Facilities’ Shop Rate Proposal

FY08 & FY09

The Office of Facilities
April 16, 2007
Shop Rates

The purpose of Shop Rates is to reimburse the Physical Plant (Facilities) its cost of providing unsupported departmental services.
Types of Facilities Services

- **Physical Plant Services** are those supported services for which Physical Plant receives budget allocation. These services are rendered by Physical Plant without charge.

- **Departmental Services** are those services for which Physical Plant does not receive budget allocation and which must be funded by the requesting department.

Shop Rates are used to charge for departmental services.
Supported Services

Routine items that are paid with State appropriated funds and are included in the Facilities budget for E&G facilities. They include services such as:

- Housekeeping (E&G Facilities)
- Building and Site Infrastructure
- Building operations & maintenance (E&G Facilities)
- Site landscaping
- Energy management
**Departmental Services**

Unsupported (non-E&G) services that must be paid with State appropriated funds and special customer requests.

**Customers include:**
- Auxiliary Enterprises
- Athletics
- Food Services
- Housing
- Other self-supporting or fee-based activities
- Departmental requests

**Typical departmental requests are:**
- Event and moving services
- Vehicle and equipment maintenance
- Others, such as
  - Renovations, upgrades, construction
  - Departmental equipment installation and maintenance
  - Work order requests
Present Status

Shop Rates have not increased since 1998

- Existing Shop Rate model is based on FY98
  - Hourly labor rate
  - Fringe benefit rate

- There is no markup for any services or supplies
  - Incidental materials and supplies are not included

In FY06 Facilities absorbed approximately $442,000 in maintenance and operating costs for departmental services.
**E&G Impact**

In FY06, Facilities absorbed departmental services costs for E&G organizations totaling $56,773 (13% of total)

<table>
<thead>
<tr>
<th>Department</th>
<th>E&amp;G Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>College of Sciences</td>
<td>$9,387</td>
</tr>
<tr>
<td>Provost Office</td>
<td>9,034</td>
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<tr>
<td>VP Business Affairs</td>
<td>8,778</td>
</tr>
<tr>
<td>College of Liberal &amp; Fine Arts</td>
<td>6,985</td>
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<tr>
<td>College of Engineering</td>
<td>6,760</td>
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<tr>
<td>VP Student Affairs</td>
<td>3,238</td>
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<tr>
<td>College of Business</td>
<td>2,749</td>
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<tr>
<td>VP Research</td>
<td>2,047</td>
</tr>
<tr>
<td>President's Office</td>
<td>1,766</td>
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<tr>
<td>Institute of Texan Cultures</td>
<td>1,510</td>
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<tr>
<td>VP University Advancement</td>
<td>1,338</td>
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<tr>
<td>College of Architecture</td>
<td>1,259</td>
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<tr>
<td>College of Education &amp; Human Dev</td>
<td>682</td>
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<tr>
<td>Small Business Development</td>
<td>670</td>
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<tr>
<td>VP Extended Services</td>
<td>337</td>
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<tr>
<td>College of Public Policy</td>
<td>233</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$56,773</strong></td>
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</table>
Impact of 10 Year Old Shop Rates

- Facilities must divert appropriate funded maintenance and housekeeping staff to perform departmental services
- Response times for trouble calls is increased
- Preventive maintenance is not completed, reducing system reliability and availability
- Performance quality deteriorates
- Deferred maintenance and system failures increase
- Overall and long-term maintenance costs increase
Present Status

- Other UT System schools and outside contractors have higher per hour Shop Rates

<table>
<thead>
<tr>
<th>FY07 Shop Rates</th>
<th>UT-Austin</th>
<th>UT-Dallas</th>
<th>Contractors</th>
<th>UTSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housekeeping</td>
<td>$25.00</td>
<td>$24.65</td>
<td>$25.00</td>
<td>$11.50</td>
</tr>
<tr>
<td>Events / Setups</td>
<td>$25.00</td>
<td>$24.65</td>
<td>$25 - $30</td>
<td>$11.50</td>
</tr>
<tr>
<td>Maintenance &amp; Operations</td>
<td>$42.40</td>
<td>$24.65</td>
<td>$50 - $75</td>
<td>$16.75</td>
</tr>
<tr>
<td>Material Mark-up, other surcharges</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
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</table>
Proposal – FY08 & FY09

- Increase Shop Rates to fully recover cost of providing departmental services

- Establish a sustainable methodology for predictable rate changes

- Develop Service Level Agreements (SLA) with auxiliaries and other self-supporting customers (e.g. Recreation-Wellness, University Center)
Proposed Sustainable Methodology

- Establish Shop Rates based on actual hourly labor and benefit rates
  - include merit plan increases, nominal shop supplies, tool replacement and instrument recalibration
- **No markup** for billed services and/or supplies
- Reduce number of Shop Rates from 12 to 5
- Conduct annual review and adjust rates for changes due to fringe benefits, merit plans, and cost of living adjustments
- Publish new rates concurrent with annual budget letter
## Proposed Hourly Shop Rates

<table>
<thead>
<tr>
<th>Services</th>
<th>CURRENT FY07</th>
<th>FY08</th>
<th>Δ %</th>
<th>PROPOSED FY09</th>
<th>Δ %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housekeeping</td>
<td>$11.50</td>
<td>$18.25</td>
<td>59%</td>
<td>$18.75</td>
<td>2.7%</td>
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<tr>
<td>Grounds</td>
<td>$13.00</td>
<td>$20.50</td>
<td>58%</td>
<td>$21.00</td>
<td>2.4%</td>
</tr>
<tr>
<td>Events / Setups</td>
<td>$11.50</td>
<td>$21.00</td>
<td>83%</td>
<td>$21.50</td>
<td>2.4%</td>
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<tr>
<td>Auto Shop</td>
<td>$18.75</td>
<td>$27.00</td>
<td>44%</td>
<td>$27.75</td>
<td>2.8%</td>
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<tr>
<td>Maintenance &amp; Operations</td>
<td>$16.75</td>
<td>$28.75</td>
<td>72%</td>
<td>$29.50</td>
<td>2.6%</td>
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</table>
Next Steps

- Obtain CMO approval
- Rewrite Service and Shop Rate Guidelines
- Develop SLAs with major Fee-Based/Auxiliary Funded Customers
- Communicate new rates via:
  - Customer Meetings
  - Facilities & VPBA Websites
  - Department Newsletters
  - UTSA Today
  - FAQs
  - Annual Budget Letters
Thank You!