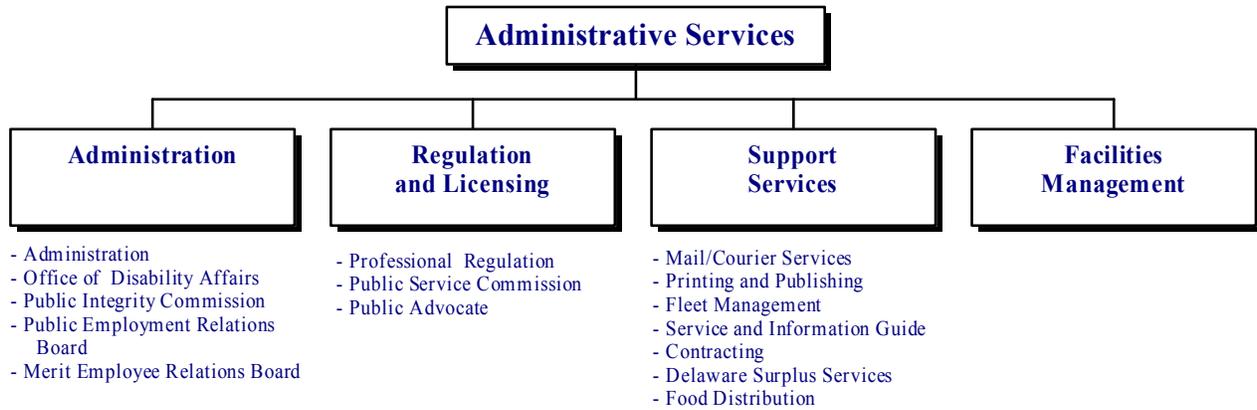


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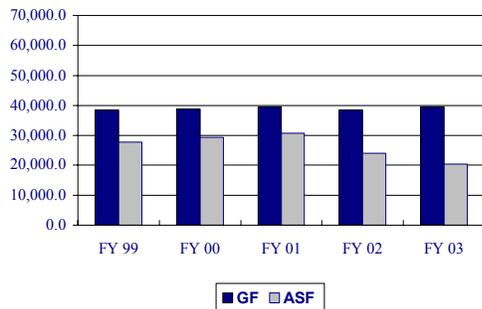
MISSION

To provide customer-oriented services to the public and other state agencies so that they may accomplish their goals.

KEY OBJECTIVES

- Apply technology to facilitate service delivery.
- Encourage intra-departmental coordination and cooperation.
- Improve and expand internal management programs.
- Develop a department-wide training plan for all employees.
- Improve and coordinate, if necessary, formal and informal communication and information networks.
- Develop incentive plans to motivate and reward employees in order to increase productivity and internal expertise.

Five-Year Appropriation History



FUNDING

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 GOV. REC.
GF	55,346.9	39,578.2	41,292.0
ASF	19,613.7	20,399.7	21,246.1
TOTAL	74,960.6	59,977.9	62,538.1

POSITIONS

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 GOV. REC.
GF	155.5	156.9	156.9
ASF	122.0	123.0	123.0
NSF	5.0	9.6	9.6
TOTAL	282.5	289.5	289.5

FY 2004 BUDGET HIGHLIGHTS

OPERATING BUDGET:

- ◆ Base adjustment to the Public Service Commission (30-03-30) includes \$28.4 ASF in Personnel Costs to annualize the salaries of 1.0 ASF FTE Utility Engineer and 1.0 ASF FTE Public Utility Analyst.
- ◆ Base adjustments to Facilities Management (30-05-10) include \$158.1 in Contractual Services and \$130.4 in Supplies and Materials to annualize operating costs associated with the New Castle County Courthouse and Sussex County Chancery Court.
- ◆ Recommend inflation adjustment and enhancement to Fleet Management (30-04-40) of \$342.9 ASF in Contractual Services for car maintenance, automation of Fleet computer software and the purchase and implementation of six video conferencing units.

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CAPITAL BUDGET:

- ◆ Recommend \$1,500.0 for the maintenance of facilities throughout the state that are managed by the Department of Administrative Services.
- ◆ Recommend \$1,000.0 for Environmental Compliance activities that include the removal of underground storage tanks, asbestos and other hazardous materials.
- ◆ Recommend \$150.0 for Architectural Barrier Removal in accordance with the Americans with Disabilities Act.
- ◆ Recommend \$100.0 for the planning for the conversion of the old Haslet Armory Facility to a new state office building.

ADMINISTRATION

30-01-00

MISSION

To be competent, trustworthy, and supportive leaders in providing education, consultation, and support services to achieve all division and department goals through a cohesive, customer-oriented approach.

KEY OBJECTIVES

- Provide budgetary and fiscal services to all divisions, except the Public Service Commission, to ensure successful operation of the department.
- Provide human resources support and consultation to all divisions on the best courses of action to ensure that human resource needs are met and to comply with state, federal and department laws, policies, rules and practices.
- Provide information technology support and lead the department in compliance with e-government and other initiatives to create a more consistent infrastructure.
- Provide services and information through the Developmental Disabilities Council, Merit Employee Relations Board, Public Employee Relations Board, Public Integrity Commission and the State Council for Persons with Disabilities.
- To assist with continued economic development and growth for minority and women-owned businesses in the state through the Office of Women and Minority Business Enterprises.

BACKGROUND AND ACCOMPLISHMENTS

During Fiscal Year 2002, the Division of Administration proactively scheduled training for supervisors and managers to increase the participation rate in core management training programs offered by the state. During Fiscal Year 2002, the participation rate increased from 38 percent to 45 percent.

During Fiscal Year 2002, the department approved 35 tuition requests for employees to continue their education through a tuition assistance program.

For Fiscal Year 2002, the department estimated 35 hiring and promotional opportunities, and set an overall goal to fill 22 of these positions that were under-represented with

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females and/or minorities. The department actually hired 27 employees and promoted 15 employees for a total of 42 opportunities. The department was successful in reaching goals in two categories: Officials/Administrators and Protective Service Workers. Department of Administrative Services (DAS) reached 80 percent of its goals in professionals and 60 percent in office/clerical. Of the total 22 goals set for Fiscal Year 2002, the department was successful in meeting 12 of these goals. Of the 18 goals set for filling under-represented positions with females, the department met 50 percent of its goals. Of the four goals set for filling under-represented positions with minorities, the department met 25 percent of its goals. The percentage of goals met is considerably lower than past years due in part to a reduction in hiring. During Fiscal Year 2002, the department reached parity in female representation in the categories of Officials/Administrators and Protective Services and maintained parity in Service Maintenance. The department reached parity in minority representation in the category of Officials/Administrators.

The department has implemented a department-wide flexible/compressed workweek policy to promote employee engagement. Of the total DAS workforce, 60 percent are participating in the program.

In Fiscal Year 2002, the division met its goal of making bill payments within 14 days 99 percent of the time.

In Fiscal Year 2002, the Public Employment Relations Board (PERB) successfully implemented the binding arbitration process and facilitated the resolution of impasses processed to this point through intensive mediation processes.

FUNDING

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 GOV. REC.
GF	2,043.2	2,043.7	2,247.7
ASF	92.4	238.9	238.9
TOTAL	2,135.6	2,282.6	2,486.6

POSITIONS

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 GOV. REC.
GF	30.0	31.0	31.0
ASF	1.0	3.0	3.0
NSF	3.0	5.0	5.0
TOTAL	34.0	39.0	39.0

ADMINISTRATION

30-01-10

ACTIVITIES

Business Office

- Prepare, process, reconcile, maintain, and submit the department budget, Generally Accepted Accounting Principles (GAAP) report, and special request reports of a budgetary or fiscal nature.
- Prepare and process fiscal documents for receipt obligation, transfer, and disbursement of state and federal funds.
- Review internal controls and establish fiscal policy and procedures.
- Educate department personnel regarding fiscal policies and systems affecting their functions and operations.
- Assist divisions with budgets and fiscal planning.
- Develop internal policies to further streamline processes and cross-train staff.

PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
% fiscal documents accurately processed within 14 days	99	99	99

Personnel

- Develop, monitor, and carry out the department's Affirmative Action Plan that sets specific strategies to attain affirmative action goals based on number of hiring and promotional opportunities.
- Identify department training needs and develop and/or coordinate training opportunities for employees to improve job performance and career development opportunities.
- Consult with managers on the interpretation and application of Merit Rules, personnel policies and procedures, and other state and federal laws.
- Determine the need for and develop policy recommendations to operationalize statewide personnel programs and to respond to state and federal employment mandates.
- Consult with managers on position classification issues to incorporate organizational changes.
- Provide administrative and technical support to department managers and employees concerning classification issues, employment services, benefits administration, compensation, pension, and performance planning and review.

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PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
% of affirmative action goals met	55	70	85

Information Resource Management

- Update the department's Information Systems Plan to ensure that goals and objectives remain aligned with the department's mission and strategy.
- Maintain and administer the department's Information Management Plan, including technical and administrative support for departmental committees charged with the development and adoption of standards and procedures.
- Serve as a repository for technical assistance and functional information for employees and program units.
- Develop standards including web presence standards, desktop operating systems, and Windows 2000 deployment.

PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
% reduction in average number of help desk incidents reported	5	10	15

Women and Minority Business Enterprises

- Encourage and promote the participation of minority and women business enterprise in the state procurement process.
- Make recommendations to the Governor, the General Assembly, and all state departments and agencies regarding ways to improve programs and activities that are intended to encourage and promote the participation of minority and women business enterprises in the state procurement process.
- Review, on a continuing basis, all state policies, plans, programs and activities intended to encourage and promote the participation of minority and women business enterprises in the state procurement process which are conducted or assisted, in whole or in part, by state departments and agencies; determine whether such policies, programs, plans and activities effectively encourage and promote the participation of minority and women business enterprises in the state procurement process.
- Serve as a central state clearinghouse for information and data regarding the current numbers of minority and women business enterprises who have participated in the state procurement process.

PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
# of women/minority businesses in the DAS Certification Directory without legislation	750	1,125	1,500

PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
# of minority/women business in the DAS Certification Directory with legislation	N/A	1,500	3,000

PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
% of minority/women vendors used by state agencies (Figures will be valid only with legislated certification)	N/A	6	12

OFFICE OF DISABILITY AFFAIRS

30-01-20

ACTIVITIES

- The mission of the State Council for Persons with Disabilities (SCPD) is to unite, in one council, disability advocates and state agency policymakers to ensure that individuals with disabilities are fully integrated into the community. This council analyzes, proposes, and promotes state, federal and local legislation, regulations, programs and policies to effectively meet the needs of persons with disabilities in Delaware.
- The mission of the Developmental Disabilities Planning Council is to ensure that people with developmental disabilities can enjoy the same quality of life as the rest of society. The council will advocate for change and will educate communities to be responsive and sensitive to the needs, preferences, and choices of all people with developmental disabilities and their families, which will ensure and enhance their participation in life and society.

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PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
Bills, regulations and policies impacted by SCPDs comments	17	18	19
Participation of SCPD in system implementation and/or reform issues	11	12	13
# of council members trained to enhance system reform	4	5	5
# of people with disabilities or family members involved with system reform issues	8	9	10

PUBLIC INTEGRITY COMMISSION

30-01-30

BACKGROUND AND ACCOMPLISHMENTS

A total of 62 filings requiring interpretation of the ethics law and/or financial disclosure law were submitted in Fiscal Year 2001, which is a 24 percent increase. Of the 62 filings, 53 were requests for advisory opinions and nine were complaints. Those figures reflect an increase of a little over 8 percent for advisory opinions, compared to 49 requests in Fiscal Year 2001. The nine complaints were significant increases over Fiscal Year 2001, when there was one complaint. Of the nine complaints, four are still under investigation; two or 22 percent were referred to the Attorney General for determination of criminal prosecution; and three were dismissed for lack of jurisdiction.

The commission also had a significant increase in the number of filings by lobbyists. Since the commission was given responsibility for lobbyist's registration in 1996, the number of registered lobbyists had remained at approximately 200. During Fiscal Year 2002, more than 100 additional lobbyists have registered. As lobbyists must also file quarterly expenditure reports, the number of expenditure reports increased from approximately 800 each year to approximately 1,200 in Fiscal Year 2002. This is a 50 percent increase in filings each quarter.

Training classes were given to 431 state employees and officials in Fiscal Year 2002, which was a 51.8 percent increase over last year's 284 attendees at state ethics and financial disclosure classes.

ACTIVITIES

- Issue written advisory opinions on whether the conduct of state employees, state officers, honorary state officials, and state agencies comply with the

Code of Conduct, the Financial Disclosure statute, and the Lobbyists' Law in 29 Del. C. c. 58.

- Grant waivers where compliance would not serve the public purpose of the Code of Conduct and/or where the literal application would result in undue hardship to employees, officers, or state agencies.
- Investigate and prosecute as necessary, violations of 29 Del. C. c. 58.
- Provide educational seminars and produce publications to aid in compliance with 29 Del. C. c. 58.

PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
# advisory opinions, waivers, complaints	62	75	75
# persons participating in training	431	500	500
% advisory opinions and complaints resolved within 45 days or less	92	95	95

PUBLIC EMPLOYMENT RELATIONS BOARD

30-01-40

ACTIVITIES

- Resolve collective bargaining impasses through mediation, public fact-finding procedures, and binding interest arbitration.
- Resolve unfair labor practice charges.
- Certify exclusive bargaining representatives.
- Implement collaborative bargaining.

PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
% disputes informally resolved through PERB facilitation	35	40	45
% of cases resolved within 90 days of filing	35	35	40

MERIT EMPLOYEE RELATIONS BOARD

30-01-50

ACTIVITIES

- Act as the final step in the Merit grievance procedure and in maintenance review appeals. The Merit Employee Relations Board (MERB) must take grievance rulings within 90 days of submission, unless both the employee and management agree to an extension.

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- Adopt or reject changes to the Merit Rules after a public hearing. Proposed rule changes must be reviewed by the Statewide Labor-Management Committee prior to submission to the MERB.
- Request that the State Personnel Director investigate problems or complaints arising from the impact of Merit policies and procedures on employees.
- Act as the final step in maintenance review appeals.

PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
% cases resolved within 150 days	60	70	80
% written decisions completed within 45 days of hearing	95	95	95

REGULATION AND LICENSING

30-03-00

FUNDING

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 GOV. REC.
GF	--	--	--
ASF	5,685.6	6,240.8	6,591.2
TOTAL	5,685.6	6,240.8	6,591.2

POSITIONS

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 GOV. REC.
GF	--	--	--
ASF	58.0	58.0	58.0
NSF	--	--	--
TOTAL	58.0	58.0	58.0

PROFESSIONAL REGULATION

30-03-20

MISSION

To credential qualified professionals to ensure the protection of the public's health, safety, and welfare.

KEY OBJECTIVES

- Issue licenses to qualified professionals.

BACKGROUND AND ACCOMPLISHMENTS

Professional Regulation provides services to 36 regulatory boards and licensing entities. Licensure fees fund the division and the expenditures attributed to each licensing board.

The division's investigative unit processed 445 complaints; 383 were accepted for investigation compared to 179 in Fiscal Year 2001. The number of complaints grew by 173 percent and this trend is likely to continue.

In Fiscal Year 2002, the division issued 5,082 licenses to new applicants and renewed 15,067 licenses, with a total of 43,036 professionals working in Delaware.

ACTIVITIES

- Provide fiscal, administrative, and investigative support for regulatory boards and commissions.
- Oversee all board activities to ensure that testing, licensing, and regulatory activities are completed in a

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timely manner and in compliance with the Delaware Code.

- Assist boards and commissions in complying with Sunset Committee recommendations.

PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
% of reduction in phone calls as a result of e-solutions	5	5	5

PUBLIC SERVICE COMMISSION ***30-03-30***

MISSION

To regulate Delaware's investor-owned utilities by assuring they will provide safe and reliable services to their customers in a timely manner, at reasonable rates, which have been appropriately determined through staff review and investigation.

To make certain such regulation results in not only optimum benefits to the consumer, but to the utility, and ultimately, to the economic development of the state.

To facilitate the transition of Delaware's utility industries from a monopolistic to a competitive market, as the opportunities to do so arise; and to do so in a manner that continues to protect Delaware consumers from poor quality of service and unreasonable pricing.

To be guided by acting in the best interests of the citizens of Delaware while meeting the requirements of federal and state laws and regulations.

KEY OBJECTIVES

- To provide good and efficient service to customers who make complaint calls and inquires to the Public Service Commission (PSC).
- To promote greater productivity in the workplace.
- To maintain the cost of utility regulation at less than \$0.0030 per dollar of utility revenue earned.

BACKGROUND AND ACCOMPLISHMENTS

The PSC is principally charged with the regulation of rates and services provided by investor-owned electric, natural gas, telephone, water and cable television utilities that serve customers in Delaware. In exercising its regulatory

authority, the PSC recognizes that utilities are entitled to earn a fair return on their investments, while providing their customers with reliable and safe services at just and reasonable rates.

At present, the PSC has regulatory authority over 11 water suppliers, six cable television franchises, two natural gas suppliers, two electric utilities, 17 electric suppliers and 58 local exchange telephone service providers. In addition, the PSC has issued Certificates of Public Convenience and Necessity for 321 providers of intrastate, competitive telecommunications services. It also reviews the financial and tariff filings of these utilities. Another responsibility of the PSC is resolving franchise-related disputes between new motor vehicle manufacturers and dealerships regarding the relocation of dealerships. It also conducts safety inspections of natural gas pipelines as part of a joint effort with the federal government to ensure the safety of those lines, and in turn the safety of natural gas operators and customers.

The PSC continued to manage the process of transitioning Delaware's electric industry to a competitive retail environment, which began with the enactment of the Electric Utility Restructuring Act of 1999. Unfortunately, the initial phase of the deregulation process continues to be disappointing. Volatility in the electric wholesale market and transmission congestion on the Delmarva Peninsula resulted in reluctance on the part of third-party electric suppliers to actively participate in the Delaware retail market. This reaction by electric suppliers was not limited to Delaware. Other mid-Atlantic states, including Pennsylvania, Maryland and New Jersey also had similar experiences.

Reliability of electric service has been a prime concern of the PSC. To this end, the PSC has and continues to engage in proceedings aimed at determining the reliability of electric service provided by Conectiv and the Delaware Electric Cooperative and setting reliability standards to minimize disruptions of service. The PSC has also become actively involved in regional and Federal Energy Regulatory Commission ("FERC") proceedings related to electric reliability and electric pricing.

The following details some of the more notable accomplishments achieved by the PSC during the past fiscal year:

During Fiscal Year 2002, the PSC achieved its goal of keeping the cost of regulation under \$0.0030 per dollar of utility revenue. The accomplishment translated into a savings to Delaware ratepayers of approximately \$474,000.

The PSC successfully assumed control of the process to certify water suppliers to provide water service. This

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authority was transferred to the PSC by DNREC pursuant to legislation effective July 1, 2001. The PSC has promulgated detailed regulations, which are designed to address the certification process and has now processed a number of applications and issued certifications to provide water service.

The PSC completed a consultative letter to the Federal Communications Commission in which it recommended that Verizon-Delaware be permitted to enter the long distance telecommunications market.

The PSC conducted a proceeding and approved the merger of Conectiv and Potomac Electric Power Company in accordance with a settlement agreement that contained numerous consumer safeguards, economic development funding, a provision for stable electric prices, a provision to maintain Delaware-based corporate offices for five years, a provision designed to mitigate electric transmission congestion, and programs to promote energy efficiency.

The PSC has been successful in its advocacy of positions on a regional and federal level. These positions relate to the impact on electricity service and prices in Delaware.

ACTIVITIES

- Ensure that the activities of regulated utilities are in compliance with both federal and state law.
- Review and process filings presented to the PSC by regulated utilities, encouraging accuracy and timeliness.
- Manage public awareness campaigns for utility deregulation efforts.
- Conduct conveniently located public hearings, as required, in the course of processing utility filings.
- Receive and process consumer inquiries with special emphasis on complaints.
- Conduct safety inspections on natural gas pipelines to ensure compliance with federal safety standards.
- Maintain good relations with other federal and state agencies.
- Provide professional advice on utility matters to the administrative and legislative bodies of the state.

PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
Customer satisfaction level with complaint/inquiry investigation and resolution process	N/A	Baseline data being collected	5% improvement over FY03
% of staff with productivity improvement work plans	N/A	100	100
% of technical staff with at least one training experience per year (funds permitting)	75	100	100
Case time spent by PSC Staff in relation to time spent by outside consultants retained by the PSC	N/A	Baseline data being collected	> 75% from staff
Cost of regulation per each dollar of utility revenue	\$0.0026	<\$0.0030	<\$0.0030
# of filings per FTE	16	17	17

PUBLIC ADVOCATE

30-03-50

MISSION

The mission of the Division of the Public Advocate (DPA) is to represent the interests of all Delaware utility consumers before the Public Service Commission of Delaware (PSC), state and federal courts, and federal administrative and regulatory agencies and commissions in matters involving rates, service and practices of public utilities and to advocate the lowest reasonable rates for consumers consistent with the maintenance of adequate utility service and consistent with an equitable distribution of rates among all classes of consumers.

KEY OBJECTIVES

- Target specific utility-related issues for investigation by litigation before the Public Service Commission.
- Improve cost effectiveness by increasing the number of contested rate proceedings settled rather than fully litigated.
- Enhance the DPA staff's professional growth and development, particularly in the area of utility regulation.
- Through use of advanced network technology, maximize the public's ability to access the DPA's services via the Internet.

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BACKGROUND AND ACCOMPLISHMENTS

Since the implementation of the Electric Utility Restructuring Act of 1999 (“the Restructuring Act”), the DPA has continued its active role in all phases of policy making and regulatory proceedings regarding electricity industry restructuring at the state and federal levels. The Restructuring Act provided for a transition period during which a competitive market for wholesale and retail electric services would evolve to replace the regime of rate regulation then in place. In theory, a competitive market would give consumers a choice of service providers, and the competitive regime would produce lower rates for consumers.

The transition period for non-residential customers ended on September 30, 2002, and the transition period for residential and small commercial customers ends one year later. As the end of the transition period nears, it has become clear that a competitive market at the retail level has not developed. Furthermore, the lack of a definitive Standard Market Design at the wholesale level has created uncertainty about rate stability at the wholesale level. The retail market continues to be serviced exclusively by the incumbent utilities. Electric generation market rates (*i.e.*, wholesale market rates) have far outpaced the transition rates set by the Restructuring Act for the incumbent electric suppliers in Delaware. Due to the volatility of the electric wholesale markets, many commercial and industrial customers have indicated a preference to return to the rate stability and service reliability of dealing with the incumbents. Consumers are uneasy because they have not had the opportunity to compare the new regulatory framework with the traditional framework, since no electric suppliers have entered the Delaware retail market. Thus, there appears to be a desire by consumers to return to a more traditional regulatory framework for the electric markets.

At the end of the transition period, a vast majority of Delaware retail electric ratepayers may well face the prospect of having to pay much higher rates, as well as the prospect that there may be no alternative electricity suppliers other than their incumbent electric utility. Fortunately, in what is its most significant accomplishment in Fiscal Year 2002, the DPA, along with other parties, successfully crafted, as part of the PEPCO/Conectiv merger proceeding, a settlement agreement that effectively allows the transitional rates to remain effective until September 30, 2006, thereby delaying the expected rate shock.

The evolution to a deregulated telecommunications market is more mature than what has been experienced in the energy markets; however, the change engendered in

telecommunications has increased the scope of responsibility of the DPA. The PSC has granted approval to Verizon Delaware’s application to be permitted to enter the interstate long distance market. Pursuant to the Telecommunications Act of 1996, such approval is conditioned upon a demonstration by an incumbent local exchange company, such as Verizon, that it has opened its network to competition. Although the commission determined that Verizon has demonstrated that its network is “open,” there are very few, if any, alternatives for local exchange service on a statewide basis. Indeed, other than customers in northern New Castle County where Cavalier Communications is competing with Verizon, the rest of Delaware has no choice of telecommunications service provider other than Verizon.

Finally, escalating water rates as a result of significant structural changes in the water industry, have commanded a more proactive educational outreach by the DPA.

The DPA’s greatest challenge will be to keep abreast of, and remain responsive to, a frequently changing regulatory environment. The DPA will take timely and appropriate action in the regulatory arena in order to effectively secure the interests of utility consumers at both the state and federal levels. In addition, the anxiety surrounding restructuring of both the energy and telecommunications industries has heightened consumers’ demands on the DPA for information and guidance. Thus, there is a constant need to upgrade the DPA’s website to enable consumers to interact with the Public Advocate over a wide range of issues.

The DPA intends to maintain its long-standing membership in the National Association of State Utility Consumer Advocates (NASUCA). This national organization participates in various activities, such as, testifying before the Congress and the Federal Energy Regulatory Commission (FERC), organizing conferences, and serving as a clearinghouse for regulatory information from all member states. The DPA staff also participates in various committees of NASUCA.

The DPA has participated in negotiated settlements of regulatory cases, which have resulted in 27 settlements over the last decade in which the average rate increase requested was \$10.26 million and the average final settlement was \$5.69 million, a 45 percent reduction in rate increase awards over original utility requests. This reduction is greater than many of the fully litigated rate cases prior to the early 1990s.

In addition, these settlements have delivered significant non-price benefits to the Delaware economy. For example, the DPA’s participation in the Conectiv/PEPCO merger proceedings led to a contribution of approximately \$1

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million from Conectiv for job training, small business investment, energy conservation and renewable energy development, and the exclusion of the recovery of merger-related costs in future rate cases. Benefits from the settlement also include: a guarantee by the newly-merged entity to maintain a significant corporate presence in Delaware; a commitment to retain its current level of corporate giving within the State for the next 5-6 years; and an undertaking to continue upgrading Conectiv's system on the Delmarva Peninsula in order to reduce congestion and to improve reliability.

ACTIVITIES

- To enable the public to gain fast and easy access to information concerning the regulated utilities and related issues, the DPA plans to enhance its website to include utility tariffs, a synopsis of ongoing proceedings, and a summary rate page for Delaware consumers.
- The DPA will continue its participation in dockets related to:
 - a) Electric and natural gas reliability, rate and rate design/restructuring, including cost allocation manuals and codes of conduct.
 - b) Local telephone competition.
 - c) FERC proceedings regarding the Pennsylvania, New Jersey, and Maryland (PJM) Interconnection.
 - d) Customer service quality and water quality issues.
 - e) Water rate and rate-design dockets associated with tougher Federal Safe Drinking Water Act standards and conservation-related programs.
- Investigating and tracking consumer complaints.
- Participating in activities pertaining to the Water Supply Coordinating Council, of which the Public Advocate is a statutory member. The Council oversees activities to ensure a safe and adequate water supply for Delaware.
- Participating in activities related to the House Drinking Water Task Force, of which the Public Advocate is a statutory member. The Task Force is currently reviewing the quality of Delaware's water and will make recommendations to the General Assembly to improve Delaware's drinking water.
- Pursuing activities that complement the Governor's Livable Delaware initiative such as:
 - a) advocating policies that encourage the development of demand-side resources and cleaner supply resources for the electricity market; and

- b) encouraging the development of energy efficiency and renewable energy policies that help to keep high-quality jobs in Delaware by actively engaging its role as consultant to the Delaware Economic Development Office with respect to the appropriation of funding from the Environmental Incentive Fund for appropriate projects.

PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
# of investigations initiated	N/A	1	3
% of contested rate cases settled	50	70	75
% of cases intervened	60	95	100
% of staff completing at least one training and development seminar	75	100	100
# of "hits" on DPA website	7,104	10,000	15,000
% increase in number of customers filing complaints online	N/A	25	50
% increase in number of incoming customer phone calls	70	90	90

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SUPPORT SERVICES

30-04-00

MISSION

To provide the most efficient and effective customer-responsive services that assist the public and support agencies in performing their missions. The division accomplishes this through technology, employee development and the correct alignment of division resources.

KEY OBJECTIVES

- Identify additional contracts to develop statewide savings under the Partners in Procurement (P²) program and institutionalize state-of-the-art contracting methods.
- Provide a one-stop, all-inclusive printing and publishing center to service all state agencies.
- Identify locations, procure equipment, market and maintain video conferencing locations statewide for use by all state agencies to support reduction in travel dollars.
- Reduce the percentage of trip/vehicle growth in Fleet Services without reducing customer service standards.
- Improve distribution services and relieve operational problems caused by increased volume of Food Distribution commodities by implementing the 11 strategic and 12 operational recommendations developed in the Business Assessment performed in Fiscal Year 2002.
- Educate and market surplus property asset redeployment services to all state agencies, school districts, local governments and non-profits.
- Provide an effective courier system for daily mail pick-up, sorting, and delivery service to all agencies and some school districts statewide.
- Facilitate public access to accurate information through the HelpLine center regarding state services, programs, and employees.

BACKGROUND AND ACCOMPLISHMENTS

Mail/Courier Services

In Fiscal Year 2002, the security of mail handling was re-evaluated after the September 11, 2001 attack. Mail/Courier no longer accepted pre-stamped mail; all mail pick-up/drop-off locations were relocated in each

agency's building to improve security, and all mail carriers were provided picture ID badges.

In Fiscal Year 2002, due to the national anthrax incidents following the 9/11 terrorist attacks, new mail handling and processing procedures were established statewide. Couriers were trained in identifying suspicious packages/letters and each courier was provided with personal protection equipment. This same information was delivered and explained to each agency contact person. The overall affect resulted in a 3 percent annual reduction over Fiscal Year 2001 of USPS mail pieces handled; total 4,102,098, and a 17 percent reduction in interdepartmental mail pieces; total 2,500,000.

Printing and Publishing

In Fiscal Year 2002, the division performed a Strategic Business Assessment. The study, which began with a customer survey, consisted of 15 strategic recommendations and 23 operational recommendations and has consumed the focus and efforts of this section for the entire Fiscal Year 2002. The study uncovered the fact that Printing and Publishing was only servicing approximately 32 percent of the potential agency market. The recommendations centered around improving the internal printing operation to be more responsive to customers needs, to produce better quality products, to improve on turnaround times, and to recapture market share. The implementation focus was internal for Fiscal Year 2002. The roll out of the customer outreach and marketing plan will occur in Fiscal Year 2003.

Fleet Services

State government is mandated by both the Federal Clean Air and Energy Policy Acts to purchase vehicles that reduce air pollution by utilizing alternative fuels. For all new vehicle purchases, 75 percent of the types specified must be capable of using approved, less polluting fuel. Fleet Services complies with these mandates and for Fiscal Year 2002 had 680 alternate fuel vehicles, an increase of 1.15 percent over Fiscal Year 2001.

In Fiscal Year 2002, the participation in Fleet Link, the State Employee Vanpool Program, declined from the previous year. The decline was partially due to the enforcement of vehicle safety standards and individual payment policies. Additionally, the reallocation of agency staff reduced the number of participants. Fleet Link's staff will be visiting and marketing the program to state agencies during the Fiscal Year 2003 to identify ways to increase ridership.

In Fiscal Year 2002, a thorough analysis of maintenance practices adjusted the maintenance schedule in conjunction with vehicle manufacturer warranties, which

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over time, will reduce or avoid \$100,000 to \$200,000 annually in maintenance expenditures. This and other cost monitoring enabled Fleet Services to maintain Fiscal Year 2002 lease rates through Fiscal Year 2003.

Delaware HelpLine

In FY 2002, Delaware HelpLine marked five years of service, during which State Public Information Specialists staffed the phones uninterrupted as a result of weather emergencies and the terrorist attack providing valuable information to the public when it was most needed.

In Fiscal Year 2002, Delaware HelpLine employees maintained the customer service level they established in previous years.

Contracting

In Fiscal Year 2002, the Contracting Section was challenged to obtain more aggressive pricing for state contracts, while maintaining or including quality and service elements. Working with a consulting group, under the Partners in Procurement (P2) project, the Contracting Section identified 14 categories (commodities) where significant monetary savings would be realized for state agencies. A large focus of the project was the outreach with agency representatives, school representatives and the Office of the Budget to incorporate all necessary specifications to be able to contract for at least 80 percent of the needs. The new contracts became effective in Fiscal Year 2003.

In Fiscal Year 2002, enabling legislation was passed to allow Contracting to include electronic bidding and reverse auctioning as new tools for the bidding of state contracts. The section will be able to stay current with the procurement industry. The first reverse auction event was held in August 2002 and was received well by the participating vendors.

Delaware Surplus Services

The Surplus Services Section functions as a redeployment unit for excess state-owned physical assets (i.e. furniture, equipment, vehicles, but not real estate), in accordance with 29 Del. C. c. 77 and 88.

The section served, in Fiscal Year 2002, 105 state and local public agencies, an increase of 10 percent over the previous year; 10 nonprofit organizations compared to 17 in Fiscal Year 2001; and six non-state educational entities versus 3 in Fiscal Year 2001, an increase of 50 percent.

The website is continuously updated with advertisements of auction events, special on-site sales, unique surplus items and pictures of newly acquired assets.

Food Distribution

The Food Distribution Program Section acts as the sole state agency to receive, warehouse and distribute food commodities issued by the federal government for use in nonprofit summer camps for children, non-penal, tax-exempt private or public institutions, state correctional institutions and assistance to other needy persons in accordance with §416 of the Agricultural Act of 1949; provided however, that the Division of Support Services cannot have control over the administration of the school lunch program beyond receiving, warehousing and distributing such food commodities.

In Fiscal Year 2002, due to the continued increase in commodities over the past three years and negative impact on existing resources, a study was performed of the entire program. The consulting firm has presented 11 strategic recommendations and 12 operational recommendations to improve the program operation.

In Fiscal Year 2002, the Food Distribution Program section implemented a new on-line website for agencies that receive commodities. Delaware was the first state to implement the web-based version of this program.

During Fiscal Year 2002, the Food Program distributed 5,965,832 pounds of USDA commodities compared to 5,043,608 in Fiscal Year 2001 and 3,597,045 in Fiscal Year 2000. This is an increase of 60 percent in commodities delivered to its agencies.

FUNDING

	FY 2002 ACTUAL*	FY 2003 BUDGET	FY 2004 GOV. REC.
GF	2,017.7	1,853.3	1,840.1
ASF	12,611.8	13,237.4	13,733.4
TOTAL	14,629.5	15,090.7	15,573.5

POSITIONS

	FY 2002 ACTUAL*	FY 2003 BUDGET	FY 2004 GOV. REC.
GF	35.5	33.5	33.5
ASF	59.0	59.0	59.0
NSF	2.0	2.0	2.0
TOTAL	96.5	94.5	94.5

* The FY 2002 Actual includes expenditures from Purchasing (30-06-00) which was reorganized into Support Services (30-04-00) in the FY 2003 Budget.

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MAIL/COURIER SERVICES 30-04-10

ACTIVITIES

- Provide an effective courier system for daily mail pick-up, sorting, and delivery service to all agencies and some school districts statewide.
- Identify applications for and assist agencies in developing and addressing systems to reduce delays in processing times and to potentially increase pre-sort savings. Continue to identify areas for improvement and educate customers on ways to streamline the handling of mail.
- Continue to identify opportunities to expand on staff development/training initiatives.

PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
# of agencies evaluated for addressing system	N/A	5	10
# of hours of staff training for professional development	3	5	8

PRINTING AND PUBLISHING 30-04-30

ACTIVITIES

- Provide a one-stop, all-inclusive printing and publishing center to service all state agencies and establish contractual relationships with vendors to supplement operations.
- Provide 24-hour turnaround time for quick copy services throughout the State.
- Provide delivery services to customers statewide.
- Provide copier resource management consulting services to right-size copier placements.
- Provide electronic transfer of digital files capabilities to all customers.
- Continue to expand on staff training/development initiatives.

PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
% of new customers	N/A	5	10
% increase in number of impressions	N/A	8	12

FLEET MANAGEMENT 30-04-40

ACTIVITIES

- Develop the full potential of the Fleet Anywhere software for the benefit of customers, employees, vendors, and support organizations and to optimize the use of the fleet.
- Manage the state employee commuter vanpool through active marketing and the addition of newer, more appropriate vehicles, in partnership with customers.
- Acquire an appropriate number of alternative-fuel vehicles in compliance with federal regulations.
- Identify locations, procure equipment, market and maintain video conferencing locations statewide for use by all state agencies to support reduction in travel dollars.
- Reduce the percentage of trip/vehicle growth in Fleet Services without reducing customer service standards.

PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
# of trip pairing matched	N/A	520	624
Increased use of Alternative Fuel Vehicles	680	800	925
# of trips eliminated due to video conferencing	N/A	800	2800

SERVICE AND INFORMATION GUIDE 30-04-50

ACTIVITIES

- Provide the public with accurate information on state services and programs.
- Facilitate public access to accurate information regarding state services, programs, and employees.
- Maximize public awareness of HelpLine to increase the number of daily calls.
- Continue to enhance HelpLine's effectiveness by recognizing and directly addressing the needs of the public, state agencies, and the department's partner HelpLine, Inc., in daily operations.

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PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
# of calls per day	1,613	1,650	1,700
# of new marketing avenues implemented	2	2	2
Average annual training hours per employee	6	10	8
Annual site visits per employee	0	3	4

CONTRACTING **30-04-60**

ACTIVITIES

- Identify additional contracts to develop statewide savings under the Partners in Procurement (P²) program and institutionalize state-of-the-art contracting methods.
- Develop and propose policies, procedures, rules, and regulations as authorized in the Delaware Code under a centralized environment.

PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
# of state contracts using state-of-the-art methods	14	14	12
% of new savings over previous year for on-contract purchasing	N/A	8	6

DELAWARE SURPLUS SERVICES **30-04-70**

ACTIVITIES

- Educate and market surplus property asset redeployment services to all state agencies, school districts, local governments and nonprofits.
- Maximize internet and intranet capabilities to support marketing initiatives to include pictures of the vast inventory available to the agencies and the public. Determine the applicability of on-line auctions.

PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
# of state agency marketing visits	2	10	20
# of local government marketing visits (per yr.)	1	4	6
# of sales generated from website	17	25	40

FOOD DISTRIBUTION **30-04-80**

ACTIVITIES

- Enhance the timely acquisition, proper storage and timely distribution of the USDA food commodities to child nutrition programs, nutrition programs for the elderly, summer feeding programs and needy families.
- Improve distribution services and relieve operational problems caused by increased volume of commodities by implementing the 11 strategic and 12 operational recommendations developed in the business assessment performed in Fiscal Year 2002.
- Monitor efficiency and improve customer service through use of the new food distribution web-based software program, which allows for electronic ordering and reporting capabilities to schools and nonprofits.
- Meet with agencies to review regulations and procedures and provide training in proper storage and record keeping. Conduct reviews of agencies that distribute food to needy families and agencies providing congregate meals.

PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
# of recommendations implemented	N/A	10	10
# of customers using the web-based electronic ordering software	39	45	48
# of visits to recipient agencies	12	20	30

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FACILITIES MANAGEMENT

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MISSION

To ensure that the construction, renovation and demolition of state buildings is completed on time and on budget while meeting established standards of technology and safety codes through plan review and construction management. The division's mission also includes supporting the activities of state government by maintaining state facilities in good, safe condition and supporting construction-related activities of other agencies by providing services such as the annual pre-qualification of contractors.

KEY OBJECTIVES

- Maintain its lead role in state capital project planning, construction management, building maintenance, office leasing, property acquisition and disposition, energy efficiency programs and environmental compliance issues.
- Focus on improving the quality of public works construction, implementing management techniques that reduce change orders and litigation, and implementing project management techniques that enhance the operational and financial management of projects.
- Emphasize, track and strive to improve customer satisfaction.
- Create an environment that fosters employee development through training, communication and camaraderie, to improve employee engagement and satisfaction.
- Implement the tasks specified in Senate Bill 415 and become the state's clearinghouse for the annual pre-qualification of contractors for most state large public works contracts.

BACKGROUND AND ACCOMPLISHMENTS

The division is the state's authority on building design, construction and operation for all state agencies. The division is responsible for the design, construction and renovation of all public buildings, with the exception of school buildings, road construction and certain facilities operated by DNREC. The renovation and construction of state-owned buildings continues to be central to the division's mission. It is the division's goal to complete all projects on schedule and on budget and according to the

latest standards of construction technology, maintenance, building and life safety codes, environmental compliance, accessibility and energy efficiency.

Accomplishments include the on-going management of correctional projects statewide, management of the New Castle County Courthouse construction project, the renovation and construction of Sussex County judicial facilities, Carvel State Office Building renovations, and the construction of the new Public Archives building.

The Quality Construction Improvements Act became law in 1999, enabling the division to implement new policies such as bidder pre-qualification, best-value bidding, bidder performance, and bidder suspension and debarment to ensure that public dollars are used efficiently for state building construction and renovation. During Fiscal Year 2002 the division worked with Delaware contractor and labor organizations to write legislation that enables annual contractor pre-qualification. The legislation places statewide pre-qualification authority in the Division of Facilities Management and enables school districts to participate in portions of the pre-qualification process. The division is developing the annual pre-qualification process for implementation at the beginning of Calendar Year 2003. The division also worked with contractor and labor organizations to enable the passage of legislation to standardize bid and performance bonds used in conjunction with all state contracts, and legislation to ensure the prompt payment of contractors and sub-contractors working on large public works contracts.

The division managed over \$40,000,000 in Fiscal Year 2002 capital appropriations. During Fiscal Year 2002, the division reviewed plans for approximately 200 projects and held bids and managed construction for more than 100 projects over \$50,000. The division also negotiated contracts and managed construction for hundreds of projects under \$50,000. Fiscal Year 2003 continues a trend in reduced capital appropriations, and the division expects that capital funding for public works projects other than school construction will not be sustained at the levels seen in recent years. Although the need for sustained levels of MCI funding remains, the division anticipates that this funding may also be reduced over the next few fiscal years.

During Fiscal Year 2001, the division managed the operation and maintenance of 2,097,042 square feet of building space. In Fiscal Year 2002, the total area managed increased to 2,112,817 square feet with the completion of the new Public Archives building and the new Agricultural Testing Lab. In the first half of Fiscal Year 2003 the square footage increased by 576,000 with the completion of the New Castle County Courthouse. During the second half of Fiscal Year 2003 and Fiscal

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Year 2004, the total area managed will increase to 2,889,628 square feet with the purchase of the Kent County Courthouse and O'Brien building, and the completion of Chancery Court in Georgetown, the Traffic Management Center in Smyrna and the new Troop 2 in Bear. During Fiscal Year 2002 and Fiscal Year 2003 the division also completed the renovation of Massey Station, the D, K and L buildings (part of the Delaware Correctional Center), the Kent County Work Release facility in Dover and the completion of the Carvel building exterior renovations and elevator replacement project.

The growth of state agencies continues to drive the need for leased facilities. In Fiscal Year 2003, the division managed over 1,175,000 square feet of leased space. Two division employees manage this space for agencies that are located from Claymont to Delmar. This represents approximately 25 percent of the state's total usage of office space and is equivalent to four Carvel State Office Buildings spread over 75 locations statewide. Continued short-term growth of leased facilities will be limited by current economic conditions. The Capital Area Space Study, which was funded in Fiscal Year 2002, provides recommendations for future decisions regarding lease options, renovations to existing buildings, and the need for additional facilities in the Dover area.

The state's Energy Office, which is part of the division, will continue to develop and implement the state's facilities energy management plan. The Energy Office ensures that energy conservation methods are employed in all new and existing facilities and also conducts outreach programs, performs energy audits, and promulgates energy efficiency standards for state and school facilities. During Fiscal Year 2002 the Energy Office initiated a project to develop an energy-savings marketing plan that will enable state employees to implement simple changes that will result in a five percent reduction in energy consumption by division-managed facilities. The energy-savings marketing plan includes train-the-trainer sessions that will prepare employees to bring energy savings techniques to their home agencies. The marketing plan also includes an energy audit of selected state facilities that may enable the division to reduce consumption in its facilities by another five to ten percent based on changes in lighting, HVAC and other mechanical equipment.

The Fiscal Year 2002 capital budget included an appropriation of \$1,000,000 in Federal Oil Overcharge Funds (Stripper Well) for energy efficiency improvements that complement other capital improvements in selected facilities. During Fiscal Year 2002 the division expended and/or programmed almost 50 percent of the appropriation and expects to expend the remainder during Fiscal Year 2003. When expended, the oil overcharge fund will

be nearly depleted unless additional funding is received from the federal government or other sources.

The division continues to identify architectural barriers that need to be remediated in division-managed facilities as well as in buildings operated by other agencies. For example, during Fiscal Year 2002 and Fiscal Year 2003 the division has worked closely with the Department of Justice to correct architectural barriers identified by the U.S. Department of Justice. Since funds were first appropriated for architectural barrier removal, a total of \$870,000 has been appropriated and \$640,895 has been spent as of the end of Fiscal Year 2002.

From Fiscal Year 1995 through Fiscal Year 2002, the division has been actively engaged in bringing Underground Storage Tanks (USTs) into compliance with federal and state laws. Initial inventories indicated that the state owned 614 heating oil and motor fuel USTs. At the end of Fiscal Year 2002, 530 of these tanks have been brought into compliance either by removal, replacement or retrofit. Of the 25 regulated tanks remaining to be brought into compliance, 13 are scheduled to be remediated by the end of Fiscal Year 2003.

FUNDING

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 GOV. REC.
GF	51,285.5	35,681.2	37,204.2
ASF	1,224.2	682.6	682.6
TOTAL	52,509.7	36,363.8	37,886.8

POSITIONS

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 GOV. REC.
GF	90.0	92.4	92.4
ASF	4.0	3.0	3.0
NSF	--	2.6	2.6
TOTAL	94.0	98.0	98.0

FACILITIES MANAGEMENT

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ACTIVITIES

- Review and approve statewide professional services and construction bid documents.
- Provide statewide construction management for major and minor capital projects, including environmental compliance, architectural accessibility and energy efficiency work.

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- Provide statewide pre-qualification services to contractors and state agencies that select pre-qualification for large public works contracts.
- Provide construction management accounting and reporting.
- Provide state capital and operating budget consulting and review.
- Provide a full range of building maintenance, grounds and custodial services.
- Negotiate leases and real property transactions for state agencies.
- Implement office space standards.
- Manage the following programs for state agencies:
 - Commission on State Surplus Real Property
 - Asbestos Abatement Program
 - Asbestos Contractor Licensing Program
 - Underground Storage Tank Program
 - Indoor Air Quality Program
 - State Energy Program
 - Architectural Accessibility Board

PERFORMANCE MEASURES

	FY 2002 Actual	FY 2003 Budget	FY 2004 Gov. Rec.
% employees who are "engaged" according to the Gallup survey	63	90	100
% client surveys rating good or better	N/A	90	95
% projects >\$50K having professional performance evaluations	N/A	100	100
% facilities assessment report discrepancies addressed/corrected	25	33	33