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# Progress Report

June 1999

Report No. 98-82



## Facilities Program Has Privatized More Services; Parking Fees Still Insufficient

### *at a glance*

Consistent with our recommendations, the Department of Management Services has continued to convert full-time custodial positions to part-time through attrition and has privatized custodial and other operations and maintenance services in additional facilities. These initiatives have helped control program operations and maintenance costs. The department has also improved its method for projecting state office space needs. Changes in state law have eliminated a requirement for the department to develop a facilities management data system (an activity that was not cost effective) and the duplication in building plan review between the Facilities Program and the Department of Insurance.

However, the department and the Legislature have not implemented our recommendations to increase employee parking fees, and the Legislature has not chosen to reduce Florida Capitol Police staffing. Implementing these recommendations would increase program revenues by up to \$3.6 million and reduce program costs by \$1 million. The department has also not yet implemented improvements to its energy consumption reporting system.

### Purpose

In accordance with state law, this progress report informs the Legislature of actions the Department of Management Services took in response to our 1997 report.<sup>1, 2</sup> This report presents our assessment of the extent to which the department has addressed the findings and recommendations in our prior report.

### Background

The Department of Management Services administers the Facilities Program. The program's functions can be grouped into four major areas.

- 1. Operations and Maintenance.** The program operates and maintains the 59 state-owned buildings in the Florida Facilities Pool and two historic properties.
- 2. Real Property Management.** The program's services in this area include allocating office space in the Facilities Pool, reviewing state agency leases, administering state parking, providing state agencies with information on energy use, and developing plans for land and building acquisition.
- 3. Florida Capitol Police.** The program's Florida Capitol Police provide law enforcement, security, and fire safety services for Florida Facilities Pool buildings, and some other department-administered buildings.

<sup>1</sup> Section 11.45(7)(f), F.S.

<sup>2</sup> *Program Evaluation and Justification Review of the Facilities Program Administered by the Department of Management Services*, [OPPAGA Report No. 96-88](#), June 1997.

**4. Facilities Development.** The program manages building construction and renovation projects for the department, other state agencies, and local governments. The program is also responsible for permitting and inspecting all state agency building construction projects.

## Prior Findings

In our 1997 justification review, we found that the program had performed well in keeping its average facility construction, operations and maintenance, and rental costs below private sector costs. However, we identified opportunities for cost savings, cost avoidance, revenue enhancement, and program improvement in four areas.

**1. Operations and maintenance.** Privatizing some of the program's custodial services reduced state costs. The department also realized cost savings by converting full-time custodial positions to part-time through attrition. The cost impact of privatizing all of the program's building operations and maintenance services was not as clear and needed further review. We recommended that either the Legislature direct the department to privatize all of its custodial positions, or the department continue with its policy of converting full-time custodial positions to half-time as these positions became vacant through attrition. We also recommended that the State Council on Competitive Government pursue contracting to privatize full operations and maintenance services in Facilities Pool buildings, which would involve soliciting bids and reviewing whether further privatization is cost-effective.

**2. Real Property Management.** The department's long-term projections of office space needs likely overstated the need for office space. However, the department's fixed capital outlay plans for the immediate future would still be useful if the Legislature's goal is to reduce the leasing of office space. Various studies determined that it would be more cost effective for the state to increase the amount of office space owned by the state relative to the amount agencies lease from the private sector. We recommended that the Legislature direct the department as to whether it should plan new office construction projects with the goal of reducing currently leased office space. We also recommended that department staff

change their planning assumptions to better reflect factors affecting state employee growth rates.

The department was required by law to develop the facilities management and utilization component of the Florida Fiscal Accounting and Management Information System, but discontinued this activity after determining it would not be cost effective. We recommended that the Legislature revise statutes to remove this requirement.

State employee parking fees have not been raised since 1972 and do not fully cover the costs of operating and maintaining parking facilities. They also do not contribute toward any of the costs of acquiring land and constructing parking facilities. We recommended that the department raise parking fees to meet a statutory requirement to cover the costs of scramble parking and that the Legislature revise statutes to require the department to fully cover other parking costs.

The program's energy consumption reporting system was of little use to state agencies as implemented, but had the potential to help control state utility costs. The department had hired a consultant to help improve the system. We recommended that the program survey state agencies after implementing improvements. If the survey showed that the revised system still did not meet agency needs, then the function should be eliminated.

**3. Florida Capitol Police.** Decreasing the number of Capitol Police regional office staff would reduce state costs. If the number of regional office staff were reduced, building security could be maintained through already present technologies such as window and door alarms and motion detectors, and through increased reliance on local law enforcement agencies. It was not clear at the time of our review whether staffing in Tallahassee should be reduced due to initiatives to improve security in this area. We recommended that the Legislature reduce the number of Florida Capitol Police regional office staff by 50%. We also recommended that the department review Florida Capitol Police staffing needs in Tallahassee buildings within two years.

**4. Facilities Development.** The Facilities Program and the Department of Insurance's Office of the State Fire Marshal both reviewed

state agency building plans for compliance with pertinent building codes. We recommended that the Legislature revise statutes to consolidate responsibility for these reviews with the Department of Management Services.

## Current Status ---

### ***The department has privatized services in more Facilities Pool buildings.***

The department has continued to implement its policy of converting full-time custodial positions to half-time as these positions become vacant through attrition. The department also has continued with its policies to privatize custodial and operations and maintenance positions through attrition or at new facilities when it is cost effective to do so. The department has contracted for privatized custodial services in 19 facilities and full operations and maintenance services in 6 facilities (an increase of 12 facilities with privatized custodial services and 4 facilities with fully privatized operations and maintenance services since our prior review).

The Legislature did not direct the department to privatize its custodial positions, nor did the State Council on Competitive Government pursue contracting to privatize full operations and maintenance services in Florida Facilities Pool buildings. Department managers report that they plan to continue with their initiatives. As we noted in our most recent performance report on the Facilities Program, these types of initiatives have enabled the program to continue to keep its average operations and maintenance costs below private industry averages.<sup>3</sup> For Fiscal Year 1997-98, the program's average cost of \$4.43 per maintained square foot was well below the private industry average of \$6.25.

### ***The department has improved its assumptions for projecting state office space needs.***

The Legislature has not directed the department as to whether it should plan state office space with the goal of reducing currently leased office space. However, the department has revised the assumptions staff use to make long-term office space projections to better take into account factors affecting the growth

rate in the number of state employees.

### ***Statute change eliminated the requirement for a facilities data system.***

The 1997 Legislature revised s. 215.94(5)(b), F.S., to remove the requirement for the department to implement a facilities management and utilization component for the Florida Fiscal Accounting and Management Information System.

### ***The department's review of building plans for code compliance is due to be eliminated.***

Pursuant to Chapter 98-287, Laws of Florida, the 1998 Legislature gave local governments the authority to enforce building codes for all public or private buildings effective January 1, 2001. As a result, the department will phase out its permitting and inspection program by this date. This change thus eliminates the duplication in building plan review between the Facilities Program and the Department of Insurance's state fire marshal.

### ***Employee parking fees are still insufficient to cover costs.***

State agency rental rates continue to subsidize half of the cost of employee parking. The department is still not charging a fee for state open-access "scramble" parking, nor has the Legislature revised the statutes to require the department to recover more of its costs when establishing fees for permit and reserved parking. Employee parking fees remain unchanged. The department's annual revenue from parking spaces is approximately \$750,000. In comparison, the department incurs annual operating costs of \$1.5 million for parking facilities and total costs of \$4.4 million (including the cost of debt service for the bonds sold to purchase land and construct facilities).

We developed three options for parking fees that would better cover the department's costs (see Exhibit 1). The proposed fees in Exhibit 1 differ from those presented in our prior report for two reasons. First, the gap between the department's parking fee revenues and its expenditures has widened and we have adjusted our fee schedule accordingly. Second, our revised fee schedule reflects the department's current practice of charging the same fee for garage permit parking as for reserved parking. When the department first implemented permit parking in two

<sup>3</sup> [OPPAGA Report No. 98-40](#), January 1999.

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Tallahassee garages, the fees for permit parking were slightly lower than those for reserved parking to better transition the idea of permit parking. The fees have remained lower only in these two garages.

We continue to believe that the Legislature and the department should take action to eliminate the rental rate subsidy by raising employee parking fees to cover department costs.

### Exhibit 1: Proposed Employee Parking Fees to Cover Department Costs for Parking Facilities

Type of parking space	Current Monthly Fee	Proposed Monthly Fee <sup>1</sup>
<b>Option 1: Fees Necessary to Cover the Costs of Operating and Maintaining Facilities</b>		
Surface lot and garage scramble parking	Free	\$ 1.75
Surface lot permit parking	\$2.00	2.00
Garage permit parking	\$6.00	11.00
Garage and surface lot reserved parking	\$6.00/2.00 <sup>1</sup>	11.00
<b>Total Additional Annual Revenue from Option 1: \$750,000</b>		
<b>Option 2: Fees Necessary to Cover the Costs of Operating, Maintaining, and Constructing Facilities</b>		
Surface lot and garage scramble parking	Free	\$ 3.75
Surface lot permit parking	\$2.00	4.25
Garage permit parking	\$6.00	35.25
Garage and surface lot reserved parking	\$6.00/\$2.00 <sup>1</sup>	35.25
<b>Total Additional Annual Revenue from Option 2: \$3.6 million</b>		
<b>Option 3: Fees Necessary to Cover the Costs of Operating and Maintaining Facilities and Half of Construction Costs</b>		
Surface lot and garage scramble parking	Free	\$ 2.75
Surface lot permit parking	\$2.00	3.00
Garage permit parking	\$6.00	23.00
Garage and surface lot reserved parking	\$6.00/\$2.00 <sup>1</sup>	23.00
<b>Total Additional Annual Revenue from Option 3: \$2.2 million</b>		

<sup>1</sup> Most of the 8,000 garage spaces are subject to a \$6.00 monthly fee. However, the department established a fee of \$4.00 for the approximately 600 garage spaces that are not

covered (roof-top) and \$2.00 for the permit spaces in the first two garages converted to permit parking.

Source: OPPAGA analysis of department records.

### **The Legislature has not decreased the number of Florida Capitol Police staff**

The Legislature has not chosen to decrease regional staffing for the Florida Capitol Police. We have estimated that a staffing reduction of 50% in regional facilities would reduce program costs by \$1 million annually.

The department reassessed Tallahassee staffing and concluded that current levels are necessary for adequate building security in the Capitol Complex and 42 other state buildings.

### **The department has not yet revised its energy consumption reporting system.**

The department's consultant was not able to complete the work needed to revise the energy consumption reporting system. Department managers plan to enter into a new consultant contract and hope to finish revisions to the system by December 31, 1999. We continue to believe that the department should revise its energy consumption reporting system and then survey state agencies to determine if the improvements meet their needs.

This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021 or 800/531-2477), by FAX (850/487-3804), in person (Claude Pepper Building, Room 312, 111 W. Madison St.), or by mail (OPPAGA Report Production, P.O. Box 1735, Tallahassee, FL 32302). This review was conducted by Becky Vickers under the supervision of Tom Roth. *The Florida Monitor*: <http://www.oppaga.state.fl.us>