

Municipal Facilities: Non-Capital

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Description	FY 2009 Actual	FY 2010 Approved	FY 2011 Proposed	% Change from FY 2010
Operating Budget	\$0	\$0	\$263,861,301	N/A
FTEs	0.0	0.0	235.0	N/A

The mission of the Municipal Facilities: Non-Capital agency is to support the District Government and residents through cost-effective and efficient energy and building services.

Summary of Services

The Municipal Facilities: Non-Capital agency (MFNC) was created in FY 2011 to simplify fixed cost budgeting and management by placing Department of Real Estate Services (DRES) controlled energy and building services into a single cost center. Historically, District agencies budgeted for fixed costs based on DRES projections. These projections were then allocated and transferred, at the beginning of the fiscal year, to DRES or the Office of Finance and Resource Management (OFRM), depending on the commodity.

By presenting fixed costs in a single cost center, the total cost of these services becomes more transparent to residents, policymakers, and managers. This approach links the budget with the agency responsible for management of the commodity, thus increasing accountability. Efficiencies are also achieved by the District due to the decrease in intra-District transfer transactions.

The agency's FY 2011 proposed budget is presented in the following tables:

FY 2011 Proposed Gross Funds Operating Budget, by Revenue Type

Table ZX0-1 contains the proposed FY 2011 agency budget compared to the FY 2010 approved budget.

Table ZX0-1

(dollars in thousands)

Appropriated Funds	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Percent Change
General Fund				
Local Funds	0	123,456	123,456	N/A
Special Purpose Revenue Funds	0	565	565	N/A
Total for General Fund	0	124,021	124,021	N/A
Intra-District Funds				
Intra-District Funds	0	139,840	139,840	N/A
Total for Intra-District Funds	0	139,840	139,840	N/A
Gross Funds	0	263,861	263,861	N/A

*Percent Change is based on whole dollars.

Note: If applicable, for a breakdown of each Grant (Federal and Private), Special Purpose Revenue type and Intra-District agreement, please refer to Schedule 80, Agency Summary by Revenue Source, in the Operating Appendices located on the Office of the Chief Financial Officer's website.

FY 2011 Proposed Full-Time Equivalents, by Revenue Type

Table ZX0-2 contains the proposed FY 2011 FTE level compared to the FY 2010 approved FTE level by revenue type.

Table ZX0-2

Appropriated Funds	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Percent Change
General Fund				
Local Funds	0.0	235.0	235.0	N/A
Total for General Fund	0.0	235.0	235.0	N/A
Gross Funds	0.0	235.0	235.0	N/A

FY 2011 Proposed Operating Budget, by Comptroller Source Group

Table ZX0-3 contains the proposed FY 2011 budget at the Comptroller Source Group (object class) level compared to the FY 2010 approved budget.

Table ZX0-3

(dollars in thousands)

Comptroller Source Group	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Percent Change
11 - Regular Pay - Cont Full Time	0	11,276	11,276	N/A
12 - Regular Pay - Other	0	2,506	2,506	N/A
14 - Fringe Benefits - Curr Personnel	0	2,606	2,606	N/A
15 - Overtime Pay	0	1,300	1,300	N/A
Subtotal Personal Services (PS)	0	17,688	17,688	N/A
20 - Supplies and Materials	0	126	126	N/A
30 - Energy, Comm. and Building Rentals	0	89,775	89,775	N/A
32 - Rentals - Land and Structures	0	123,655	123,655	N/A
40 - Other Services and Charges	0	909	909	N/A
41 - Contractual Services - Other	0	31,329	31,329	N/A
70 - Equipment and Equipment Rental	0	380	380	N/A
Subtotal Nonpersonal Services (NPS)	0	246,174	246,174	N/A
Gross Funds	0	263,861	263,861	N/A

*Percent Change is based on whole dollars.

Program Description

The Municipal Facilities: Non-Capital agency operates through the following 2 programs:

Energy - contains the forecasted expenditures for utility and energy commodities purchased by the Department of Real Estate Services: fuel, natural gas, electricity, steam, and water.

This program contains the following 5 activities:

- **Fuel** - this commodity includes forecasted automobile and heating fuel expenditures. The District purchases four types of fuel (Oil, Unleaded, E85 Ethanol, and Diesel) that are used to heat facilities, fuel generators, and fuel vehicles;
- **Natural Gas** – commodity that includes forecasted natural gas expenditures;
- **Electricity** – commodity that includes forecasted electricity expenditures;
- **Steam** – commodity that includes forecasted steam expenditures; and
- **Water** – commodity that includes forecasted water and sewer expenditures.

Building Services – includes cost associated with in-leasing space, facilities management, and protective services.

This program contains the following 4 activities:

- **Rent** – includes costs generated from leasing non-District government owned buildings. Rent is comprised of four individual components: base rent, operating expenses, real estate tax, and parking. Each one of these four charges is unique to the terms and conditions of the lease agreement with the landlord;
- **Janitorial** – includes costs associated with operating DRES-managed District buildings. Specifically, janitorial includes janitorial services, trash and recycling, salaries, and other related building services contracts;
- **Occupancy** – include costs associated with operating DRES-managed District buildings. Specifically, Occupancy includes elevator maintenance, fire alarm maintenance, landscape, air quality, pest control, HVAC, electrical repairs, repairs and maintenance, water treatment, salaries, and other related building services contracts; and

- **Security** - budgets for the Department of Real Estate Services Protective Services Police Department (PSPD). PSPD provides 24-hour security and law enforcement services to ensure continued government operations by protecting employees, resources and facilities at District-owned and leased properties. This mission is executed through patrol operations, contract security guard management, and electronic access control and security systems. PSPD also assists District and federal agencies during special events and criminal investigations.

Program Structure Change

The Municipal Facilities: Non-Capital Agency is a new agency. All programs and activities were added in the FY 2011 Proposed Budget.

FY 2011 Proposed Operating Budget and FTEs, by Program and Activity

Table ZX0-4 contains the proposed FY 2011 budget by program and activity compared to the FY 2010 approved budget.

Table ZX0-4

(dollars in thousands)

Program/Activity	Dollars in Thousands			Full-Time Equivalents		
	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Approved FY 2010	Proposed FY 2011	Change from FY 2010
(2000) Energy						
(2001) Fuel	0	13,472	13,472	0.0	0.0	0.0
(2002) Natural Gas	0	16,914	16,914	0.0	0.0	0.0
(2003) Electricity	0	50,181	50,181	0.0	0.0	0.0
(2004) Steam	0	1,669	1,669	0.0	0.0	0.0
(2005) Water	0	7,538	7,538	0.0	0.0	0.0
Subtotal (2000) Energy	0	89,775	89,775	0.0	0.0	0.0
(3000) Building Services						
(3001) Rent	0	123,655	123,655	0.0	0.0	0.0
(3002) Janitorial	0	6,427	6,427	0.0	6.0	6.0
(3003) Occupancy	0	17,282	17,282	0.0	118.0	118.0
(3004) Security	0	26,724	26,724	0.0	111.0	111.0
Subtotal (3000) Building Services	0	174,087	174,087	0.0	235.0	235.0
Total Proposed Operating Budget	0	263,861	263,861	0.0	235.0	235.0

(Changes calculated by whole numbers and numbers may not add due to rounding)

Note: For more detailed information regarding the proposed funding for the activities within this agency's programs, please see Schedule 30-PBB Program Summary By Activity in the FY 2011 Operating Appendices located on the Office of the Chief Financial Officer's website.

FY 2011 Proposed Budget Changes

Intra-Agency Adjustments: Municipal Facilities Non-Capital (MFNC) is a new agency created in FY 2011 to simplify fixed cost budgeting and management by placing Department of Real Estate Services (DRES)-controlled energy and building services, as well as automotive fuel, into a single cost center. Because it is a new agency, there are no intra-agency adjustments.

Transfers In/Out: The MFNC budget foundation was created by transferring the Locally funded DRES-controlled fixed costs budgets across District agencies into this new agency. Because some agencies pay for fixed costs with non-Local funding sources, or allocate their Local fixed costs budget to meet maintenance of effort requirements for federal grants, the new agency will also require intra-District transfers from several agencies. Those agencies will still maintain fixed cost line items within their budgets and advance funds to MFNC at the start of the year. Lastly, a small amount of Special Purpose Revenue funding is required to receive payment for automotive fuel from independent District agencies, including the Water and Sewer Authority and the University of the District of Columbia.

Cost Savings: The overall cost for rent, utilities, janitorial, security and occupancy for the agencies managed by the DRES decreased by \$9,514,460, from \$273,375,761 in DRES's estimates in FY 2010 to \$263,861,301 in FY 2011. The greatest savings results from the opening of a new mental health hospital and the associated closure of former Saint Elizabeths Hospital facilities at 2700 MLK Avenue, reducing utility costs by \$4,455,044. DRES also carefully evaluated other expenditures in the MFNC budget and identified savings that minimally impact the agency's ability to maintain current service levels. Within the MFNC agency, DRES will eliminate four Protective Services Police Department positions, saving an estimated \$216,000. In addition, the Building Services program will reduce contract building engineers and increase its full-time building engineer positions, saving an estimated \$377,000.

Protected Programs: The MFNC budget continues to support the essential functions of District municipal facilities through effective energy management and purchasing, leasing, facilities management, and protective services.

Policy Initiatives: The creation of this agency is a major policy initiative designed to increase transparency and accountability and improve management of municipal buildings. This will be accomplished by simplifying fixed costs budgeting and creating a stronger accountable link between the budget and the agency responsible for managing the commodities.

Historically, agencies budgeted for fixed cost commodities based on projections from the DRES and transferred the funds to DRES or the Office of Finance and Resource Management at the beginning of the year. A significant portion of agencies' budgets were set aside for commodities and services they were not directly managing. For example, the estimate for a single commodity such as security was split up into dozens of separate budgets across agencies throughout the District. Behind the scenes, these funds were then collected via hundreds of financial transactions and advanced into a DRES-controlled account so that DRES could pay the security bills. As bills were paid, expenditures were then transferred back to the various agencies that advanced the funds.

A simpler solution, which is the aim of this agency, is to budget commodities in a central account at the start of the year. This approach increases efficiency of operations by eliminating thousands of intra-District transactions throughout the year. It enhances transparency to the public, policymakers and managers by clearly showing total commodity budgets for District facilities in a single agency. Lastly, it reduces ambiguity in accountability for building services. It places the budget in the hands of the agency responsible for managing the commodities and in a better position to maximize efficiencies and set service standards.

FY 2010 Approved Budget to FY 2011 Proposed Budget, by Revenue Type

Table ZX0-5 itemizes the changes by revenue type between the FY 2011 approved budget and the FY 2010 proposed budget.

Table ZX0-5

(dollars in thousands)

	PROGRAM	BUDGET	FTE
LOCAL FUNDS: FY 2010 Approved Budget and FTE		0	0.0
Transfer In: Electric	Energy	22,238	0.0
Transfer In: Fuel	Energy	8,045	0.0
Transfer In: Gas	Energy	5,957	0.0
Transfer In: Steam	Energy	1,121	0.0
Transfer In: Water/Steam	Energy	3,762	0.0
Transfer In: Janitorial	Building Services	5,421	6.0
Transfer In: Occupancy	Building Services	13,643	118.0
Transfer In: Security	Building Services	12,639	111.0
Transfer In: Rent	Building Services	50,629	0.0
LOCAL FUNDS: FY 2011 Proposed Budget and FTE		123,456	235.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2010 Approved Budget and FTE		0	0.0
Transfer In: Fuel	Energy	565	0.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2011 Proposed Budget and FTE		565	0.0
INTRA-DISTRICT FUNDS: FY 2010 Approved Budget and FTE		0	0.0
Transfer In: Electric	Energy	27,943	0.0
Transfer In: Fuel	Energy	4,862	0.0
Transfer In: Gas	Energy	10,956	0.0
Transfer In: Steam	Energy	549	0.0
Transfer In: Water/Sewer	Energy	3,776	0.0
Transfer In: Janitorial	Building Services	1,005	0.0
Transfer In: Occupancy	Building Services	3,639	0.0
Transfer In: Security	Building Services	14,084	0.0
Transfer In: Rent	Building Services	73,026	0.0
INTRA-DISTRICT FUNDS: FY 2011 Proposed Budget and FTE		139,840	0.0
Gross for ZX0 - Municipal Facilities: Non-Capital		263,861	235.0

