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

RAEANNE V. CURTIS
Commissioner

Appropriations Committee Public Hearing
November 15, 2010

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 Raeanne V. Curtis, Commissioner of Public Works

The Department's initial appropriation was **$54,726,594**. The amount of the lapsed savings applied to this appropriation totals **$8,738,887,** which is mainly attributable to contract savings, resulting in an adjusted appropriation of **$45,987,707** or a **nine** percent reduction from the prior fiscal year's actual expenditures. The Department is projecting a **net** deficiency of **$6,400,000**. The deficiency amounts in each of the applicable accounts, together with the reasons are as follows:

10020 Other Expenses

The Department is projecting a deficiency of **$2,000,000** in this account as a result of the required lapsed savings of **$4,700,000**. 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 **$3,300,00** as a result of the required lapsed savings totaling **$2,860,000**. 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 were sent letters (in November of 2009)* requesting meetings to discuss a reduction in the costs associated with their leases. Discussions were held with all Harford properties lessors, several lessors were unable to provide any rent reduction. Reasons given include: inability to obtain lender approval, reduction in rental rate would not provide lessor sufficient income to cover financial commitments, such as mortgages, taxes and insurance. The remaining lessors that were willing to reduce the rent as requested required extension of the current lease agreement and other terms and conditions that were determined not to be beneficial to the State of Connecticut. Our research has shown that state leases are below market rates.

12096 Property Management Services

This account has a projected deficiency of **$1,100,000** resulting from a required lapsed savings of **$549,000 and** the July 1st acquisition of the Cedarcrest Hospital surplus property (previously a DMHAS facility). Although DPW was transferred two DMHAS boiler operations employees and funding for these positions, no additional funding was received for the Cedarcrest Property. 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.

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 **$ 2.3 million** 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.