expressed in including us. I want you to know that we welcome the opportunity to discuss our experiences with your committee, or with a subcommittee established specifically to review the University's experience with privatization. We have a great deal of experience that may prove helpful to others, and as I indicated above, we are always interested in new and innovative ideas that will allow us to maximize resources and retain the quality of our services.

cc: President Mark Hamilton
Vice President Jim Lynch
BOR President Mike Burns
Chancellors Lind, Pugh, Gorsuch
Vice Chancellors Griffin, Vaughn, Williams

PRIVATIZATION AT UAA

Prepared by: William Rose, Vice Chancellor for Administration

Over the last five years, the University of Alaska Anchorage (UAA) has evaluated and implemented the use of private contracted services in cases where cost-savings and/or service improvements could be achieved. It is our goal to attain the highest level of service while utilizing the lowest cost alternative in the delivery of administrative and support services across the UAA campuses. UAA's track record relative to the use of outsourcing as a means to achieve cost-savings while maintaining quality, supports this goal. The highlights of these efforts have been the outsourcing of facilities design and engineering services, maintenance and repair, renovations, new construction, custodial services, utilities, food services, the copy-service arm of the printing department, tuition loan services, and athletic team travel services. In addition, the UAA Bookstore was recently studied to determine if privatization was a viable alternative to an in-house operation including the issuance of a Request For Information (RFI). The following are more detailed summaries of UAA's recent privatization efforts.

Facilities Design and Engineering Services, Maintenance & Repair, Renovations, New Construction, and Custodial Services

1. All UAA architecture, design, or engineering support is contracted out. Contracts are awarded by task or project. \$500,000 to \$3,000,000 is expended annually on design and engineering services depending on the available level of "local" maintenance dollars and state capital appropriations.
2. Maintenance and repair, renovation, and new construction projects are awarded by project. \$1.2 million is expended annually on maintenance and repair and renovations. A unit price contract is also utilized for routine maintenance and repair. New construction is dependent on available state or federal funds.
3. All custodial support (except the Housing complex) is outsourced. A new contract was awarded in July 1999 at an annual cost of approximately \$800,000.
4. All elevator maintenance is contracted out at an annual cost of \$45,000.
5. An energy conservation contract provides \$250,000 in energy conserving modifications to UAA facilities on an annual basis.
6. All utilities are provided by outside entities at an annual expenditure level of approximately \$3,000,000.

In addition, our extended sites at Kenai, Kodiak, Mat-Su, and Prince William Sound utilize contracted services for the majority of their facilities expenditures.

Food Services

In FY99, the new UAA housing complex was completed. To complement this new facility, the existing in-house dining services at UAA were consolidated and contracted out. The new contractor, Aramark, operates all cash dining venues, including the Daily Grind, Wolf Den, Counter Culture, Bear Necessities, and catering services. In addition, they also operate the student dining board program, including the Cuddy Cafeteria and Creekside Eatery. "Subway" independently operates a venue in the UAA Campus Center. The total value of these contracts is approximately \$2,467,932.

Printing Services

In 1996, the UAA printing department was analyzed to consider the use of contracted services. The study found the overall printing department to be a cost-effective asset to UAA. The study did recommend that the copy services area within the printing department be further analyzed. Copy services was reviewed and recommended for outsourcing in order to increase service, to improve machine and copy quality, and to reduce overall copier costs. The Copier Management Program (Copy Center) was contracted out to Xerox (XBS) in 1996.

Miscellaneous Services

UAA has recently contracted out tuition loan services and travel services for athletic teams. In addition, UAA has contractors performing Facilitation and Mediation, Moving, Laundry, Forestry Consulting, Photography, Vending, Newspaper printing, Fire Extinguisher Inspection, Advertising, and Legal Services to name a few.

Bookstore

In Fiscal Year 1998, a study was conducted to determine if the UAA Bookstore should be privatized. This entity is a fully-costed, self-sustaining auxiliary operation that receives no general fund support. The study found no evidence that moving to an independent, corporate firm would improve services or reduce costs. A search of potential bookstore owners, through a Request For Information (RFI) process, found limited interest in this highly specialized entity. The study found that a for-profit operation would increase the price of books for the students by 5 - 20%. UAA decided to closely monitor the yearly performance of the Bookstore to ensure that an in-house operation was viable. In FY99, the Bookstore performed well with sales of \$4.7 million, and a positive year-end balance, while book prices remained nationally competitive with campus bookstores and entities such as Amazon.com. Currently, the Bookstore has developed an online presence and is in the final development stages of an online requisition and ordering system for faculty and students.

UAA has developed and implemented internal and external customer satisfaction surveys to ensure our in-house and outsourced activities are performing effectively. Overall, the current mix of UAA personnel and contractors is providing the University with excellent, cost-effective service. However, we are never satisfied with the status quo. Consequently, we are constantly reviewing current operations to determine if restructuring or contracting out would improve service and provide more efficient use of our limited resources.

PRIVATIZATION AT UAF

Prepared by: Terry Kelly, Director of Procurement

When investigating privatization it is important to differentiate between the forms it takes. Privatization can be considered out-sourcing of: (1) non-personal services, (e.g., custodial, food service, maintenance, etc) and professional services (e.g. architectural, financial, legal, computing services and other specialized consulting for specific needs); and (2) hiring management companies to manage and administer University functions, (e.g. facilities management, accounts payable, purchasing, personnel, information technology, etc.). Privatization in either form has potential advantages, and inherent disadvantages. It is not a panacea for operational deficiencies, nor a guarantee of improved performance. The variables in privatization are the quality of potential providers, the disconnect that occurs when our customers are one iteration removed, the added burden of contract administration and the reoccurring disruption with each change of contractor.

Also, a distinction of interest may be that, unlike some State agencies, the University has a middle option to establish self-supporting auxiliaries. Auxiliaries are an economic hybrid subject to the dynamics of competition but operating within the University framework. This brings the benefits of private enterprise while retaining control, flexibility and continuity. The functions below marked "Contract" are privatized. Those marked "Auxiliary" are in-house, self-supporting. Functions that are underlined are provided internally for the reasons given.

In broad terms, UAF contracts for a wide variety of non-personal, professional, and scientific services totaling more than \$49m annually. These range from custodial services to scientific data analysis and are too numerous to list. I have tried to list those functions that are most commonly perceived as privatization opportunities.

FACILITIES SERVICES

Design, Architectural & Engineering Contracts: Approximately \$1m to \$5m annually

New Construction Contracts: Approximately \$15m to \$30m annually.

Maintenance & Operations Contracts: Approximately \$600k annually is out-sourced for numerous small to mid-range contracts with local businesses for such things as equipment rental, pest control, overhead door maintenance, heavy equipment safety inspections, major vehicle repairs, boiler/furnace maintenance, window cleaning, road repairs, and many others.

Telecommunications Contracts: Approximately \$625k annually for local & long distance service. PTI performed a preliminary evaluation of privatization in 1997, but did not pursue it further.

Electrical Power Contracts: (off campus & backup as needed): Approximately \$250k annually.

Sewer Treatment Contract: Approximately \$360k annually.

Custodial Services Contract: Approximately \$1.5m annually. Previously done in-house. Includes all custodial services throughout the campus, including student dormitories. This contract resulted from a cost/benefit review conducted in the early 1990's.

Coal Transportation Contract: Approximately \$500k annually. Previously a sole source to the Alaska Railroad, competition was introduced into this service via the trucking industry resulting in total savings to UAF of \$60k to \$100k annually.

Elevator Maintenance Contract: Approximately \$95k annually to provide maintenance, repair, and safety assurance for all elevators on campus.

Ash Hauling: Approximately \$72k annually. Previously done in-house, this service removes the ash and transfers all ownership, disposal and hazardous materials requirements to the contractor.

Hazardous Materials Waste Management Contract: Approximately \$150k in hazardous materials disposal, abatement programs and haz mat information.

Direct Digital Controls Contract: Approximately \$150k in maintenance and monitoring of facilities environmental digital control systems. This is tied directly to UAF's energy conservation program.

Hess Village Housing Auxiliary: Approximately \$500k in annual revenues. This pilot program has been successful in completely refurbishing and renovating these married student-housing units from rental income resulting from high occupancy. This program has proven the effectiveness of bringing sound business practices to the housing issue.

Electric & Heating Utilities: UAF is self-sufficient. The Utilities Plant which produces both power, heat and water for the campus pre-dates availability of large-scale power and water production accessible by UAF. The cost of electric production is roughly equivalent to local utility rates. The local utility has no need for UAF's generating capacity. Moreover, the power plant produces steam heat for the campus as a by-product of the power production.

Water: UAF produces its own water. That water is also used to cool the power plant. The local utility has been investigating the economies of privatization. Current comparisons show UAF water produced at approximately \$1.53/kgallons while the private sector rate is approximately \$3 to \$3.50/kgallons. No proposals have yet been presented to UAF.

Refuse Hauling: A preliminary investigation of basic refuse collection privatization conducted in 1998 indicated a cost difference of approximately \$4,600. This cost difference is based on basic refuse collection only and does not include vital services that UAF currently supplies and would be required to continue to provide if outsourced. Some of these vital services include: small garbage can collection, special events refuse collection, grounds policing, walk-up collections at private residences, collection at the Downtown Center, and handling of hazardous materials. During our investigation, both local contractors indicated that the price for refuse collection would increase over time and that their garbage trucks would be amortized over a five year period. Therefore, under contract, UAF would be required to pay for a contractor's new truck at a rate that would far exceed any costs associated with replacing it's own truck. If UAF were required to pay for these items in addition to the basic refuse collection services, the costs would greatly exceed the estimated cost difference of \$4,600 for contracting the basic service.

Snow Removal: UAF own its snow removal equipment (graders, dump trucks, loaders). It is used year round for landscaping, and other projects. The majority of the labor in snow removal is provided inexpensively by students. Any potential savings by out-sourcing are not expected to offset the need for this equipment for other uses, nor the flexibility that in-house service provides.

Parking Management: Privatization of parking management, including building a parking facility, was investigated in 1995. The private sector determined that it was not economically viable.

STUDENT SUPPORT SERVICES

Food Service Contract: Approximately \$1.5 to \$2m annually. Includes all board program meals, and on-campus catering with exceptions made only for the Culinary Arts Program presentations. An intense review by the previous administration, student committees, and a respected consultant are nearing completion. A stronger partnership is emerging with the contractor, and a new RFP for an expanded program will be issued this fall.

UAF Bookstore Auxiliary: Approximately \$3m in annual sales to students, faculty, staff and the public (primarily tourists). The most recent trend in University bookstores is not out-

sourcing, but rather partnering with the private sector. This business configuration is emerging through web-based access to major book sellers; direct marketing of computer hardware/software from the manufacturer through a campus outlet (not available to the private sector); and the marketing of logo items through local retail outlets. Technology is changing the nature of bookstores. It holds the promise of leaner operations, continued favorable pricing and increased revenues. The UAF Bookstore has established a web presence, and is pursuing the efficiencies of web ordering, and publishing company partnerships. UAF will be in a better position 2-3 years from now to assess whether sufficient additional benefits are attainable through outright privatization.

University Technology Center Auxiliary: Approximately \$2m in annual sales. The UTC, in partnership with major manufacturers, is a computer store with a presence on the three MAU's providing hardware/software to students, faculty, staff, and departments. This "direct only" sales approach, not available through private sector dealers, is initiated by major manufacturers and provides unprecedented discounts.

Residence Life Auxiliary: Approximately \$3.7m annually. UAF is in the closing stages of a renovation and review of housing operations. The administration is developing alternative operating configurations and strengthening partnerships with the Food Service program. In the spring of 1999, a consulting firm was hired to review housing services and make recommendations for enhancing quality, and economic viability.

CAMPUS SUPPORT SERVICES

Printing Services Auxiliary: Approximately \$1.3m annually. Printing Services is not simply a "copy center" as defined by most agencies. It directly supports nine instructional programs in journalism, broadcasting, and graphic arts through the campus Ethernet backbone with a high technology. The issue of privatization has been addressed by legislation that requires that UAF offer the private sector the opportunity to bid on printing jobs above the competitive threshold. This insures that the Printing Services Auxiliary is at least as cost effective as privatization. In addition to printing, UAF Printing Services provides and maintains copy machines throughout the campus. A private sector print management firm recently reviewed the technology and pricing structure of UAF Printing Services and did not pursue it further.

Conferences & Special Events Auxiliary: Approximately \$426k annually, but \$37,423 is University related. Technically, this is recharge, a variation on the auxiliary model. About 90% of the department's activities is coordinating events for external customers unrelated to the University at non-University venues. It is under review by the administration. Consideration should be given to redefining its mission to promoting UAF and developing opportunities for the campus to host a variety of organizations to showcase the University.

MANAGEMENT SERVICES

Facilities Management: Private sector management of university facilities is available, but not commonplace. UAF Facilities Management has recently undergone a major reorganization merging Physical Plant, Utilities and Design & Construction. The efficiencies and effectiveness of this new organization should be assessed before consideration is given to privatization.

Accounts Payable: The accounts payable function is undergoing a transition to a new level of electronic processing. Introduction of a procurement card (Pro-Card) for purchases provides a single monthly MasterCard billing for hundreds of vendors. MasterCard pays the vendor almost immediately after the transaction. It is expected to produce significant savings in labor and administrative cost in the coming years. These efficiencies should be assessed before we consider out-sourcing the function entirely. Consideration perhaps should be given to increased consolidation of payable functions.

Procurement & Contract Services: Purchasing is gaining from some of the same changes affecting Accounts Payable. Three to five positions have been eliminated in Procurement in recent years due to advances in technology, increased staff expertise, and increases in bid limits. This is shifting the focus of the department from order processing to contract administration. As privatization increases, the need for more and better contract management increases proportionately. Consideration perhaps should be given to increased consolidation of purchasing functions.

Human Resources/Payroll: The very term, "human resources" rather than the traditional "personnel" implies a wider spectrum of service to current and potential employees. UAF Human Resources does not fit the hiring hall function most closely identified with out-sourcing personnel or payroll functions. Much consolidation of employee relations and payroll has already taken place with key functions being provided at the Statewide Administration level.

SUMMARY

The best opportunity for privatization to produce dramatic improvements is when the agency is bloated with staff and wasteful budgeting. One of the bright spots of the several years of decrement spending is that, at every level UAF, indeed all UA, has been forced to find management and service innovations to meet the need in spite of declining resources. That by definition produces a heightened level of productivity. Meeting this challenge year after year has resulted in downsizing staff, upgrading technology, and demanding better management. The number of auxiliaries is increasing. Further review is needed to insure sound business practices and the economies of scale are attained.

Many opportunities for out-sourcing have been found. New opportunities are always under review. But the good news/bad news is that the budgetary rendering process of the last decade has greatly narrowed the gap between the efficiency we have already secured and the increment of efficiency that might be available from privatization.