

# Maryland

## Department of General Services



**FY 2016**

## **Operating Budget DGS Analysis Response**

House Appropriations Committee  
Public Safety and Administration Subcommittee – February 12, 2015

Senate Budget and Taxation Committee  
Education, Business & Administration Subcommittee – February 5, 2015

**Lawrence J. Hogan, Jr.** *Governor*  
**Boyd K. Rutherford,** *Lt. Governor*  
**C. Gail Bassette,** *Acting Secretary*

# Department of General Services

## Office of the Secretary

### Fiscal Year 2016 Operating Budget DGS Analysis Response

FISCAL YEAR 2016 OPERATING BUDGET TESTIMONY  
DEPARTMENT OF GENERAL SERVICES  
C. Gail Bassette, ACTING SECRETARY

#### Introduction

Good afternoon, Madam Chair and Members of the Committee. For the record, I am Gail Bassette, Acting Secretary of the Department of General Services (DGS). On behalf of myself and all the hard-working, dedicated employees at DGS, thank you for the opportunity to appear before you today regarding the Department's operating budget. I would like to thank Mr. Jolshua Rosado for his analysis of the Department's FY2016 Operating Budget Request.

The mission of the Department of General Services is to provide leading-edge professional and technical services to keep the State and local governments working today and in the future. Our key goals are to significantly improve efficiencies throughout the Department, improve and provide a safe and secure environment for State employees and visitors, provide best value for customer agencies and taxpayers, maintain a professional workforce and workplace, and carry out social, economic and other responsibilities as a State agency. We accomplish these goals with less than half a percent (.5) of the overall general fund State budget. For FY2016 this represents a \$93.6 million budget as currently proposed.

As lead agency for the Maryland Green Purchasing Committee, DGS sponsored legislation to support and advance the focus on sustainability. With DGS taking the lead, the Maryland Green Purchasing Committee is addressing the challenges of green purchasing by developing clear requirements for what constitutes "environmentally preferable" products and services. We are also working with contractors and within the State's fiscal management and inventory system to identify green products and develop a reporting mechanism to track progress. A first-ever "Green Purchasing Summer Conference" was held in 2014, with keynote speakers and breakout education sessions. Nearly 200 procurement officials and 22 exhibitors with State contracts attended.

Fiscal year 2014 also marked the first year of the Maryland Energy Cup awards. The event recognized the top energy performers in State government. To date, DGS has implemented 21 energy performance contracts that are delivering guaranteed savings of about \$21.5 million per year, or \$310 million over the life of the contracts. To put this in a clean air perspective, these savings are equivalent to a reduction of over 110,260 tons of carbon dioxide annually. Stated differently, these savings are the equivalent of taking nearly 25,000 automobiles off of Maryland highways.

# Fiscal Year 2016 Operating Budget DGS Analysis Response

## Major Trends / Issues:

### **1. Energy Consumption & Reductions.**

The savings guaranteed by the 21 Energy Performance Contracts executed by DGS calculate a 15% energy savings in FY15. Several of these projects are not performing as designed; DGS is actively holding these contractors accountable for the guaranteed savings and directing these savings to additional energy savings measures at the underperforming facilities. DGS will conduct further analyses of these savings shortfalls as well as new energy projects in development to produce a revised savings schedule for the State.

### **2. Facility Maintenance Funding Deficiencies.**

DGS continues to undertake projects on the critical maintenance backlog list. Projects are ranked by priority and are undertaken as funds are available. DGS requires agencies on an annual basis to perform self-assessments, submit justifications for new projects, and review previously submitted projects. The results of these assessments consistently require that additional projects be added to the maintenance backlog. Moreover, if smaller maintenance issues are not addressed, then buildings continue to deteriorate, and what were small issues become emergency maintenance issues. Finally, if repair costs for any given project increase over \$100,000, that project becomes part of the capital program. As such, it must compete for funding in a much larger backlog. DGS appreciates the \$5 million for FY16 to continue to work through the backlog of projects.

### **3. eMaryland Marketplace & Financial Management Information System (FMIS) Integration**

Originally, the contract to create eMaryland Marketplace (eMM) included integration with the State's Financial Management Information System (FMIS). Phase 2 of the project would accomplish this task; however, it has been on hold. A review of the delay determined that there have been ongoing miscommunications between the Department of Information Technology (DoIT) and the vendor over data security concerns related to FMIS. Following a complete analysis, a determination will be made on the best action to take moving forward to implement Phase 2. My goal is to have a comprehensive streamlined procurement process - from bid solicitation to contract payment.

**DLS Recommended Actions:**

- 1. Adopt committee narrative requesting an annual report on energy conservation efforts.**

DGS concurs with this recommendation.

- 2. Add language restricting funds until legislative audit findings are remedied.**

DGS does not concur with this recommendation. The Department requests that funding not be restricted, as it would further impede the statewide procurement process.

**Conclusion**

My vision for the Department of General Services is to go beyond doing great service to delivering exceptional customer-focused service that is responsive, efficient, friendly and cost-effective. This will be accomplished by empowering my staff with the necessary tools and resources to achieve this goal.