

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
DEPARTMENT OF GENERAL SERVICES**



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**FY 2016 Councilmember Cheh Budget Questions -- Dept. of General Services  
April 22, 2015**

1. The FY 2016 proposed budget for CSG 12, “Regular Pay – Other,” reflects a 141.8% increase (\$885,000 in FY 2015, \$2,139,000 proposed in FY 2016). Please explain this increase.

The Regular Pay – Other (for part-time or term employees) increase of \$1.2 million in the proposed FY16 budget largely reflects the increase of 29.5 FTEs: 21 term FTEs for providing security to the DC National Guard at the DC Armory; 2 term FTEs (out of the total of 6) transferred from the Office of the Attorney General, and 6.5 FTEs were shifted from regular pay. Even though DGS’s general policy is to hire employees on a permanent basis, DGS will hire on a term basis to meet immediate and/or temporary workload needs. These term positions are converted when DGS determines that there is a permanent continuing need.

2. The FY 2016 proposed budget for CSG 11, “Regular Pay – Continuing Full Time,” reflects a 9.6% increase (\$41,166,000 in FY 2015, \$45,120,000 proposed in FY 2016). And the FY 2016 budget for CSG 14, “Fringe Benefits – Current Personnel,” reflects a 12.5% increase (\$9,924,000 in FY 2015, \$11,166,000 proposed in FY 2016). Please explain these increases.

Regular Pay increases by \$3.9 million to reflect the net reversal of salary lapses (\$1.9 million), pay raises (\$1.4 million), transfer of 4 of the attorneys from the Office of the Attorney General (OAG) and a new strategic planning officer position (\$100,000) for the new Office of Planning in the Construction Division. The FY 2015 approved budget included a total of \$3.5 million in salary lapses: \$2.6 million in regular pay and \$900,000 in fringes. The \$2.6 million in regular pay was reversed and \$700,000 was added to the April budget. Fringes are based on rate of 23.6% of salaries (CSG 11 and CSG 12) including the reversal of the salary lapse noted above and \$100,000 for salary lapse added to the April budget.

3. The FY 2016 proposed budget for CSG 32, “Rentals – Land and Structures,” reflects an increase of \$12,430,000 or 8.6% (\$145,248,000 in FY 2015, \$157,678,000 proposed in FY 2016). A review of FY 2014’s actual spending shows that there was a balance of \$4,059,956 in CSG 32. Please explain the \$12,430,000 increase proposed in FY 2016 when there was a balance remaining in FY 2014.

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Rent increases by \$12.4 million due mainly to the following factors:

- \$4.4 million for annual contractual rent steps;
- \$4 million to move homeless shelters out of 1900 Massachusetts Avenue (DC General);
- \$2.4 million for the Department of Human Services expanding into an additional floor at 64 New York Avenue; and
- \$1.6 million in other space expansions for agencies including 7,310 square feet in the 450 H Street building for the Dept. of Youth Rehabilitation Services.

The \$4 million FY 2014 variance represents a 3% variance from a \$132 million budget. This is not unusual especially as the forecasts for fixed costs including rent are done more than a year in advance.

4. The FY 2016 proposed budget for Activity 6001 “Contracting and Procurement” reflects a decrease of \$226,000 (\$2,646,000 in FY 2015, \$2,420,000 proposed in FY 2016) yet, there is an increase in FTEs (18.0 FTEs in FY 2015, 19.0 FTEs proposed in FY 2016). Please explain the decrease of \$226,000.

The April budget includes over \$256k in salary lapse in the Contracting and Procurement activity. The salary lapse is partly offset by a net \$30k increase in salaries to help cover the cost of the additional FTE.

5. The FY 2016 proposed budget for CSG 33, “Janitorial Services,” reflects a 100% decrease (\$144,000 in FY 2015, \$0 proposed in FY 2016). Please explain this decrease.

Eastern Market (EM), which is funded solely from revenues generated from rent from vendors and tenants who lease space, uses a contractor for its janitorial services. In FY 2014, EM procured janitorial services using the contractual services code (CSG 41) instead of the janitorial services code (CSG 33). The FY 2016 budget reflects the use a new code, CSG 35 “Occupancy” for janitorial as well as maintenance contractors.

6. The FY 2016 proposed budget for CSG 34, “Security Services,” reflects a 34.4% increase (\$26,669,000 in FY 2015, \$35,845,000 proposed in FY 2016). A review of local funds for Activity 4001 Protective Services for CSG 34 reflects an increase of \$10,763,323 with no corresponding FTEs or contracts. Please explain this increase and what these funds support.

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The CSG 34 \$9.2 million increase is on a gross funds basis: \$10.8 million is in local funds, offset somewhat by a \$1.6 million decrease in intra-District funds for “exception” agencies, agencies deemed by OBP that should transfer funds from their budgets to DGS rather than having the funds placed directly in DGS’s budget. This enables the “exception” agencies to leverage federal grant funds or special purpose revenue. The \$1.6 million intra-District decrease is for contract security costs previously allocated to the “exception agencies” but are now allocated to local funds.

The PSD budget addresses security issues that have arisen following the most recent analysis of the OIG re-inspection of the agency. The \$10.8 million local increase includes: \$6 million for contract security services previously funded by supplemental MOUs (after the budget has been approved); \$500,000 for contract security for special events; \$800,000 for facility risk assessment mitigations; \$700,000 for the equitable adjustment associated from contract security union bargained costs; \$600,000 for fleet replacement; \$700,000 for uniform, equipment and enhanced officer training; and \$1.5 million for a contract supporting facility security assessments (one of PSD key performance indicators), as PSD is required to security conduct assessments of 48 site per year, representing a minimum level of review.

7. The FY 2016 proposed budget for CSG 35, “Occupancy Fixed Costs,” reflects a 13.1% increase (\$75,686,000 in FY 2015, \$85,611,000 proposed in FY 2016). A review of local funds for Activity 3002 Facilities/Occupancy for CSG 35 reflects an increase of \$20,584,418 with no corresponding FTEs or contracts. Please explain this increase and what these funds support.

The CSG 35 \$9.9 million increase is on a gross funds basis: \$12.1 million of the increase is in local funds and \$0.2 million is in special purpose funds, partly offset by a \$2.4 million decrease in intra-District funds for “exception” agencies. The intra-District decrease reflects the inclusion of HVAC services in the consolidated maintenance contracts for modernized buildings. In FY 2015, the original estimates for consolidated maintenance contracts excluded HVAC services and assumed that they would be paid separately.

The \$12.1 million local increase in CSG 35 for Occupancy includes: \$4.8 million for the HVAC preventative maintenance program, stabilization component replacements, and consolidated maintenance contracts for 4 additional sites (Roosevelt, Duke Ellington, Coolidge and the Fort Dupont Ice Arena); \$3.3 million for the citywide janitorial contracts; \$1.6 million is related to grass cutting and landscaping; \$1.1 million for fleet maintenance and repairs; and \$1.3 million for other needs including trash and recycling, fire alarm systems, and environmental hazards. The \$0.2 million increase in special purpose funds pertains to the Eastern Market. Occupancy is a new category of expenses for the Eastern Market in FY 2016. Previously, such expenses were charged to contractual services and professional services.

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With respect to the facility program, there are 9 activities within this program presented in Table AM0-4 (page 158) in the April budget book. Activity 3002 is one of the 9 facility activities and it is the one in which most of the funding for CSG 35 fall within. To provide greater flexibility in the management of the facility budget, similar contract services previously budgeted separately under Activities 3012 (MPD) and 3013 (FEMS) have been consolidated into Activity 3002, which is a major factor for the increase in this activity within the facility program.

8. The FY 2016 proposed budget removes one-time funding of \$186,000 to implement the Smoking Restriction Amendment Act of 2013. The purpose of the funding was for DGS to fabricate and install approximately 1,500 signs at 200 District locations. Has DGS used these funds in FY 2015 to implement this law?

The \$186K one-time funding for non-smoking signs to be installed at all DPR locations has been pre-encumbered and the procurement initiated. DGS is currently collaborating with DPR on the final design and language for the sign.

9. The FY 2016 proposed budget creates Activity 5010 “Office of Planning” and includes \$454,000 in funds. The division description states that the Office of Planning will work “closely with the District’s Office of Planning on conducting analyses on the feasibility of construction projects.” Please provide a more detailed description of what this office will do.

The DGS Office of Planning has unofficially existed since about a year after the inception of DGS, but as a subset of the Capital Construction Services Division. The Planning Division is currently staffed by three positions – a Senior Planner, a Management and Program Analyst, and a Program Analyst. These positions have been carved out of the Capital Construction Services Division to address the fact that a number of DGS initiatives require planning and inter-agency coordination before they have been funded, or to work with the Mayor’s Office and various agency heads to capitalize on DGS resources on the behalf of District-wide mandates, such as affordable housing, public safety and municipal facilities, and participation in planning task forces, such as the Ward 5 Industrial Sites Task Force.

The Planning Division also addresses conformance with the Comprehensive Plan and Mayoral special initiatives. With the audit finding of 2014, many DGS requirements that are no longer capital eligible (such as Facility Condition Assessment, feasibility studies and master planning) can be effectively administered through the Planning Division. Finally, the Planning Division can respond in a more comprehensive manner to various ad hoc requests of DGS that do not fit neatly within the purview of either the Capital Construction or Portfolio offices.

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The current FY16 proposed budget formally recognizes this distinct role that this group plays, and seeks to establish a distinct core group within the DGS organization. It is anticipated that as its role increases, and its value continues to be demonstrated, that this 'Division' will double its staff and budget within the next two to three years.

10. The FY 2016 proposed capital improvement plan for the DC United Soccer Stadium is \$106,331,000. The balance from the FY 2015 capital improvement plan for this project is \$32,627,000 and is neither pre-encumbered nor encumbered.

- What is the status of the project?
- The estimated total of the project is \$150,000,000. Given that only \$138,958,000 has been budgeted and there is no proposed out-year funding, does DGS plan to spend all of the \$150,000,000 of the estimated total? If so, when?

Project Status: The District is developing an action plan to ensure that the timelines stipulated in the deal are addressed promptly.

- Site Acquisition/Site Control: DGS is finalizing a Purchase and Sale Agreement with the adjacent property owners and will send a copy for Council review once executed. District is also in conversation with Akridge about purchasing their property. The District shall have Site Control by September 30, 2015 as outlined in the Stadium Legislation and expects to close on the site by fall this year. Significant amount of the DC United Soccer Stadium funds will be expended at the time of closing on the adjacent property.
- Voluntary Cleanup Program: DGS is working with DDOE to enroll in the Voluntary Cleanup Program. District is currently performing Phase 2 studies on all the properties for the project. The goal is to do environmental remediation, in accordance with the DDOE approved Corrective Action Plan.
- Street and Alley Closing: DGS is in process of finalizing the Street and Alley Closing application for Council approval soon.
- Utility Relocation: DGS is in process of working with all the major utility companies in the District to create a comprehensive utility relocation plan for the project. To date District has met with Pepco, DC Water and Sewer, Washington Gas, Verizon and DDOT.
- Demolition: Once DGS has Site Control it will demo the existing structures in preparation for land which is expected to occur by fall/winter this year.
- Salt Dome Relocation: DGS is in the process of hiring an AE firm to plan the relocation of the DPW salt dome. DGS will coordinate with DPW to make sure the relocation is done in accordance with DPW timeline and usage of the salt dome.
- Environmental Impact Screening Form (EISF) – DGS has retained the services of 2 engineering firms to proceed with the EISF process. EISF Phase I will be wrapped in mid-May and Phase II by 9/30/15.

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Project Cost: Yes, at this early stage in the project, DGS plans to spend the entire \$150M. It is too early in the process and the project for DGS to adjust any budget figures as issues may arise during the execution phase of the project.