



Excellence in the Business of Government

California Department of General Services

**Fiscal Year 2016-17
Budget Highlights**

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**CALIFORNIA DEPARTMENT OF GENERAL SERVICES
PROGRAM OVERVIEW**

The mission of the California Department of General Services (DGS) is to deliver results by providing timely, cost-effective services and products that support our customers, while protecting the interests of the state of California.

As an enterprise organization, DGS provides centralized services to state agencies in the areas of: management of state-owned and leased real estate; approval of architectural designs for local schools and other state-owned buildings; printing services; procurement of commodities, services, and equipment for state agencies; and management of the state's vehicle fleet. Furthermore, DGS employs practices that support initiatives to reduce energy consumption and help preserve California resources. The Director of DGS serves on several state boards and commissions.

DGS is composed of four main program areas including Building Regulations Services, Real Estate Services, Statewide Support Services, and Administration.

GENERAL BUDGET OVERVIEW

DGS' budget supports activities and services that are customer-centered, deliver efficient and effective results, work as one enterprise, and maintain a healthy organization. The Fiscal Year (FY) 2016-17 enacted Budget provides \$1.051 billion for the support of centralized services to state agencies, a decrease of 1.28 percent from the 2015-16 Budget Act.

Total Department Budget

Dollars in thousands

Budget Fund Source	2015-16 Enacted Budget	2016-17 Enacted Budget	% Change from 2015-16 Enacted Budget
General Fund	27,513	9,509	-65.44%
Special Funds & Reimbursements	1,037,914	1,042,242	0.42%
Total Funds	1,065,427	1,051,751	-1.28%

*2016-17 budget 3-year Expenditures and Positions display does not include major project changes to Capital Outlay.

State Operations

Dollars in thousands

State Operations by Program				
Budget Program Title	Program	2015-16 Enacted Budget	2016-17 Enacted Budget	% Change from 2015-16 Enacted Budget
Building Regulation Services	6320	71,529	74,292	3.86%
Real Estate Services	6325	518,760	497,203	-4.16%
Statewide Support Services	6330	481,128	486,092	1.03%
Administration	9900100	65,797	72,162	9.67%
Administration – Distributed	9900200	-62,591	-68,802	9.92%
Distributed Services	9900300	-9,196	-9,196	0.00%
Total State Operations		1,065,427	1,051,751	-1.28%

Capital Outlay

Dollars in thousands

Capital Outlay by Program		
		2016-17
Capital Outlay by Fund Source		
Budget Fund Source	2015-16 Enacted Budget	2016-17 Enacted Budget
General Fund	0	1,000,000
Special Funds & Reimbursements	0	-988,208
Total Capital Outlay	0	11,792

PROGRAMMATIC ADJUSTMENTS

The specific adjustments listed below reflect the major budgetary changes reflected in the 2016-17 enacted Budget. The major changes include Budget Change Proposals and technical adjustments.

References to “GF” are to the General Fund, “OF” refers to Other Funds including Special Funds and Reimbursements; and “TF” represents Total Funds.

I. Building Regulation Services

With a multibillion dollar annual investment in facilities for state offices and public schools, centralized responsibilities for inspection and approval are needed. This is achieved in the following ways: (a) Assuring protection of lives and property in public buildings and schools through plan review and field supervision; (b) Ensuring that facilities constructed with state funds are accessible to persons with disabilities; (c) Developing uniform public health and safety regulations for state and public building construction; (d) Administering the State School Facility Program, which provides financial assistance to school districts for the development of school sites, construction, and modernization or replacement of school buildings; and (e) Adopting, codifying and publishing building standards for design and construction throughout California.

2016-17 Budget Adjustments

Office of Public School Construction

-10.0 Positions
-\$1,205,000 TF
-\$1,205,000 OF

The budget reflects a reduction of \$1.2 million and 10 positions in FY 2016-17 for Proposition 1D State School Facilities Bond funding in the Office of Public School Construction. This reduction is a continuation of reductions included in the 2015 Budget Act in an effort to align resources with projected workload.

II. Real Estate Services

Centralized responsibilities for leasing, planning, acquisition, design, construction, maintenance, and operation are needed to ensure quality, avoid redundancy, and deliver property and facilities at the lowest possible cost. This is achieved by: (a) Providing adequate space for state operations at a cost below that which each agency could provide for itself; (b) Assuring protection of lives and property in public buildings through progressive design and proactive construction inspection; (c) Selecting the most qualified firms (both internal and external) to design and construct high-quality facilities for other state departments to deliver their programs to the citizens of California; (d) Acquiring, managing and disposing of real property assets for state agencies, and providing public service facilities with economy of operations and uniform practices for protecting the public's interests and ensuring equitable treatment of private property owners; (e) Preserving the state's capital investment in building, grounds and equipment through an efficient and effective centralized maintenance and operations program; and providing statewide sustainability, energy efficiency and clean renewable energy generation programs.

2016-17 Budget Adjustments

Building and Property Management: Lease Revenue Bond Reduction

0.0 Positions
-\$13,253,000 TF
-\$13,253,000 OF

The budget reflects a reduction of \$13.3 million in FY 2016-17 Lease Revenue Debt Service funding resulting from the effort to refinance state facilities bond agreements in various DGS-owned facilities. This results in an ongoing statewide savings in debt service payments.

Building and Property Management: Deferred Maintenance in State Buildings

The budget reflects an increase of \$12 million in FY 2016-17 from the General Fund, this represents the DGS portion of \$500 million appropriated under Control Section 6.1 as part of a statewide effort to address deferred maintenance projects.

Asset Management Branch: Mercury Cleaners Site Remediation

0.0 Positions
\$2,137,000 TF
\$2,137,000 GF

The budget reflects a one-time increase of \$2.1 million in FY 2016-17 from the General Fund to support continued testing, cleanup and monitoring activities related to the former Mercury Cleaners site, a state-owned property located at 1419 16th Street, Sacramento.

III. Statewide Support Services

To fulfill their program responsibilities, state agencies require support services for business transactions and activities which are basic to their organizational functions. These operational requirements include procurement of green and sustainable materials, energy/natural gas, and transportation; publishing and related business and office services. Other state agency support requirements include travel, consulting services for legal contracts, risk and insurance management services and budget, accounting and human resources services. Additionally, state and local agencies contract for the services of administrative judges to conduct quasi-judicial hearings and mediations authorized by law.

2016-17 Budget Adjustments

Transfer of the Government Claims Program to the Department of General Services

9.0 Positions
\$1,162,000 TF
\$1,162,000 OF

The budget reflects an increase of \$1.2 million and nine positions in Service Revolving Fund in FY 2016-17 to transfer the Government Claims Program from the Victim Compensation and Government Claims Board to the Department of General Services effective July 1, 2016.

Equipment Maintenance Management Insurance Program

2.0 Positions
\$231,000 TF
\$231,000 OF

The budget reflects an increase of \$231,000 and two positions in Service Revolving Fund in FY 2016-17 to provide the necessary support for the Equipment Maintenance Management Insurance Program.

Procurement Division Workload Increases

6.0 Positions
\$0 TF
\$0 OF

The budget reflects the approval of six new positions in FY 2016-17 in the Procurement Division to address workload increases in the areas of certification and outreach services for Small Business and Disabled Veteran Business Enterprises and catastrophic disaster procurement. This represents a net zero change to the budget as costs to fund the positions will be absorbed with existing Procurement Division expenditure authority.

Enhancing Procurement Cost Savings for State Departments (FI\$Cal)

4.0 Positions
\$670,000 TF
\$670,000 OF

The budget reflects an increase of \$670,000 and 4.0 positions in FY 2016-17 from the Service Revolving Fund to support increased acquisitions workload to enhance cost savings opportunities in procurements with the implementation of the Financial Information System for California (FI\$Cal) project.

IV. Administration

The Administration program provides services essential to support the programmatic responsibilities of the department. This program provides executive leadership and policy direction through the executive office, legislative affairs, legal services, auditing, research and strategic planning, public affairs and equal employment opportunity as well as central administrative services in accounting, budgeting, business services, human resources, training, labor relations, information technology, health and safety, procurement and contracting.

2016-17 Budget Adjustments

Human Resources, Workload Planning, and Overall Customer Satisfaction

4.0 Positions
\$511,000 TF
\$511,000 OF

The budget reflects an increase of \$511,000 from various fund sources and 4.0 positions to supervise and support specialized staff tasked with reducing costs in Payroll Accounts Receivable and address workload needs in the recruitment and training unit.

V. Infrastructure Overview

DGS is responsible for managing approximately 40 million square feet (sf) of all types of space that supports a variety of state programs and functions. Of this amount, approximately 20 million sf is attributable to DGS-managed, state-owned office, warehouse, storage and other space; and 20 million sf to DGS-managed leases. DGS has control and jurisdiction over 57 office buildings totaling 17 million sf (including the State Capitol), as well as 22 other buildings totaling 2.8 million sf including warehouses, storage, the Central Heating and Cooling Plant, the State Printing Plant, three state-owned parking structures in Sacramento, and the State Records Warehouse. DGS also has jurisdiction over retail and residential properties in downtown Sacramento that are directly managed by the Capitol Area Development Authority.

Major Project Changes: State Office Infrastructure Plan

0.0 Positions
\$10,100,000 TF
\$10,100,000 OF

The budget includes a \$1.3 billion transfer from the General Fund to the State Project Infrastructure Fund to be allocated upon direction of the Director of Finance to the Controller, with \$1.0 billion allocated on or after July 1, 2016, and the remaining \$300 million allocated after July 1, 2017, with funds to be used for the construction or renovation of state office buildings in the Sacramento region. The \$1.3 billion will make a significant investment towards the overall plan to address state office space and infrastructure needs.

The budget reflects an increase of \$10.1 million in FY 2016-17 to initiate the first three projects in the state office infrastructure plan: 1) Planning to address the safety and capacity needs of the Capitol Annex; 2) New Natural Resources headquarters building; and 3) New O Street office building.

Central Plant: Capitol Irrigation Project

0.0 Positions
\$1,692,000 TF
\$1,692,000 OF

The budget reflects an increase of \$1.7 million in FY 2016-17 from the Public Buildings Construction Fund to provide a reclaimed water system to reuse cooling tower blow down water from the state's downtown Sacramento Central Plant for irrigation water at the state's Capitol Park. The project includes piping, piping modifications, 100,000-gallon underground water storage tank(s), pumping, chemical treatment and controls at the Central Plant, piping to Capitol Park, and signage, piping, piping modifications and appurtenances required to tie into the park's existing irrigation systems.