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DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
LANSING



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September 3, 2010

TO: Chief Financial Officers, Administrative Officers, and Chief Accountants
FROM: *Michael R. Gilliland* Michael R. Gilliland, Director, Financial Services
SUBJECT: Fiscal Year 2011 DTMB Service Rates

The goal of the Department of Technology, Management and Budget (DTMB) is to provide cost-effective business services to government in a way that allows our customers to achieve key outcomes that demonstrate effectiveness, efficiency, and accountability. The following information highlights program activities that provide better business solutions for you.

Attachment 1 describes services to customers and highlights activities undertaken during the past fiscal year to maximize performance and minimize costs.

Attachment 2 is a listing of fiscal year 2011 rates for core DTMB services. Detailed rates will be published on InsideMichigan.gov within the next few weeks as DTMB completes the rollout of the state's new web pages. The specific website location will be sent to you as soon as it becomes available.

Each program will be actively marketing their services in the coming months. If you have specific service needs or questions, please call the individual program manager, or you may also contact Ron Foss, DTMB Chief Accountant, at (517) 335-7015 or fossr@michigan.gov.

Attachments

Attachment 1

Department of Technology, Management and Budget Fiscal Year 2011 Description of Services

AGENCY SERVICES offers centralized and essential business support services including Mail and Delivery Services, Warehouse Services, Printing Services, State and Federal Surplus Services, Imaging Services, and Vehicle and Travel Services for all state agencies.

Mail and Delivery Services offers services in two broad areas.

Mailing Services provides mail preparation and mail finishing services to all state agencies and to a number of local units of government, including universities, community colleges, and public school systems. This includes services such as presorting mail, accountable mail, pressure sealing of specially designed self-mailers, machine inserting, metering, preparing manual mail, and preparing packages for United Parcel Services. In addition, the program offers mail list management services that standardize addresses, and manage customer address databases. Mailing Services also provides consulting services that often result in additional postal savings and the elimination of unnecessary mailings. The FY2011 rates for presort and metered mail remain unchanged from FY2010.

Recent initiatives include installation of a flat mail sorter and continued automation of the billing processes. These improvements help minimize salary expense increases while increasing postal discounts, and demonstrate some of the efforts the program is making to bring value to government. The program continues its efforts to market services to all state agencies and local units of government, schools, and universities. These actions help sustain and build program revenues, which helps maintain low rates for state agencies. Replacing aging equipment and continuing to automate manual processes where feasible also result in savings to agencies.

Delivery Services provides dedicated, scheduled, on-demand, and intrastate ID mail transportation services including door-to-door, dock-to-dock, inside pickup and delivery, office furniture moves, records delivery, and freight services. The focus is on customized and timely service. Rates are competitive and are comparable to those charged by the private sector.

Delivery Services continues to control costs and improve productivity by implementing process improvements. Cost savings are achieved through reduced personnel costs, better planning, and fuel consumption. Installation of GPS units in the vehicles has allowed staff to utilize up-to-date technologies to manage routes and factors that affect fuel consumption such as speed and idling times. Delivery Services continues to focus on in-sourcing office moving services where feasible. By aggressively marketing this service, Delivery Services has increased the volume of business in the Lansing area and in other areas of the state. This has allowed the program to more fully utilize staff and its vehicle fleet, helping to hold down rates. Rates remain unchanged from FY2010.

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Warehouse Services offers competitive pricing and high-quality warehousing services to customers through economies of scale, efficient use of space, and the proactive management of physical assets. Customers have a choice of inventory controlled warehousing or general storage.

In partnership with its customers, the program continually works to reduce the amount of obsolete or inactive forms and publications that are warehoused. Warehouse Services has also continued the consolidation of leased warehouse space into state owned space. Rates remain unchanged from FY2010.

Printing Services offers consulting services and a full range of printing and copying services. Comprehensive consulting services ensure that printing needs are met using the best service option possible. In-house services include graphic design, digital copying, offset printing, and finishing. Copy services are provided 24 hours per day from the central print shop. Web submission and a courier service have replaced the local copy centers. The program continues to monitor statewide print policies, equipment leases, vendor contracts and service offerings to maximize efficiency. The program fully implemented Logic Job Tracking software in FY2009. This software is a comprehensive print management system that has improved job estimating, streamlined billing and provides improved job tracking. The Central Print Shop digital Image rate for FY2011 will decrease from \$.060 to \$.054 per image.

The Consolidated Print Center (CPC), part of the Printing Services Program, offers centralized, high-speed, high-volume print and distribution for client/server and mainframe computer output. Ongoing changes in client/server printing capability have opened the door to initiatives such as personalized correspondence and internet-based printing. The program continues to partner with agencies to suppress unnecessary print and to store such print electronically, resulting in substantial savings for agencies. The program also continues to update equipment configurations and software to increase print efficiency and reduce labor costs. New cut sheet printers will replace outdated equipment, reduce maintenance costs, and further reduce labor costs. FY2011 rates will remain unchanged at \$.054 per mainframe image and \$.062 per warrant.

State Surplus provides services for the disposal and management of state surplus personal property. The State Surplus program promotes reutilization of surplus property by state agencies. It also promotes surplus property sales to local units of government, school districts, and colleges and universities throughout the state, and sells surplus property on behalf of other local units of government.

Internet auction revenues continue to increase as the state provides resale services to an increasing number of local units of government. The popularity of this option further reduced the FY2010 costs of holding public auctions for miscellaneous goods. The State Surplus program continues to review the reutilization and resale process, perform outreach activities, and implement strategies to improve service delivery and reduce costs. FY2011 rates remain unchanged at 15% of the selling price.

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Federal Surplus continues to offer direct access to federal surplus property without the added cost of warehousing. Eligible donee organizations have access to federal surplus property by screening electronically on the federal government's web sites. The state's program assists in securing and shipping the property directly to the requesting organization. Rates remain unchanged from FY2010.

Imaging Services provides services for scanning and microfilming, for the creation of microfiche as well as climate-controlled secure storage for microfilm/microfiche, and for other media requiring temperature and humidity control. For FY2011, the rate for these services is actual cost plus a service fee of 18%.

Imaging Services includes document management solutions. The Image Repository for Michigan Agencies (IRMA) is a simple store-and-retrieve solution for scanned images. Total Records and Information Management (TRIM) is a robust document management system that integrates with the desktop providing a centralized repository for all electronic records including images, word, excel, e-mail etc. All systems managed by Records Management Services are hosted and supported by DTMB Information Technology inside the state's firewalls.

Vehicle and Travel Services is the fleet management and travel services provider. The program is committed to reducing costs while providing safe and dependable transportation and travel services to government.

Fleet management initiatives have enabled Vehicle Services to maintain the proper mix of vehicles and the proper fleet size needed for an efficient, cost-effective fleet. Examples of cost-saving efforts include the establishment of standardized vehicles for similar job functions, eliminating unnecessary and costly vehicle options, establishing local motor pools, retaining well-performing vehicles longer, and ensuring full utilization of vehicles.

Vehicle rates are made up of two components, a fixed fee and a per-mile rate. Fixed fees are computed for a group of vehicles, such as all the midsize and large passenger vehicles. Fixed fee calculations include projected lease cost, new vehicle orders and projected resale proceeds. The fixed fee also includes the cost of self-insurance for no-fault liability claims.

The FY2011 fixed fee, including insurance, will be \$221 for midsize vehicles and \$258 for large vehicles. These increases are primarily attributed to vehicle replacements. While rates are increasing, the midsize rate continues to remain below the FY2005 rate.

The per-mile rate reflects variable operating costs of fuel, maintenance and administrative charges. Vehicle Services continues to seek ways to reduce these costs. Maintenance and administrative costs have remained stable, while fuel costs remain volatile and are projected to increase. In FY2010, VTS reduced fund balance by \$1.5

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million to mitigate per-mile rate increases. VTS continues to monitor the fuel situation and will adjust rates if actual fuel costs vary significantly from the current estimates. The per-mile rates for midsize and large vehicles increased \$.0002 and \$.0081 respectively from the previous year.

Vehicle Services continues to partner with state government agencies to improve inter-agency communication and fleet planning. These and other cost-saving successes demonstrate some of the efforts the program has made to bring value to government.

The Travel Services' reservation fee remains unchanged. Travel Services continues to enhance services by leveraging the latest technologies in the area of Web conferencing, video conferencing, and teleconferencing.

FACILITIES ADMINISTRATION designs, builds, and manages facilities to satisfy customer requirements, meet timelines, optimize life cycle costs, and maximize the state's infrastructure investment. The staff of skilled maintenance personnel, facility managers, professional engineers, architects, surveyors, planners, administration personnel, security personnel and real estate professionals enables the office to provide a range of related services and take a leadership role on a number of key state initiatives.

Facilities Administration partners with all state agencies to implement energy savings measures to meet energy directive reduction targets, and is leveraging American Recovery and Reinvestment Act (ARRA) grants to upgrade facilities, reduce energy consumption, and minimize the state's carbon footprint. Facilities Administration also provides emergency response and Homeland Security support and coordination.

The FY2011 Management Services fees for Miscellaneous Operating Projects (MOPs) and Lump Sum Projects remain at 5% of the total project cost. The State Agency Line Items also remain unchanged at 1.5% of the total project cost.

The FY2011 Lansing Complex Building Occupancy rate decreased to \$12.89 per square foot from the FY2010 rate of \$13.24 per square foot.

Facilities Administration's services are divided into four major areas of functional responsibility:

Building Operations partners with resident agencies in the 40 DTMB-owned and/or operated State facilities to proactively accommodate their unique needs. Customer service is paramount in responding to the individual work-space and maintenance needs, as well as tending to the safety, comfort and aesthetic requirements of visitors and tenants through such services as emergency first response, landscaping, construction, plumbing, painting, energy distribution and air quality control.

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In addition to the daily maintenance of over 6.2 million square feet of building space plus surrounding grounds and parking lots, Building Operations experts employ their professional skills and institutional knowledge to invest in the building's future through preventive and predictive maintenance, groundbreaking project development and long-range planning. Recent and upcoming innovations include continuing efforts to advance energy technology by utilizing a new energy monitoring and building control system as well as installing a state-of-the-art cogeneration plant at the State Secondary Complex.

Security and Emergency Management (SEM) is responsible for security measures and responses to and management of emergency situations in all DTMB-managed facilities. Central Control, Access Control and the Customer Service Center provide the integral services of SEM. Services provided include employee parking, locksmith services, issuance of State identification cards, 24-hour monitoring of security, life safety systems, and heating, ventilation, and air-conditioning systems at DTMB-managed facilities and some leased facilities. Additionally, staff monitors surveillance cameras throughout Lansing-area facilities.

SEM also coordinates all programs and activities associated with Homeland Security and emergency management for DTMB offices and State facilities. The program leads the Continuity of Government Initiative by working with state agencies to develop and maintain emergency action plans for the continuous operation of state government's critical functions in the event of an emergency.

Design and Construction (DCD) provides state agencies, universities, and community colleges with project planning, architectural and engineering services, surveying, construction management, and quality control services for infrastructure improvements and new construction projects. DCD procures contracted services for all state agencies' construction and renovation projects, partners with agencies to complete the annual MOP Report, and assists the Real Estate Division with space planning lease related construction issues.

DCD uses project planning partnering to ensure all key players are involved from the inception of a project through completion, and customer roundtables to obtain feedback from customers. Through efficiencies, DCD has been able to remain competitive with the private sector.

DCD participates in outreach events as part of the Governor's "Buy Michigan First" initiative to increase participation in the competitive bid process by Michigan-based companies.

Real Estate (RED) is responsible for the procurement and management of the state's portfolio of 592 leases and 8.1 million square feet of space. The program manages property acquisitions, the dispositions of surplus real property, land management,

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including easements and state-as-lessor agreements, and statewide real estate strategic planning.

The continued cooperative effort between the Real Estate Division and state agencies to consolidate space has resulted in significant savings attributable to the early cancellation or renegotiation of leases, as well as revenue generation through the disposition of surplus property. The division has also led an aggressive effort to create greater space efficiencies in existing leased and state-owned buildings. The program delivers cost-effective property and space management that best meets the needs of government.

STATE BUILDING AUTHORITY is responsible for financing the state's major capital outlay projects, including colleges and universities. In addition, the Risk Management unit of the State Building Authority is responsible for providing commercial insurances to state agencies.

Risk Management provides the property and general liability insurance requirements of state agencies, as required by law or special need. Insurance coverage includes, but is not limited to, crime insurance and aircraft and airport liability. The office is also responsible for the administration of the state's motor vehicle fleet self-insurance program. For FY2011, the administrative fee charged above the actual premium cost remains at 12%. The FY2011 vehicle insurance rates have decreased from the FY2010 rates. Risk Management staff continues to work to ensure the most cost-effective means of providing insurance coverage.

**Department Technology, Management and Budget
Fiscal Year 2011 Service Rates**

| | FY2010 Rate | FY2011 Rate | Unit of Issue |
|--|----------------------------|----------------------------|--------------------------|
| Agency Services | | | |
| <i>Delivery Services</i> | | | |
| Dedicated Freight Runs, Regional Mail Route Service, and Freight Work Orders | quotes provided in advance | quotes provided in advance | |
| <i>On Demand Freight Service</i> | | | |
| Labor | \$71.65 | \$71.65 | per hour |
| Vehicle – per hour | \$16.18 | \$16.18 | per hour |
| Vehicle – per mile | \$ 0.73 | \$ 0.73 | per mile |
| Minimum Charge: 1 hour (consists of Labor + Vehicle + 20 miles) | \$102.49 | \$102.49 | |
| <i>Mailing Services</i> | | | |
| Presort – Tier 2 | \$0.0200 | \$0.0200 | per piece |
| Metered Mail | \$0.0424 | \$0.0424 | per piece |
| <i>Warehouse Services</i> | | | |
| Warehouse Space – Hazel Street | \$ 7.25 | \$ 7.25 | per square foot per year |
| Warehouse Space – Sunset Street | \$ 5.00 | \$ 5.00 | per square foot per year |
| Inventoried Materials Management and Storage | \$20.00 | \$20.00 | per square foot per year |
| Secured Storage Management | \$30.00 | \$30.00 | per square foot per year |
| Inventoried Materials Handling Fee | \$ 5.00 | \$ 5.00 | per ship to address |
| <i>Printing Services</i> | | | |
| Warrant images | \$0.0620 | \$0.0620 | per image |
| Mainframe/Network digital images | \$0.0540 | \$0.0540 | per image |
| Other digital images | \$0.0600 | \$0.0540 | per image |
| <i>Imaging Services</i> | | | |
| Imaging Services | Actual +15% | Actual +18% | Service fee |

**Department Technology, Management and Budget
Fiscal Year 2011 Service Rates**

| | FY2010 Rate | FY2011 Rate | Unit of Issue |
|---|----------------------------|----------------------------|----------------------|
| Agency Services (continued) | | | |
| <i>State Surplus</i> | | | |
| Sealed Bid Processing | 15% | 15% | of sale price |
| Treasury Unclaimed Property SLA | 15% | 15% | of sale price |
| Vehicle and Equipment Auction Fee | 15% | 15% | of sale price |
| Miscellaneous Auction Restricted Funds | 15% | 15% | of sale price |
| <i>Vehicle and Travel Services</i> | | | |
| <i>Midsize Vehicles</i> | | | |
| Fixed fee for lease and insurance costs ^(a) | \$197.00 | \$221.00 | per month |
| Per-mile rate for fuel, maint. and operating costs | \$0.1827 | \$0.1829 | per mile |
| <i>Large Vehicles</i> | | | |
| Fixed fee for lease and insurance costs ^(a) | \$241.00 | \$258.00 | per month |
| Per-mile rate for fuel, maint. and operating costs | \$0.1812 | \$0.1893 | per mile |
| Travel Services Reservation Fee | \$32.00 | \$32.00 | per reservation |
| Facilities Administration | | | |
| Management Services for Miscellaneous Operating Projects (MOPS) and Lump Sum Projects | 5% of total project cost | 5% of total project cost | |
| Management Services for State Agency Line Item | 1.5% of total project cost | 1.5% of total project cost | |
| <i>Building Occupancy</i> | | | |
| Lansing Complex Charge | \$13.24 | \$12.89 | per square foot |
| State Building Authority | | | |
| <i>Risk Management</i> | | | |
| Type A Vehicle Insurance | \$318.00 | \$280.00 | per vehicle per year |
| Type C Vehicle Insurance | \$18.00 | \$15.00 | per vehicle per year |
| Type M Motorcycle Insurance | \$159.00 | \$140.00 | per vehicle per year |
| Other Insurance | Actual + 12.00% | Actual + 12.00% | Administrative fee |

^(a) Includes 1/12 of annual insurance amount shown for Type A Vehicle Insurance