



PB² Performance Report

No. 98-40

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DMS Facilities Program Met Most Standards; Accountability System Met Expectations

This report assesses the performance of the Department of Management Services Facilities Program based on 1997-98 measures and comments on measures proposed for 1999-2000 under performance-based program budgeting (PB²).

Summary

- The Facilities Program met most of the standards for its outcome measures and all of the standards for its output measures. Results for its PB² measures also show that the program continued to keep the cost of its construction services, rental rates, and operations and maintenance services below those of the private sector.
- The program's performance in controlling costs was primarily due to management and staff efforts such as using a prototype office building, implementing further improvements in the prototype office design, further outsourcing operations and maintenance services, converting full-time custodial positions to half-time when vacancies occur, and implementing energy control systems.
- The program needs additional PB² measures to provide greater accountability for its use of resources. Measures are needed to better show the workload of the Florida Capitol Police and program construction project management staff.
- The program's accountability system met OPPAGA's expectations in all four areas (*program purpose and goals, performance measures, data reliability, and reporting of information and its use by management*).
- We provided a draft copy of our report to the Acting Secretary of the Department of Management Services, who generally concurred with our conclusions.

Background

The Department of Management Services (DMS) Facilities Program provides services relating to buildings owned or leased by the state. The program collects fees and delivers services within four major sub-program areas.

- Facilities Development manages building construction and renovation projects as authorized by the Legislature or requested by state agencies or local government. The program provides these services for fees to state agencies, community colleges, local school boards, cities, and counties. The program is also responsible for permitting and inspecting all state agency building construction projects.
- Operations and Maintenance operates and maintains buildings and grounds in the state-owned buildings that are part of the Florida Facilities Pool (42 facilities in Tallahassee and 17 regional service centers located in cities across the state), the Historic Capitol, the Union Bank Building, and the Governor's residence.
- Real Property Management administers a facilities bonding program to finance new office building construction, allocates office space in the Florida Facilities Pool, reviews agency leases with private sector vendors, and administers the DMS parking program. The program also keeps an inventory of state buildings and their condition, disseminates energy use information, and assists state agencies in land and building acquisition.
- The Florida Capitol Police provides and maintains law enforcement services, security, and fire safety for all DMS-administered property.

The Facilities Program was appropriated \$182.74 million (\$25.97 million from general revenue funds and \$156.77 million from state trust funds) and 718 staff for Fiscal Year 1998-99. Fixed Capital Outlay funding accounts for the majority (74%) of the program's appropriation. The program's operating budget (currently \$47.28 million) is primarily covered by user-fees paid by state agencies and local governments. These monies are deposited into several trust funds. For Fiscal Year 1998-99, the program's operating budget also included \$349,000 in general revenue funds for operations and maintenance services at the Governor's residence. The program's \$135.46 million in Fixed Capital Outlay projects was from general revenue (\$25.62 million) and trust funds (\$109.84 million).

Performance

The Facilities Program generally met standards for its Fiscal Year 1997-98 PB² measures. The program met four out of six standards for its outcome measures, which are intended to assess the results or benefits provided by the program. Results for the program's outcome measures show that the program was below expected cost levels for its construction services, rental rates, and operations and maintenance services, and also that it has continued to keep these costs under those of the private sector. The program's performance was primarily due to its cost control efforts, such as use of a prototype office building, implementing further improvements in the prototype office design, further outsourcing of operations and maintenance services, converting full-time custodial positions to half-time when vacancies occur, and controlling utility costs. The program did not meet the standards for the number of criminal incidents occurring in DMS-administered facilities, and the reported crime rate increased over the prior year. However, these numbers may not be accurate, as program managers have identified a problem in how staff have been collecting these data.

The program met all of the standards for its output measures. Output measures assess the level of services provided. Results for the program's output measures show that its workload has steadily increased for operations and maintenance and security services. In an effort to control the cost of operations and maintenance services, program managers have increased their use of private contractors where cost-effective. Program staff managed construction of two completed office buildings during the fiscal year. Results for the program's output measures also show that over time a higher proportion of state-owned office space is occupied by state agencies in comparison to private sector space.

See Appendix A for a more detailed discussion of program performance for each of its measures.

Proposed Performance Measures

We recommend that the Legislature adopt most of the measures proposed by the department for the Facilities Program. However, we recommend that two of its measures be deleted (the *number of criminal incidents per 100,000 gross square feet* and the *number of investigations*). The former measure is redundant of the information provided by another of the program's outcome measures (the *number of criminal incidents per 1,000 employees*) and the latter measure provides little information about the workload of the Florida Capitol Police. A measure assessing the number of calls for service received by the Florida Capitol Police would better reflect much of its workload. Program managers expect to have this type of information available in time for the program's Fiscal Year 2001-2002 legislative budget request.

We also recommend that the Legislature consider expanding the measures for the Facilities Program to include a customer satisfaction rating for the program's construction project management services as an outcome measure and information on

total construction projects completed as an output measure. The program’s current set of measures do not provide a full picture of its workload in this area. Program managers plan to propose these measures for the program’s Fiscal Year 2000-2001 legislative budget request, once they finish development of the customer satisfaction survey.

See Appendix B for a more detailed discussion of our recommendations for the program’s measures.

Rating of Program Accountability

A key factor in PB² is that agencies need to develop strong accountability systems that enable the Legislature and the public to assess program performance. An *accountability system* consists of these key elements: program purpose or goals, performance measures, a process for valid and reliable data, and credible reports of performance that can be used to manage the program. Our rating tells decision-makers whether they can rely on the program’s performance information. We compared the components of the Facilities Program’s accountability system against our established criteria to determine the rating.

Accountability System Component	Meets Expectations	Needs Some Modifications	Needs Major Modifications
Program Purpose and Goals	X		
Performance Measures	X		
Data Reliability	X		
Reporting Information and Use by Management	X		

Source: OPPAGA analysis.

The Facilities Program's accountability system meets OPPAGA’s expectations in all four areas specified in the above table. The program's goal, purpose statements, and objectives are comprehensive (cover its four major function areas), clearly stated, and understandable. The program's performance-based program budgeting and internal measures are valid measures of program performance. As a group, the measures are comprehensive of the program's functions. The agency inspector general has validated the program’s performance-based program budgeting measures and data and followed-up on problems. Although program managers have recently identified a problem with the accuracy of criminal incident data reported by the Florida Capitol Police, they are working to address this problem. Managers of major program function areas make extensive use of performance information in making management decisions. Assessments of performance using program performance-based program budgeting and internal measures are available through the Department of Management Services web site.

For More Information

See the FGAR Facilities Program profile at www.oppaga.state.fl.us/profiles/6085/ or call Becky Vickers at (850) 487-1316. See also *Program Evaluation and Justification Review, Department of Management Services Facilities Program*, OPPAGA Report No. 96-88, June 1997; *Review of the Department of Management Services Facilities Program's Performance-Based Program Budgeting Measures and Standards*, OPPAGA Report No. 96-39, January 22, 1997; and *Review of the Department of Management Services Facilities Program Based on Its Performance-Based Program Budgeting Measures and Standards for Fiscal Year 1996-97*, OPPAGA Report No. 97-43, February 1998. Information from the department is available on its web site at http://fcn.state.fl.us/oraweb/owa/www_dmsnet.programs.facilities or by calling (850) 488-2786.

Appendix A

Analysis of Facilities Program Performance for Each of its Performance Measures

Outcome Measures

Performance		1997-98	Met	Comments
1996-97	1997-98	Standard	Standard?	
Gross square foot construction cost of office facilities - DMS compared to private industry average				
\$77.17/ \$84.29	\$73.42/ \$84.43	\$75.92/ \$87.07	Yes	The DMS cost for its prototype office buildings was below the standard and also below private sector costs for new office buildings. Program managers attribute this performance to 1) savings in construction cost due to redesigning the bay size of the two prototype office buildings for which construction was completed during Fiscal Year 1997-98, and 2) installation cost savings ideas contributed by the building contractors as DMS repeatedly uses the prototype design. Moreover, as we discussed in OPPAGA Report Number 96-88, use of the prototype office building saves on architectural fees and design time.
New office space efficiency - net square foot/gross square foot				
87%	87%	87%	Yes	This is a new measure that assesses the percentage of gross square footage that is usable for office space and other office-related uses. The prototype office buildings are designed for space efficiency of 87%.
Full service rent cost per net square foot - DMS (actual) compared to private industry average				
\$14.38/ \$15.06	\$14.74/ \$15.39	\$14.74/ \$15.65	Yes	DMS continues to perform well in keeping its rental rate below the private sector average. Operations and maintenance cost is the largest component of DMS's rental rate. Program staff efforts to control this cost, such as through increased outsourcing of operations and maintenance services and close monitoring of utility costs, contributed to controlling the rental rate.

Outcome Measures

Performance		1997-98 Standard	Met Standard?	Comments
1996-97	1997-98			
Operations and maintenance cost per maintained square foot - DMS compared to private industry average				
\$4.67/ \$5.92	\$4.43/ \$6.25	\$4.83/ \$6.27	Yes	DMS is once again below the standard and below the private sector average for the cost of operating and maintaining buildings in the Florida Facilities Pool. Program managers attribute this performance to the efforts of management and staff to identify and implement innovative ways of providing services, as well as mild weather that helped reduce utility costs. Program efforts to reduce costs include outsourcing operations and maintenance services where cost effective, converting full-time custodial positions to half-time when vacancies occur, and controlling utility costs through methods such as computer systems that control energy usage. Program managers noted that mild weather during Fiscal Year 1997-98, and the resulting reduction in the demand made on facility heating and air conditioning systems, was a likely contributor to the drop in the program's operations and maintenance costs.

Outcome Measures

Performance		1997-98 Standard	Met Standard?	Comments
1996-97	1997-98			
Number of criminal incidents per 100,000 gross square feet				
4.8	5.93	5.1	No	<p>The reported crime rate in DMS buildings increased from Fiscal Year 1996-97 to 1997-98 (after dropping from 1995-96 to 1996-97) and exceeded the standard. As we noted in our last performance report, factors outside the control of the Florida Capitol Police influence crime rates.</p> <p>However, the accuracy of these numbers is questionable. The Florida Capitol Police recently experienced a change in management, and the new managers do not think the data collection method staff used to determine the number of criminal incidents is accurate. They are concerned that criminal incidents at regional service centers may not have been accurately counted and are likely under-reported. They are currently developing a computer-aided system to obtain on-line crime and service statistics from the regional service centers. They expect to implement the new data system by January 1, 1999, and have a full fiscal year's worth of baseline data at the end of Fiscal Year 1999-2000. Therefore, they will be ready to request standards based on the new data system for the program's Fiscal Year 2001-2002 legislative budget request.</p>
Number of criminal incidents per 1,000 employees				
20.88	23.98	21.86	No	<p>The crime rate in DMS buildings increased (after dropping last year) and exceeded the standard. As discussed above, factors outside the control of the Florida Capitol Police influence the crime rates. Moreover, new Capitol Police managers are questioning the accuracy of the data collection method program staff have used to determine the number of criminal incidents.</p>

Output Measures

Performance		1997-98 Standard	Met Standard?	Comments
1996-97	1997-98			
Gross square feet of office facilities completed				
0	229,615	221,959	Yes	Program staff adjusted the design layout of the two buildings completed after the standard was set. The adjustment resulted in more usable space.
Net square feet of office space occupied by state agencies - State-owned space compared to privately owned space				
6,999,537/ 10,758,460	7,166,904/ 10,523,260	7,180,960/ 10,666,917	Yes	This output measure was included in the program's measures as information to the Legislature and not as an assessment of program performance. DMS established a goal that the state should own 65% of the office space occupied by state agencies in comparison to the office space the state rents from the private sector. The rationale for this goal was an assumption that it is less costly over the long-term to own rather than lease office space. The results for this measure show that the state owned 41% of state-occupied office space in Fiscal Year 1997-98, compared to 39% of state-occupied office space in 1996-97 and a "standard" of 40%. Thus, the state has gained in increasing the proportion of state-owned space occupied by state agencies.
Number of square feet maintained —Square footage maintained by DMS employees compared to square footage maintained by private contractors				
4,858,996/ 1,373,280	4,369,118/ 1,934,671	5,266,724/ 1,195,349	Yes	This output measure is most useful when viewed as an indicator of how the program is meeting its workload demands in a cost-effective manner. The program's policy is to use private contractors for operations and maintenance services when it is cost-effective to do so. The results for Fiscal Year 1997-98 demonstrate that the program has been turning over more of its buildings to private contractors for custodial and other maintenance services.

Output Measures

Performance		1997-98	Met	Comments
1996-97	1997-98	Standard	Standard?	
Gross square feet monitored for security purposes				
6,912,743	7,246,445	7,070,993	Yes	This output is affected by the timing of construction and renovation projects for DMS buildings. As these projects are completed or delayed, the square footage that needs monitoring varies. Program managers expect that there will always be some variance between the standard and actual.
Number of investigations conducted				
255	233	210	Yes	The number of investigations conducted by the Florida Capitol Police is not within the program's control. The number will vary each year depending on the types of criminal incidents occurring within DMS buildings.

Source: DMS Facilities Program Legislative Budget Requests and OPPAGA analysis

Appendix B

OPPAGA Recommendations for the Facilities Program's Measures Outcome Measures, Fiscal Year 1999-2000

Measures Proposed by Agency	Proposed Standards	OPPAGA Recommendations/Comments
Gross square foot construction cost of office facilities - DMS compared to private industry average	\$78.04/ \$89.73	We recommend adoption of this measure. Program managers are requesting increases in the standards to reflect recent cost increases in the construction industry. Their projections are based on bids received for DMS construction projects and staff discussion with program contractors.
New office space efficiency - net square foot/gross square foot	87%	We recommend adoption of this measure. The prototype office buildings are designed for space efficiency of 87%, and thus a standard of 87% is appropriate.
Full service rent cost per net square foot – DMS (actual) compared to private industry average	\$15.13/ \$16.42	We recommend adoption of this measure. Program managers are requesting an increase in the rental rate for Facilities Pool buildings (and thus the standard) due to increasing debt service cost for new facility construction. Program managers are proposing to change the methodology for calculating the private industry average rental rate to only include the 14 counties in which DMS operates buildings (rather than a statewide average). This change is appropriate because it will provide a more precise comparison to the DMS rental rate. The program's standard request for private rental rates also reflects the projected increase in the Consumer Price Index.

Outcome Measures, Fiscal Year 1999-2000

Measures Proposed by Agency	Proposed Standards	OPPAGA Recommendations/Comments
Operations and maintenance cost per maintained square foot - DMS compared to private industry average	\$4.87/ \$6.55	We recommend adoption of this measure. Program managers are projecting an increase in the DMS operations and maintenance cost due to legislatively appropriated raises and the projected increase in the Consumer Price Index. Their projection takes into account the recent tendency of the Legislature to give employees in lower paying positions a larger salary increase rate than that given to other state employees. The program's standard for private sector costs was based on the projected increase in the Consumer Price Index.
Number of criminal incidents per 100,000 gross square feet	5.35	We recommend deletion of this measure. It duplicates the information provided by the <i>Number of criminal incidents per 1,000 employees</i> . Comparing criminal incidents to population size is a more common method for measuring crime rates.
Number of criminal incidents per 1,000 employees	21.64	We recommend adoption of this measure. However, as discussed on page 8, Florida Capitol Police managers are concerned about the accuracy of the data collection method staff have used for this measure. They expect to have better data available for the program's Fiscal Year 2001-2002 legislative budget request. In the meantime, a realistic standard cannot be established for this measure.

Output Measures, Fiscal Year 1999-2000

Measures Proposed by Agency	Proposed Standards	OPPAGA Recommendations/Comments
Gross square feet of office facilities completed	474,251	We recommend adoption of this measure. The proposed standard reflects program managers' expectation to complete construction on four new office buildings in Fiscal Year 1999-2000.
Net square feet of office space occupied by state agencies - State-owned space compared to privately owned space	7,820,113/ 10,873,852	We recommend adoption of this measure. The proposed standards are based on staff projections used for planning state office space needs.
Number of square feet maintained - Square footage maintained by DMS employees compared to square footage maintained by private contractors	3,948,427/ 3,184,861	We recommend adoption of this measure. Program managers based the standards on staff projections of state office space and their plans to further outsource operations and maintenance services for Florida Facilities Pool buildings.
Gross square feet monitored for security purposes	7,934,794	We recommend adoption of this measure. The standard is based on program plans for the amount of available square footage that will be available in the facilities monitored by the Florida Capitol Police.
Number of investigations conducted	210	We recommend deletion of this measure. The number of investigations only shows the workload of two Florida Capitol Police staff. A measure of the number of calls for service received by the Florida Capitol Police would better show staff workload (see below).

**OPPAGA Recommendations for Additional Measures,
Fiscal Years 2000-2001 and 2001-2002**

Measures	Comments
<p>Customer satisfaction with construction project management services</p>	<p>The program's PB² measures for construction project management only apply to prototype office buildings, which represented 32% of the program's state-appropriated construction project budgets and 21% of total project budgets in Fiscal Year 1997-98. Program managers have used the prototype office buildings as the basis of the program's PB² measures for construction because benchmark data are readily available for new office building construction and these projects are fairly uniform.</p> <p>A customer satisfaction measure for all program construction projects would provide more comprehensive information than the program's current outcome measures for construction project management. A measure of this type could be used as an indirect indicator of program quality and timeliness.</p> <p>Program managers are planning to request the addition of a customer satisfaction measure for construction projects in the program's Fiscal Year 2000-2001 legislative budget request. They are currently considering how the survey questions should be worded.</p>
<p>Number of construction projects completed/total cost of construction projects completed</p>	<p>As discussed above, the program's current measures for construction project management do not represent most of the program's work in this area. Program managers are planning to request the addition of this measure in the program's Fiscal Year 2000-2001 legislative budget request as an output measure to link to the customer satisfaction outcome measure discussed above. The program already maintains the data necessary to determine a baseline and set a standard for this measure.</p>

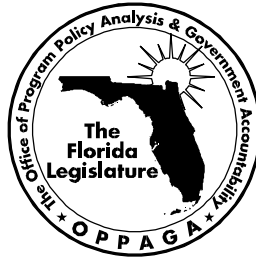
**OPPAGA Recommendations for Additional Measures,
Fiscal Years 2000-2001 and 2001-2002**

Measures	Comments
Calls for Florida Capitol Police services	<p>Much of the work of the Florida Capitol Police involves calls for services, such as requests to provide employees with an escort to their cars after normal working hours or to unlock doors for authorized personnel. The program's current measures do not show this activity.</p> <p>This output measure should be established once the Florida Capitol Police finishes implementing its new data collection system for regional service centers. Data to determine a baseline and set a standard for this measure should be available in time for the program's Fiscal Year 2001-2002 legislative budget request.</p>

Source: DMS Facilities Program Legislative Budget Request for Fiscal Year 1999-2000 and OPPAGA analysis

The Florida Legislature

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