

**WORKING CAPITAL FUND BOARD
MINUTES OF MEETING
APRIL 22, 1999**

Attendees: See attached list.

(1) INTRODUCTION

The meeting was brought to order by the Chair, Rick Farrell, at 1:30 p.m.

(1) HAMMER AWARD PRESENTATION

Mr. Farrell announced that the team that implemented the Working Capital Fund had been awarded a Hammer by the National Partnership for Reinvention (NPR). He introduced Meshell Jones, an Environmental Management employee detailed to the NPR. Ms. Jones presented the Hammer plaque to the Deputy Secretary of Energy, Mr. T. J. Glauthier. In his remarks Mr. Galuthier noted the savings realized by the Department since the Fund's inception, and thanked all those who participated. The members of the team receiving the award included:

Business Line Management:

Thomas Tamura	Florence Linn
Linda Sye	Peter Grahn
John N. Harrison	Patrick N. Hargett
Louis A. D'Angelo	Mary Ann Wallace,
Amos Street Jr.	William G. Sylvester
William C. Talbot	Jeffrey Rubenstein
Mary R. Anderson	Robert Emond, CR
Vincent A. Brooks	

Fund Management:

Howard Borgstrom	Fran Feiner
Pete Richards	George Tengan, CR
Roscoe Harris	Thomas Fisher, CR
Dean Smith	

Working Capital Fund Customer Leaders:

CP, T.J. Hopkins	CR, Elizabeth Smedley
------------------	-----------------------

DP, Edwin Inge
EE, Marvin Gunn
EH, Lesley Gasperow
EH, Geoff Judge
EI, Stephen Durbin
ER, John R. Clark
ER, Myrna Vallette
FE, Charles Roy

FM, Steve Smith
GC, Eric Fygi
GC, Ralph Goldenberg
HG, Richard Tedrow
NE, James Colsh
NN, Thomas Ryder
WT, Robert DeGrasse
WT, Mike Mescher

(3) BOARD MEMBERSHIP

Mr. Farrell noted that this was the first meeting of the Board with the expanded membership, and welcomed the new and returning members. Special mention was made of the departure of Marvin Gunn the EE representative, and he was presented with a WCF mug as a token of the Board's appreciation of his activities on behalf of the Fund.

(4) APPROVAL OF MINUTES OF DECEMBER 10, 1998 MEETING

The Board approved the minutes without discussion.

(5) FY 1999 MID-YEAR REPORT

The Chair introduced the Board Secretary, Howard Borgstrom, and asked that he brief the Board on the FY 1999 Mid-Year Report. Mr. Borgstrom summarized the report making the following points about first half performance:

- Relation of earnings to expenses. Overall the Fund broke even, with net earnings of \$0.2 million on a basis of \$40 million of earnings.
- Relation of customer payments to anticipated customer billings. Customers are paying their bills. The Fund has collected 97% of the estimated annual revenues for the year. This compares with a 95% collection rate at this time last year.
- Relation of payments to obligations by business line. There have been no apparent violations of administrative control of funds procedures by business lines. Funds available exceed obligations by \$40 million, a rate on track with annualized estimates. The unobligated balance is in line with that available at this time last year.
- Changes in budget estimates by business line and customer. Guideline estimates provided by the Fund have proven to be substantially accurate over time. There has been less than 1% change in the aggregate FY 1999 estimates since they were developed in June 1997. There has been more fluctuation in estimates for individual customers than in the aggregate estimate.

- Anticipated need to change pricing policies or make substantial changes in operating levels. No changes are anticipated for FY 1999. For FY 2000 issues have been raised that were discussed later in the meeting.
- Financial management systems progress:
 - Billing System - the ACCESS based WCF Billing System is producing bills in a timely fashion. The March bill was produced on the second day of the month, in time for costs to be entered into DISCAS during the accounting period to which the billing applied (i.e., March billing was recorded as March transactions).
 - Blue Book information - The Fund's "FY 1999 Guide to Services, Policies, and Procedures" (Blue Book) is available through the Fund's Home page at <http://www.hr.doe.gov/wcf>
- Inspector General Report follow-on. For the 1997 IG Report, Management and Administration has certified closure of all recommendations. For the 1998 Report, the Secretary reported the following progress:
 - Recommendation that MA should implement process to optimize use of Fund services - A status report on MA actions was made to the board under separate cover.
 - Recommendation that MA develop procedures to assess effectiveness and efficiency of business lines, including cost comparisons. The Business line will report progress later in the program.
 - Recommendation that the Fund Manager and the CFO improve Fund financial systems and suspend acquisition of feeder systems that are not consistent with Fund systems - Fund Manager issued guidelines in December 1998 to set criteria and procedures for new financial systems.
- Status of operating efficiency metrics. Charts and analysis of usage trends of individual business lines.

(6) FY 2000 AND FUTURE YEAR PRICING POLICY ISSUES

The Chair noted that although there are no FY 1999 pricing policy issues, business lines have raised three issues that could affect FY 2000 pricing. He asked the Secretary to brief the Board on the three issues. The three issues were: (i) project to improve emergency power in Germantown, (ii) telephone infrastructure rate increase, and (iii) new Internet service provider for Headquarters.

Discussion on issues (i) and (ii) overlapped with the following points being made:

- Programs expressed concern that potential reprogramming issues were raised by using Program direction funds to finance capital improvements.
- Programs expressed concern with the timing of the request. Their FY 2000 budgets are set and on the Hill. However, Board members generally acknowledged that there is still sufficient time to include the proposed increase within the FY 2001 Budget request.

Mike Telson, the CFO, stated that he and his staff would review the issue of financing equipment

acquisitions through the Fund, and report back to the Board at the next meeting.

Discussion of issue (iii) raised the following¹:

- The issue of one of single point interface reliability for HQ Internet service.
- The addition of another service provider has been endorsed by the HQ Collaboration Group.
- The Business Line indicated that the cost for the new provider was not significant, and they would circulate cost estimates to Board members.²

After discussion the board approved the rate increase for the Internet Service Provider.

(7) STATUS REPORT ON SUPPLIES BUSINESS

Doug Bielan of Administrative Services briefed the Board on progress made in the supplies Business Line. He reported that the business has moved into the Black and looks to be moving to a more solid financial footing. Actions taken include:

- reduced costs through closing two stores and reducing contract costs
- pacing spending activity more evenly over the year.
- introducing more popular product lines.

The Board inquired about cost comparisons, and Linda Sye, Director of Administrative Services stated that she would distribute the most recent "Market Basket" comparison to customers and resource managers.

(8) OTHER MATTERS

No other matters were raised.

(9) ADJOURN

The meeting was adjourned at 3:00 M

BOARD:

Chair: Rick Farrell
CFO Mike Telson/Betty Smedley
GC Eric Fygi

¹Eric Fygi, GC representative, recused himself to the Board Secretary during discussions of the Internet Service Provider.

²Cost estimates for the Internet Service Provider proposal are included as an attachment to these minutes.

EH Leslie Gasperow
NE Jim Colsh
SC John Clark
DP Ed Inge
EM J. Owendoff
NN Tom Ryder
EE Marvin Gunn
IN (Absent)
FE Chuck Roy
CIO John Gilligan
Board Secretary: Howard Borgstrom

GUESTS:

Meshell Jones, NPR
Maria Mikitka

ATTENDEES:

HG:

Dick Tedrow
Brian MacPherson

FM:

Frank Peters
Steve Smith

CR:

Woody Fisher
Bob Emond
George Tengan
Kathy Schanck

EIA:

Steve Durbin

GC:

Ralph Goldenberg
Rita Smith

IG:

Barry Schrum

SC:

Myrna Vallette

FE:

Gail Stern

CI:

T.J. Hopkins

WT:

Mike Mescher

MA:

Tom Tamura
Linda Sye
Doug Bielan
Louis D'Angelo
Jeff Rubenstein
Amos Street
Flo Linn
MaryAnn Wallace
Pete Grahm
Coreen Leonard
Ann Warnick
Laurie Smith
Cherylynne Williams
John Harrison
Mary Anderson
Dean Smith
Fran Feiner
Pete Richards
Bill Sylvester

Vince Brooks
 Ingrid Robinson
 Roscoe Harris
 Pat Hargett
 Brian Costlow
 Bill Talbot
 Carolyn Collins
 Ron Shores
 Don Frizzell
 Diane Friis
 Karen Adams
 Jerry Venanzi
 Tony Nellums
 Charlie Morris
 Mike Shincovich

ATTACHMENT:

**MA-4 NETWORKING BUSINESS LINE
 INTERNET SERVICE PROVIDER COST
 ESTIMATES**

ORG	WCF Networking Connection Count	Internet Service Cost by Net Count
AB	16	\$385
CI	42	\$1,012
CN	23	\$554
CR	325	\$7,830
DP	753	\$18,141
ED	64	\$1,542
EE	628	\$15,130
EH	650	\$15,660
EIA	600	\$14,455
EM	787	\$18,960
FE	313	\$7,541
FM	84	\$2,024
GC	231	\$5,565
HG	81	\$1,951

IG	190	\$4,577
IN	0	\$0
MA	1560	\$37,583
MD	45	\$1,084
NE	209	\$5,035
NR	0	\$0
NN	288	\$6,938
PA	41	\$988
PC	8	\$193
PO	163	\$3,927
RW	262	\$6,312
S	49	\$1,180
SC	657	\$15,828
WT	37	\$891
TOTAL	8106	\$195,288