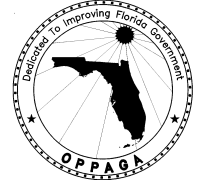




Office of Program Policy Analysis And Government Accountability



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Follow-Up Report on the Amusement Device Safety Inspection Program Administered by the Department of Agriculture and Consumer Services

Report Abstract

The Department has taken some steps to improve the Program such as improving the way it collects, verifies, and analyzes ride inspection data. However, adopting a risk-based state inspection program or privatizing ride inspections could reduce state and industry costs as well as address problems noted in the OPPAGA report.

Purpose of Review

In accordance with s. 11.45(7)(f), F.S., this follow-up report informs the Legislature of actions taken by the Department of Agriculture and Consumer Services in response to our Report No. 94-42, which we issued on March 28, 1995. This report presents our assessment of the extent to which the Department has addressed the findings and recommendations included in our report.

Background

The Amusement Device Safety Inspection Program is administered by the Department of Agriculture and Consumer Services (DACS). In this program, DACS inspects fair rides and other attractions to help ensure that they are safe for public use. DACS regulates both rides at public fairs, and permanent facilities, such as water parks.

The Program expended \$1,035,643 and had 16 authorized positions in fiscal year 1995-96.

Prior Findings

There are several weaknesses in DACS's regulatory program. The Department is required by statute to inspect all amusement devices at each temporary site or permanent facility in the state. This requirement creates substantial workload and prevents DACS from targeting its efforts at devices that pose the highest potential risks to the public or that have a history of maintenance problems. DACS's inspection efforts are generally limited to examining the

mechanical condition of rides. However, data indicates that 85% of reported accidents in Florida are attributed to patron behavior or operator errors that are not addressed during Department inspections. Inspectors also have to spend a portion of their time reviewing insurance and other ride-associated paperwork of amusement companies rather than conducting their primary function of performing safety inspections. These paperwork checks could be more efficiently performed by the Department's central office. Finally, the Program lacks an automated management information system, which prevents managers from reviewing inspection data to identify companies with poor safety practices and to evaluate the Department's inspection efforts.

The statutory requirement that amusement companies obtain annual private inspections and non-destructive tests for each amusement device increases costs but has limited value in ensuring public safety. These inspections can be expensive to perform and do not indicate whether the device will be safe when used throughout a year.

The Program is not self-supporting through fee revenues as required by law. During fiscal year 1993-94, Program expenditures were approximately \$801,000.¹ Only \$244,000 (30%) of this amount was recovered through fees, with the remaining costs paid by general revenue or revenues from other DACS programs deposited into the General Inspection Trust Fund.²

We evaluated four alternative methods of regulating fair ride safety in Florida. These alternatives are: (1) continue the current Program; (2) privatize amusement device inspections and maintain limited state oversight; (3) reduce the number and frequency of inspections by adopting a risk-based inspection system; and (4) abolish state regulation of fair ride safety.

Current Status

¹ The Department has subsequently revised Bureau expenditures for fiscal year 1993-94 from the \$800,739 figure contained in our report to \$933,240.

² The Department has subsequently revised program fees collected for fiscal year 1993-94 from the \$243,670 figure contained in our report to \$245,276 (26% of revised expenditures).

The Department has taken a few of the steps we recommended which can improve ride safety operations. However, further improvements in ride safety are possible if additional actions are taken.

Actions Taken

Managing Information. The Department has developed a management information system for the collection and analysis of inspection data. Using portable computers, ride inspectors will enter inspection data on-site and electronically transmit the data into the system via modems. The system will also allow ride inspectors to obtain lists of ride deficiencies discovered in previous inspections and updated ride-specific checklists. With computerized inspection data, Bureau headquarters can conduct analyses to quantify the number and type of violations by device and company and to assist in scheduling inspections.

Checking Paperwork. The Department is improving its handling of documentation of amusement company insurance and annual ride inspections through the issuance of portable computers to field staff. The portable computers contain insurance and annual ride inspection information on the majority of rides inspected each week. The Department estimates that the use of portable computers reduces the amount of time spent by field staff checking paperwork by 80% to 90%.

Severity of Defects. The Department has implemented procedures on the classification of violations based on the severity of defects. There are two classifications of violations: "serious" and "ornamental and non-essential." Defects found in ornamental or non-essential device parts will usually not be reported. While the Department's inspectors only report violations on essential components that do not meet manufacturer's specifications, the Department has declined to establish a system to evaluate the severity of these defects found during inspections. The reason given by the Department was its belief that such a system would imply that a certain level of risk was acceptable on amusement devices.

Actions Not Taken

Annual Private Inspections. The statutes require amusement companies to obtain annual private inspections and non-destructive tests for each amusement device. These inspections can be expensive to perform and do not indicate whether the device will be safe when used throughout a year. This requirement remains in statutes.

Fees. We recommended that the Department comply with s. 616.242(6), F.S., which requires the Amusement Device Safety Inspection Program to be self-supporting through

permit, certificate, and inspection fees charged to the amusement industry. The Department has interpreted this statute to require that fees only cover the Program's "direct costs" while expenditures for items such as employee salaries and benefits and overhead are "indirect" costs that are not required to be recovered through fees. The Department has also questioned (in a draft report) the reasonableness of requiring the Program to cover 100% of its costs. As shown in Exhibit 1, Bureau expenditures in fiscal year 1995-96 were approximately \$1 million. Only about \$304,000 (29%) of this amount was recovered through fees, with the remaining costs paid by general revenue or revenues from other DACS programs deposited into the General Inspection Trust Fund. The Department is proposing in the draft report that all Program costs could be covered by changing the current annual inspection fee into a per inspection charge, increasing this charge every year for five years, and increasing the operating permit charge.

**Exhibit 1
Program Fees Did Not Cover All Costs
In Fiscal Year 1995-96**

Source	Amount	Percent
General Revenue	\$ 52,914	5%
Program Fees	304,433	29%
General Inspection Trust Fund	678,296	66%
Total	\$1,035,643	100%

Concentration on Mechanical Defects. We found in our report that, although ride safety inspections focus on the mechanical condition of amusement devices, most accidents are caused by problems during device operations. The majority of such problems are caused by non-mechanical defects such as patron behavior and operator errors. The Department is conducting some inspections of operating amusement devices but states that they lack the manpower to conduct such inspections except during the summer.

Alternative Regulation Methods. We presented the Legislature with four alternatives for regulating amusement devices in Florida. These alternatives were:

- Continue the current Program;
- Privatize device inspection with limited state oversight;
- Eliminate the requirement to inspect devices at each set-up and adopt a risk-based inspection system; and
- Abolish state regulation of amusement devices.

OPPAGA stated that adoption of either a risk-based inspection system or privatization of device inspections could address problems with the Program. The Legislature did not modify the current inspection program in the 1995 and 1996 Legislative Sessions. In response to legislative inquires, the Department conducted a study of these alternatives and stated in a draft report that recommendations for changes to the Program are premature due to lack of data.

This project was conducted in accordance with applicable evaluation standards. Copies of this report may be obtained by telephone (904/488-1023 or 800/531-2477), by FAX (904/487-3804), in person (Claude Pepper Building, Room 312, 111 W. Madison St.), or by mail (OPPAGA Report Production, P.O. Box 1735, Tallahassee, FL 32302). Web site: <http://www.state.fl.us/oppaga/>

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