



STATE OF CONNECTICUT  
DEPARTMENT OF PUBLIC WORKS  
165 Capitol Avenue, Hartford, Connecticut 06106-1606

**RAEANNE V. CURTIS**

*Commissioner*

**Appropriations Committee Public Hearing**

November 18, 2009, 2PM, LOB

**Projected Deficiency**

**Testimony of DPW Commissioner Raeanne V. Curtis**

**Good afternoon Senator Harp, Representative Geragosian, Senator Debicella, Representative Miner and members of the Committee. I am David O'Hearn, Deputy Commissioner, Department of Public Works. Commissioner Curtis regrets that she is not able to be here at the moment due to an important scheduled family medical matter, but she hopes to join us.**

The Department's initial appropriation of \$54,686,511 represented an approximate increase of four percent over FY 2009 actual expenditures. The amount of the lapsed savings applied to this appropriation totals \$9,039,966, resulting in an adjusted appropriation of \$45,646,545, or a thirteen percent reduction from the prior fiscal year's actual expenditures. The Department is projecting a deficiency of \$8,300,000. The deficiency amounts in each of the applicable accounts, together with the reasons therefor, are as follows:

10020 Other Expenses

The Department is projecting a deficiency of \$4,000,000 in this account as a result of the required lapsed savings of \$4,500,000. This account provides and pays for operations of state-owned space for state agencies in Hartford, as well as the operating expenses for this Department. Approximately ninety-seven percent (97%) of the expenses for providing the state-owned space to state agencies consists of direct or reimbursable building and grounds operating costs; only three percent (3%), or approximately \$600,000, is for the management fees for over twenty facilities. The Department's requirements for this account are, therefore, of a non-discretionary nature resulting from existing contractual commitments and the provision of the basic level of services determined necessary for agency and/or general public utilization of the space. The services include such items as life safety and security, cleaning, building repair and maintenance, general ground maintenance and snowplowing, and utilities. The Department had already implemented many cost savings measures. Some examples of these measures are a reduction in hours that state buildings remain open during the work week and closing the buildings on weekends; changing the hours cleaning services are performed; modifications to the security services; reductions in the purchases of supplies and equipment; and repairing rather than replacing infrastructure systems and equipment.

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### 12179 Rent, Taxes and Moving

This account has a projected deficiency of \$2,300,000 as a result of the required lapsed savings totaling \$2,800,000. This account pays for the leases and for any moving expenses of state agencies in Hartford as well as some utilities and property taxes. These expenses are fixed in that they are contractual obligations under existing executed leases. All lessors in Hartford have been sent letters requesting meetings to discuss a reduction in the costs associated with their leases. It should be recognized, however, that the Department's ability to achieve the lapsed savings in the current fiscal year is problematic due to the time remaining in this fiscal year, the time required to negotiate new terms and the time required to obtain the statutorily-required approvals of amendments to leases by the OPM, SPRB and OAG. It should be noted, in addition, that it may be difficult on the part of the lessors to reduce an existing legal obligation given their own financial commitments, such as mortgages, taxes and insurance. Any savings achieved may come with higher future costs as lessors seek to recoup the rent reduction through term extensions with higher rental rates.

### 12096 Property Management Services

This account has a projected deficiency of \$1,000,000 resulting from a required lapsed savings of \$500,000 and an appropriation that was \$400,000 less than the Governor's recommended appropriation. The Property Management Services account pays for property management contracts for property outside of Hartford, as well as for Department staff that assist with the maintenance of occupied state property and vacant state property. The majority of the costs, as in the Other Expense account, are of a non-discretionary nature due to contractual obligations and basic level of services determined to be necessary for the space or property. Some cost savings have been realized by merging property management contracts and using Department trades personnel to make repairs previously performed by contracted services.

### 12191 Facilities Design and Construction

This account has a projected deficiency of \$1,000,000 as result of the required lapsed savings totaling \$550,000 and an appropriation in PA-09 that was \$500,000 less than the Governor's recommended appropriation. The Facilities Design and Construction account pays for twenty-six full-time staff and administrative costs associated with design and construction of state-funded projects as well as the administrative costs for the revolving fund employees.

The Department has worked diligently to produce cost savings in its budget so that the total projected expenditures are estimated, as of this date, to be less than the amount initially appropriated for the Department. There is no realistic solution, under these circumstances, for achieving the entire amount of the remaining lapsed savings.