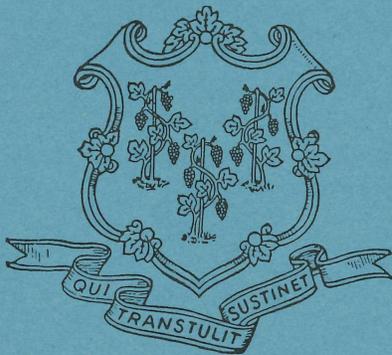


**DEPARTMENT OF PUBLIC  
WORKS FACILITIES  
MANAGEMENT**

Connecticut

General Assembly



LEGISLATIVE  
PROGRAM REVIEW  
AND  
INVESTIGATIONS  
COMMITTEE

**December 2000**

**CONNECTICUT GENERAL ASSEMBLY  
LEGISLATIVE PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE**

The Legislative Program Review and Investigations Committee is a joint, bipartisan, statutory committee of the Connecticut General Assembly. It was established in 1972 to evaluate the efficiency, effectiveness, and statutory compliance of selected state agencies and programs, recommending remedies where needed. In 1975, the General Assembly expanded the committee's function to include investigations, and during the 1977 session added responsibility for "sunset" (automatic program termination) performance reviews. The committee was given authority to raise and report bills in 1985.

The program review committee is composed of 12 members. The president pro tempore of the senate, the senate minority leader, the speaker of the house, and the house minority leader each appoint three members.

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# KEY POINTS

## DEPARTMENT OF PUBLIC WORKS: FACILITIES MANAGEMENT

- DPW is responsible for managing state-owned buildings and grounds within Hartford, district offices outside of Hartford, and surplus properties transferred to the department.
- DPW is undergoing an agency-wide restructuring, including the Facilities Management unit.
- FY99 expenditures for DPW's Facilities Management unit totaled \$22.2 million, or half of the department's total expenditures for that year.
- An estimated \$19.6 million was spent on private management contractors in FY00; up from \$8 million in FY92.
- Facilities Management filled staff positions declined 48 percent since FY92 --from 137 to 71.
- The department's Facilities Management unit is responsible for management services for 48 properties covering 7.3 million gross square feet; the unit also provides security services at the State Office Building.
- DPW uses six private property management contractors to manage just over six million gross square feet of property, or 92 percent of all gross square footage overseen by department.
- DPW oversees management of several large state hospitals considered surplus property, including Fairfield Hills, Uncas, and Norwich.
- DPW follows a specific process for hiring private property management companies, with five-year personal service agreements typically established.
- Management companies are reimbursed for monthly expenses upon DPW review and approval.
- Due to lead and asbestos containing materials within the State Office Building, work orders are first reviewed by an on-site environmental specialist to determine if abatement is necessary.

## DEPARTMENT OF PUBLIC WORKS: FACILITIES MANAGEMENT

### INVENTORY MANAGEMENT SYSTEM

#### *FINDINGS*

##### *DATA COLLECTION*

- *DPW is not completely fulfilling its statutory requirement to maintain a complete and current inventory regarding facilities management.*
- *Data collection for a centralized facilities management inventory database has not been a priority within the department.*
- *Inventory information collected by the Facilities Management Unit is limited in the type of information and how it is used for broader planning or management analysis purposes.*
- *Square footage figures for buildings under DPW's care and control cannot be certified as accurate using the building information currently maintained by the facilities management unit*
- *Square footage information tracked by the unit is not based on any systematic program to frequently collect such information for DPW-managed buildings.*
- *Facilities management inventory information presented to committee staff differed among the facilities management and financial management units within DPW, indicating a lack of coordination/communication.*

##### *REPORTING, ANALYSIS, PLANNING*

- *Inventory information currently recorded by the facilities unit is insufficient for any meaningful management reporting, analysis, or planning.*
- *The Facilities Management Unit has operated without an administrator for several years; the position was filled this past summer. The void contributed to the overall dearth of analysis, reporting, and planning.*
- *There is no single authoritative source of information on the overall condition of the structural, mechanical, or safety features of properties under DPW's care and control.*

- *The level of preventative maintenance planning and reporting is different for properties managed by private property managers than for DPW-managed properties; DPW lacks a structured preventative maintenance program or any formal plans for its buildings.*
- *Attention is given to individual line item contractor costs for determining if operating costs are proportionate with yearly budgets and costs incurred in previous months, although the facilities unit does not regularly conduct detailed cost analyses for planning purposes.*
- *An attempt to produce a capital improvement/expenditure report was initiated this year, although the process is not formalized. Further, no plan or program exists to fully implement the findings from an extensive 1996 DPW building operations survey.*
- *A facilities management software program purchased by the facilities unit several years ago is not utilized. DPW plans to create a section within the facilities unit to coordinate and develop a management information system, although progress is slow.*

## **OVERSIGHT**

- *No formal system exists to oversee performance of contractors hired to manage the 6.7 million square feet (92 percent) of building space under DPW's care and control.*
- *The facilities management oversight process is heavily focused on tracking expenditures, rather than ensuring property management performance and customer satisfaction.*
- *Current personal service agreements not based on performance; DPW formally recognizes need for greater performance oversight, but has not established or implemented a structured oversight program.*

## **RECOMMENDATIONS**

- 1. The Department of Public Works should begin developing a fully automated and integrated facilities management database to use as the foundation of a comprehensive management information system. The facilities unit, in conjunction with upper level management within the department, should decide on the data elements necessary for establishing a complete and current facilities management inventory system. The database should become fully operational by January 1, 2002.**
- 2. Comprehensive inventory information vital to sustain the facilities unit's new inventory management database should be collected and entered at least quarterly. At a minimum, the information should include: 1) comprehensive building assessment data; 2) automated**

drawings of space configurations within buildings; and 3) health/safety/fire and OSHA reports, maintenance schedules, and repair information.

3. The inventory database information within the Facilities Management Unit should be coordinated with, and communicated to, other relevant divisions within the public works department on a frequent basis.
4. The Facilities Management Unit shall determine the management information and reports it deems appropriate for internal analysis and planning purposes by July 1, 2001. The unit must ensure the information necessary to fulfill its management reporting requirements is captured in a comprehensive facilities management database.
5. The Facilities Management Unit should establish a formal program for obtaining accurate and reliable building assessment information, including square footage measurements, for all properties under its care and control. The assessments should be performed using in-house resources, outsourcing the work, or a combination of the two. The program should be phased in over a five-year period beginning July 1, 2001, and incorporate each property under the department's care and control. Assessment information for properties coming "online" either during or after the initial five-year period should be accounted for immediately.
6. The initial review process for determining capital repairs conducted by the facilities unit this year should be formalized. The facilities unit should also begin developing capital maintenance plans based on one, five, and 10-year increments. As part of the planning process, capital projects shall be prioritized for budgeting and resource allocation purposes.
7. The Facilities Management Unit shall establish a structured preventative maintenance program for the DPW properties managed using in-house resources. A component of the program shall include oversight by the unit to ensure preventative maintenance plans for all facilities under the department's care and control are fully implemented.
8. The facilities unit shall fully implement a system to regularly analyze property management costs on a regular basis for all properties under DPW's care and control.
9. The Facilities Management Unit shall develop a structured program for ensuring the performance of property management services for its entire inventory of buildings. The program shall be designed around measurable goals and objectives developed by DPW for each building on an annual basis. The program shall include random spot checks by the facilities unit of the properties under its care and control at least annually to ensure property management performance. The unit should also require property managers to submit for review by the facilities unit annual reports detailing at a minimum: 1) the major property management accomplishments for each building managed; 2) outstanding

projects; and 3) complaint information. Performance measures should be developed by July 1, 2001, and regularly monitored.

10. The Facilities Management Unit should have discretionary authority to require performance surety bonds from property managers at the beginning of each contract cycle. The bonds would be used by the state to ensure contractor performance on a yearly basis. If vendor performance does not meet agreed upon goals and objectives predetermined by the facilities unit and contractor, DPW would have the option of withholding a specified amount of the bond.

## **ASSET ANALYSIS: TOTAL SPACE MANAGED**

### ***FINDINGS***

- *The amount of space under DPW's care and control has increased 249 percent between FYs 95-00 – from 2.1 million gross square feet to just under 7.4 million.*
- *DPW has been steadily implementing a program of outsourcing management of facilities under its care and control.*
- *Private management companies managed 92 percent of the space under DPW's care and control at the end of FY 00 – up from 37 percent in FY 95.*
- *Surplus property under DPW's care and control increased 1,326 percent between FYs 95-00 -- from 217,600 square feet to 3.1 million. Non-surplus property increased 126 percent -- from 1.9 million square feet to 4.3 million.*
- *Surplus property accounted for 10 percent of the total space under DPW's care and control in FY 95 and 42 percent in FY 00.*
- *Private contractors managed all 3.1 million square feet of DPW's surplus property at the end of FY 00.*

## **ASSET ANALYSIS: COST**

### ***FINDINGS***

- *Net expenditures for managing facilities under DPW's care and control increased 128 percent between FYs 95-00 – from \$8.8 million to \$20.1 million.*

- *Expenditures for facilities directly managed by DPW decreased by one-third, from \$6 million in FY 95 to the current five-year low of \$4 million in FY 00.*
- *DPW spent just over \$2.8 million on outside property management contractors in FY 95 and \$16.2 million in FY 00 – an increase of nearly 470 percent. This is further confirmation DPW is increasing its use of private management companies to manage facilities under the department’s care and control.*
- *Between FYs 95-00, private managers hired by DPW performed facilities management services less expensively than the department, except for FYs 98 and 99.*
- *DPW’s square footage costs were lower than those of private managers in FYs 95-97 when surplus property was excluded from the analysis. Costs per square foot for DPW have since increased beyond those of the department’s private contractors.*
- *Compared with private sector buildings, and using selected facilities management services, total operating cost for DPW buildings is \$4.80 a square foot, while the average cost for private sector buildings is \$6.66 – or 39 percent greater.*
- *DPW shows lower costs than private sector buildings in all facilities management service categories except roads/grounds. (Lower costs do not necessarily equate to comparable quality or level of service, which is not accounted for in this analysis.)*

## **BUILDING OPERATIONS SURVEY**

### ***FINDINGS***

- *Overall, there is a general acceptance among tenant representatives surveyed custodial services and building maintenance are considered either “good” or “excellent.”*
- *Custodial services needing improvement include window cleaning, wall cleaning, and cleaning/shampooing carpets.*
- *The overall condition of flooring and carpeting needs attention. A low satisfaction level exists among respondents with the outcomes of maintenance service when conducted within their buildings. Only a third of the respondents indicated a comfortable interior temperature was maintained.*
- *Interior and exterior security protecting people and property was mostly considered “good” or “excellent.”*

- *DPW conducted its own extensive survey of building representatives in 1996, yet no formal plan or follow-up program was ever implemented.*

# Department of Public Works

## Final Report

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## Department of Public Works: Facilities Management

### Study Purpose

On June 19, 2000, the Legislative Program Review and Investigations Committee authorized a study of the Facility Management operation within the Department of Public Works (DPW). The study's overall purpose was to determine if the department manages facilities under its care and control in compliance with relevant state laws and regulations and in a manner that effectively and efficiently meets the needs of state agencies. It was the intent of the program review committee to identify any operating or procedural deficiencies on the part of the Department of Public Works and propose administrative and legislative remedies where appropriate.

The study scope approved by the committee outlined several areas of analysis relating to facilities management. Specifically, the scope called for determining if:

- the policies and procedures followed by DPW in managing real property for state agencies are efficient and effective in maintaining facilities in a functioning, clean, and safe manner;
- industry standards established by the Building Owners and Managers Association (BOMA) or similar groups are being met by the department;
- employees and visitors are satisfied with building operations; and
- facilities management costs paid by the department are higher or lower than those in the private sector.

### Background

The Facilities Management unit within the Department of Public Works had a staff of 71 and an annual general fund operating budget of \$22.2 million in 2000. The unit either directly managed or oversaw the management of 7.3 million gross square feet of space at the end of FY 00. Several large state hospital campus facilities, including Fairfield Hills, Norwich, and Seaside Heights, which are considered surplus property and in the process of ownership transfer by the state, were managed by DPW at the time of the study. All

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surplus property sites are managed by private companies under contract with DPW.

**Previous program review study.** The program review committee conducted a study of building operations and maintenance in 1986. The study made the following major findings:

- buildings were poorly maintained and in need of proper cleaning and painting;
- no preventative maintenance plan was developed or in place by the state;
- electrical systems were overloaded in several instances; and
- more than half of the occupants thought building conditions hindered their work or created an unpleasant work environment and rated the upkeep of floors, walls and ceilings as “fair” to “poor”;
- fire code violations existed in several buildings.

As a result of the above findings, the following is a summary of the main recommendations made by the committee:

- contract out private management whenever feasible;
- establish a database for completed inspections for each building;
- establish a cost accounting system for allocation of staff, equipment, and expenses for each building;
- develop a five-year cyclical plan for evaluating and reporting on the structural integrity, mechanical systems, safety features, code compliance and general appearance of each building;
- develop a maintenance plan for each building with priority ranking and cost and completion time estimates;
- develop a plan to implement the preventative maintenance program;
- develop a custodial supervision program;
- require agencies to appoint a liaison with the central facilities management unit and annually meet to discuss needs/problems;
- prepare a maintenance manual for each building;

- 
- evaluate the structural integrity, mechanical systems, safety features, code compliance and appearance of buildings over 2,500 square feet every five years, with a report generated by the evaluation team; and
  - require state agencies to periodically report on the condition of their buildings.

## **Methodology**

The information contained in this report was obtained through a variety of sources. Initial efforts focused on gaining an understanding of DPW responsibilities in the area of facilities management, how those duties are performed, and the amount and allocation of resources. Committee staff reviewed state statutes and regulations, state budget documents, and DPW written descriptions and procedures. Information on DPW's Facilities Management operations was obtained mainly through interviews with department staff. Interviews with several property management companies, state agencies, and an independent consultant performing work for DPW in the area of asbestos abatement were conducted. Committee staff also attended meetings between tenant representatives and a property management company under contract with DPW. Financial records from DPW for its facilities management program were analyzed, and a survey of tenant representatives in buildings under DPW's care and control was distributed and analyzed. Information from the program review committee's public hearing on this topic was also used.

## **Report Organization**

The report is divided into six chapters, including: 1) organization and resources; 2) duties and responsibilities; 3) processes and procedures; 4) inventory management; 5) asset analysis; and 6) building operations survey. Appendix A provides DPW's current response to how well the recommendations from the committee's 1986 study have been implemented. Appendix B provides an example of various scoring criteria used by DPW in its oral interviews of private management contractors. Appendix C gives a full accounting of the results of the committee's survey of tenant representatives in properties under DPW's care and control. Appendix D is the formal agency response to the report.

## **Note**

For purposes of this study, the term "maintenance" is defined as: actions taken to repair or prevent the deterioration of a building's structural and mechanical systems; cosmetic improvements of minor alterations to buildings; and general housekeeping of buildings.

## Organization and Resources

### Organizational Structure

In February 2000, the Department of Public Works completed the initial aspects of a department-wide reorganization. The restructuring is the result of an earlier business planning process undertaken by the department. The results of the reorganization are shown in Figure I-1. The figure shows the new structure for the entire department, including the facilities management function. Full implementation of the organizational plan is underway.

As part of the reorganization efforts, DPW's core functions are distributed among the units, including Facilities Management, Technical Resources, Client Service Teams, Risk Management, and Real Property Management. These units, shown across of lower half of the organizational chart depicted in Figure I-1, are described below.

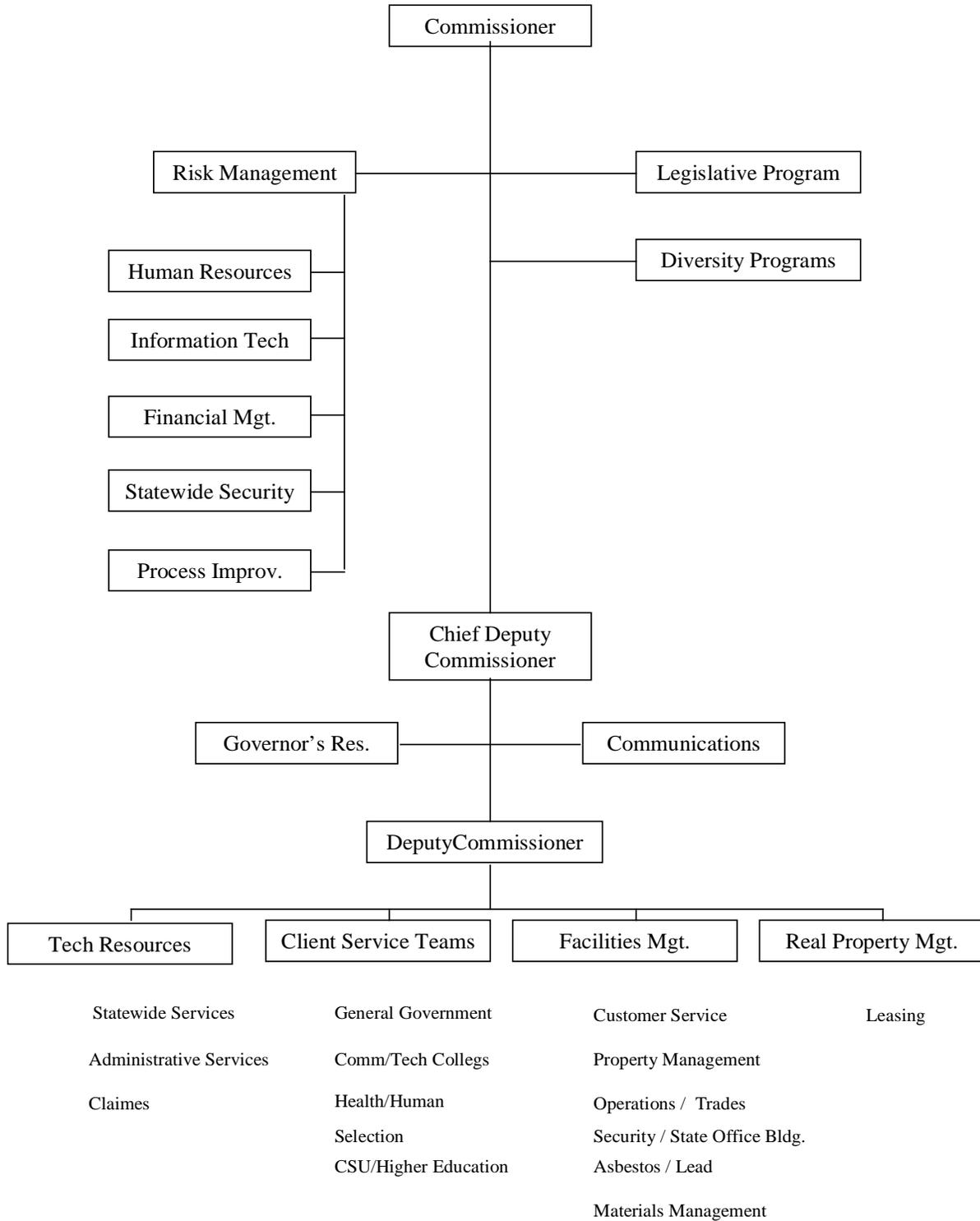
*Facilities Management.* The unit, which appears shaded in Figure I-1, is responsible for overseeing approximately 7.3 million square feet of office space as well as other types of space such as surplus property. Ninety-two percent of the office space is managed through personal service agreements with private contractors. The unit, however, is also responsible for managing several state office buildings through in-house services. A more detailed description of the unit's duties and responsibilities is provided in Chapter II.

*Technical Resources Unit.* This unit along with the Client Services Unit described below, form the Construction Planning and Management Division within the department. The technical resources unit provides state agencies with advice and oversees their activities on statewide initiatives dealing with hazardous materials, underground tanks, environmental evaluation, and energy conservation. The unit assists state agencies that are managing minor capital projects (under \$500,000). It also collects and evaluates information on the claims filed against DPW and assists the Office of the Attorney General in handling the claims.

*Client Services Unit.* As mentioned, this unit is part of the larger construction planning division. The unit is responsible for most of the facility construction undertaken by the state, both new and renovation. The unit's functions include assisting agencies in the early planning of a project, overseeing the design phase, managing the bid process, and management of construction from the beginning through project close-out. The client service unit has five subunits organized around agency groupings. The subunits include higher education; health and human services; judicial and general government; community technical colleges;

and selection, which oversees the process for obtaining services.

**Figure I-1. Department of Public Works Organizational Chart**



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*Risk Management.* This unit centralizes core administrative functions and planning throughout the department. The unit's purpose is to "identify risks and take actions to mitigate them." The unit also serves to coordinate the planning, budget, and resource allocation process. To accomplish this, the unit consists of the following functions: Human Resources, Information Technology, Finance, Process Improvement, and Statewide Security.

*Real Property Management.* This unit is responsible for handling the property leasing function within the department. As of late-2000, the leasing function was transferred to the Facilities Management Unit.

## **Facilities Management**

The current organizational structure for the Facilities Management unit is depicted in Figure I-2. This structure differs somewhat from that depicted in Figure I-1. As mentioned, Figure I-1 is the proposed structure following DPW's internal reorganization. Until the reorganization is completed, the structure illustrated in Figure I-2 remains the Facilities Management unit's organization.

The Facilities Management unit is divided into five sections, as shown in Figure I-2. The divisions include: 1) Property Management; 2) Operations/Trades; 3) Engineering Services; 4) Environmental; and 5) Security. A description of each section within the Facilities Management unit is provided below:

*Property Management.* This section oversees the management of the various buildings and grounds under the care and control of the DPW. Oversight of the six private contractors providing management services to the department is also the responsibility of this section.

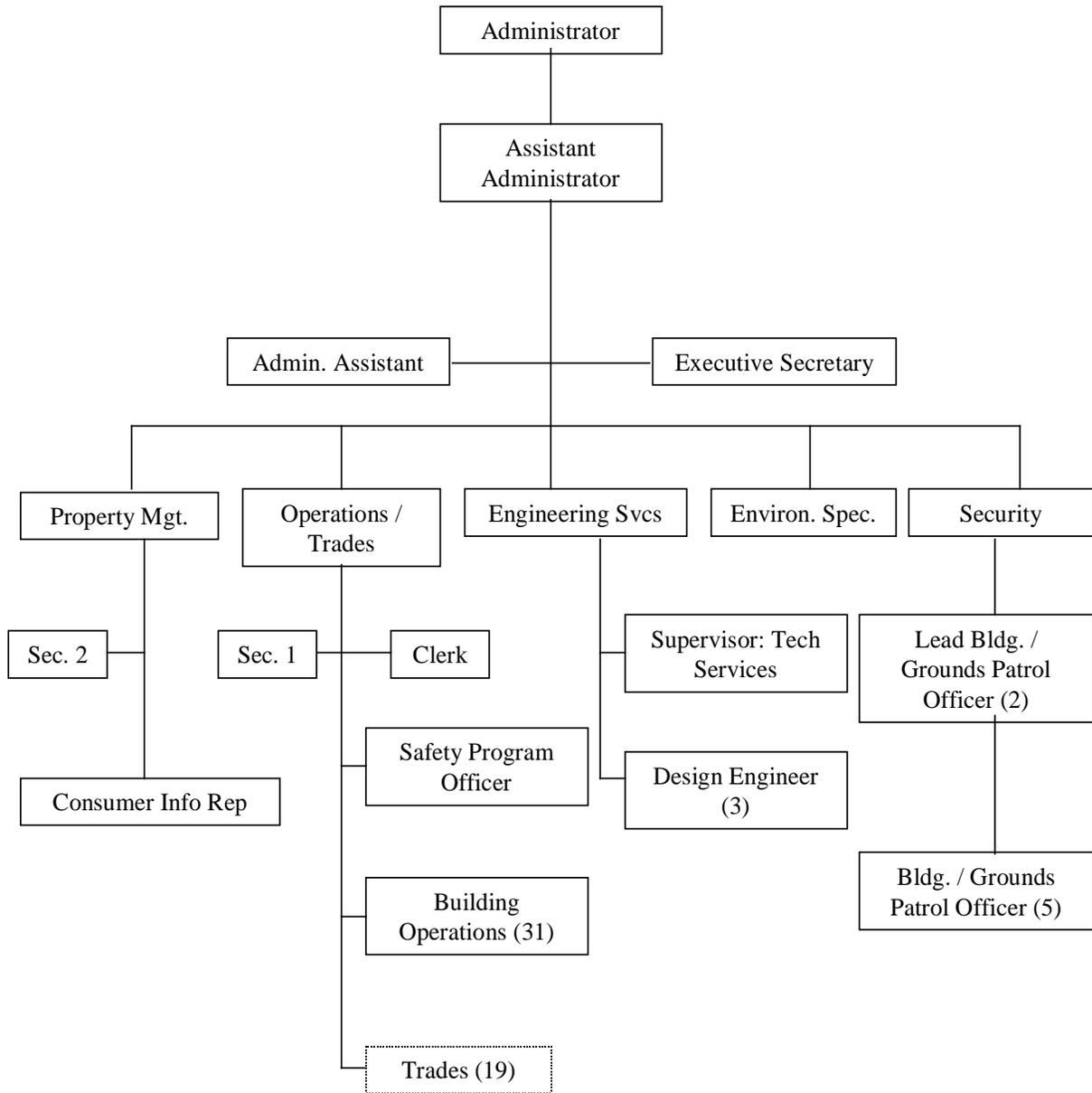
*Operations/Trades.* The Operations/Trades section provides the in-house services necessary to maintain the buildings and grounds under DPW's care and control. The operations section provides custodial services, while the trades section provides professional services such as mechanical, heating, ventilating, and air conditioning.

*Engineering Services.* This section provides general engineering services to the Facilities Management unit. The staff assigned to this area also conduct field work and provided engineering services for the buildings managed by the department.

*Environmental Program Specialist.* This section is responsible for handling asbestos and lead issues within the State Office Building. All service requests are first cleared through the environmental specialist due to the potential lead/asbestos hazards within the building. The specialist decides the necessary steps to fulfill the request. At present, the department is using a private consultant with expertise in this area to head this section.

*Security.* The Security section provides the security services for the State Office Building and surrounding grounds.

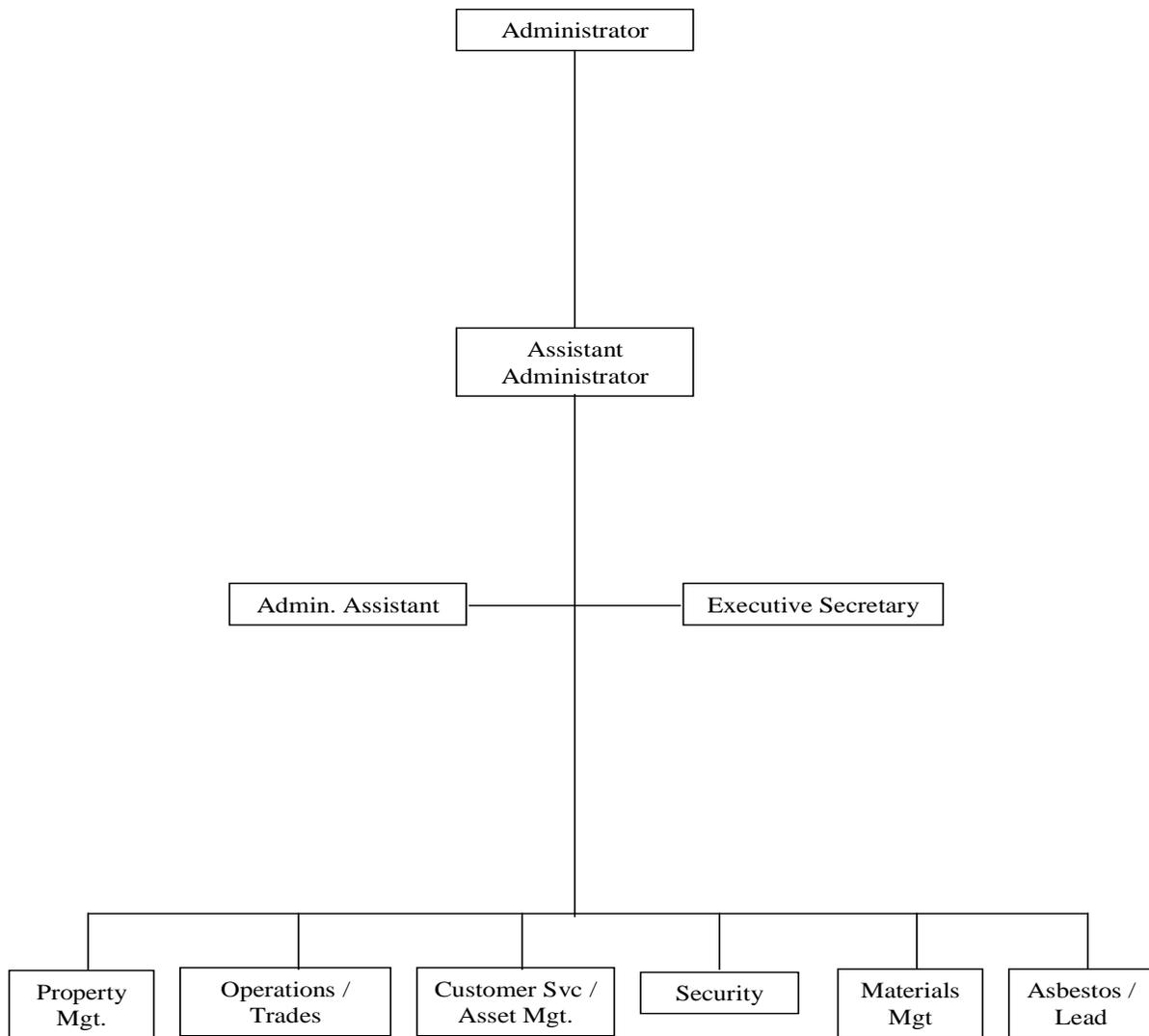
**Figure I-2. Facilities Management Unit: Organizational Structure as of 7/2000.**



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The program review committee obtained a copy of the projected organizational structure by the Department of Public Works. The new structure, illustrated in Figure I-3, details the anticipated changes to the Facilities Management unit's organization. Several new core functions are expected to come under the unit, namely materials management and customer service/risk assessment. The reorganization of the unit is dependent on adequate funding to support the changes. Not highlighted in Figure I-3 is the unit's new responsibility for leasing matters. The department's leasing function was transferred to the facilities unit in late-2000.

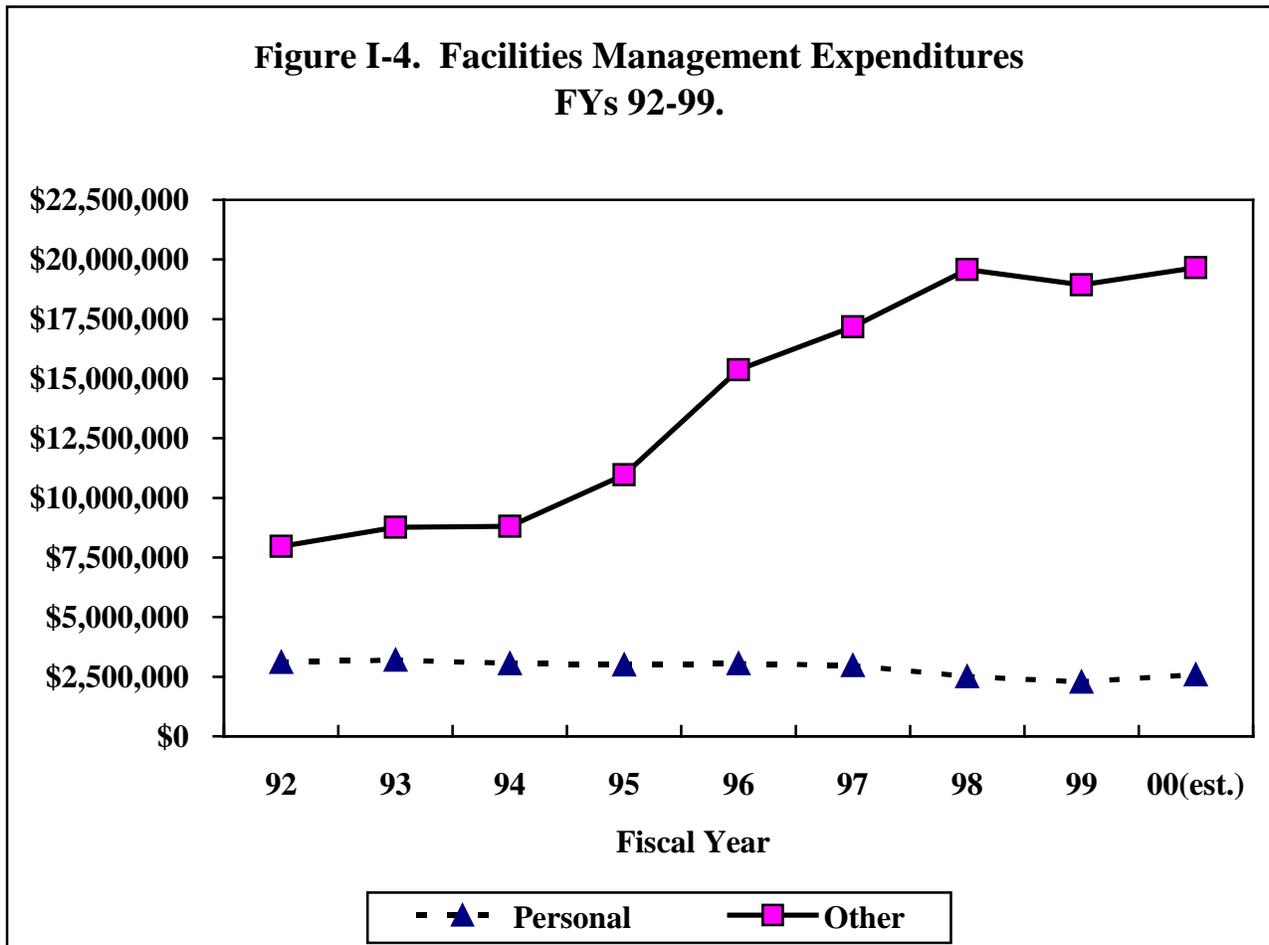
**Figure I-3. Facilities Management Unit: Proposed Organizational Structure.**



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## Funding

As outlined in Figure I-4, the budget expenditures for the Facilities Management unit have doubled since FY92. In FY92, the unit's expenditures for personal services and other expenses totaled just over \$11 million. In FY99, those expenses rose to \$22.2 million.



When examined individually, the Facilities Management unit's personal services budget actually declined from FY92 to FY99, from \$3.1 million to \$2.6 million, or 15.5 percent (Figure I-4). The committee was told by DPW the primary reason for the decrease was due to a policy shift increasing the use of private management companies to oversee and care for state-owned properties. The unit's expenditures for "other expenses," which include personal service agreements with private management contractors, rose by 146 percent during this time, from \$7.96 million to \$19.6 million.

The Facilities Management unit is responsible for the care and control of surplus and vacant properties owned by the state until their sale or reuse. The three most prominent examples of

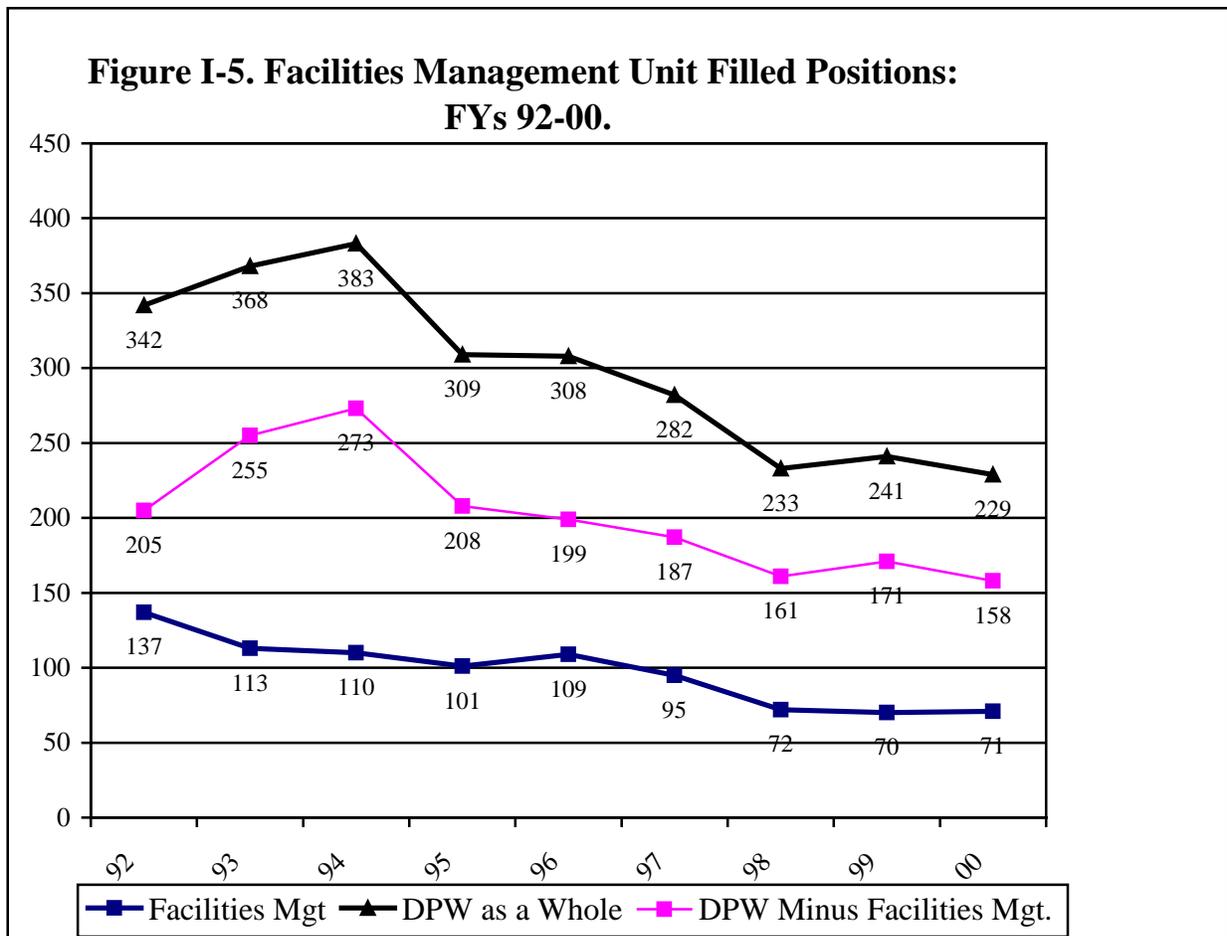
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such properties are the large state hospital campuses of Fairfield Hills, Norwich, and Thames River. Management expenses of these three properties were \$3.4 million in FY98, and are included in the “other expense” figures shown in Figure I-4.

Overall, expenditures for the Facilities Management unit totaled \$22.2 million in FY99. This represents half of the Department of Public Works’ expenditures of \$42.2 million for that year.

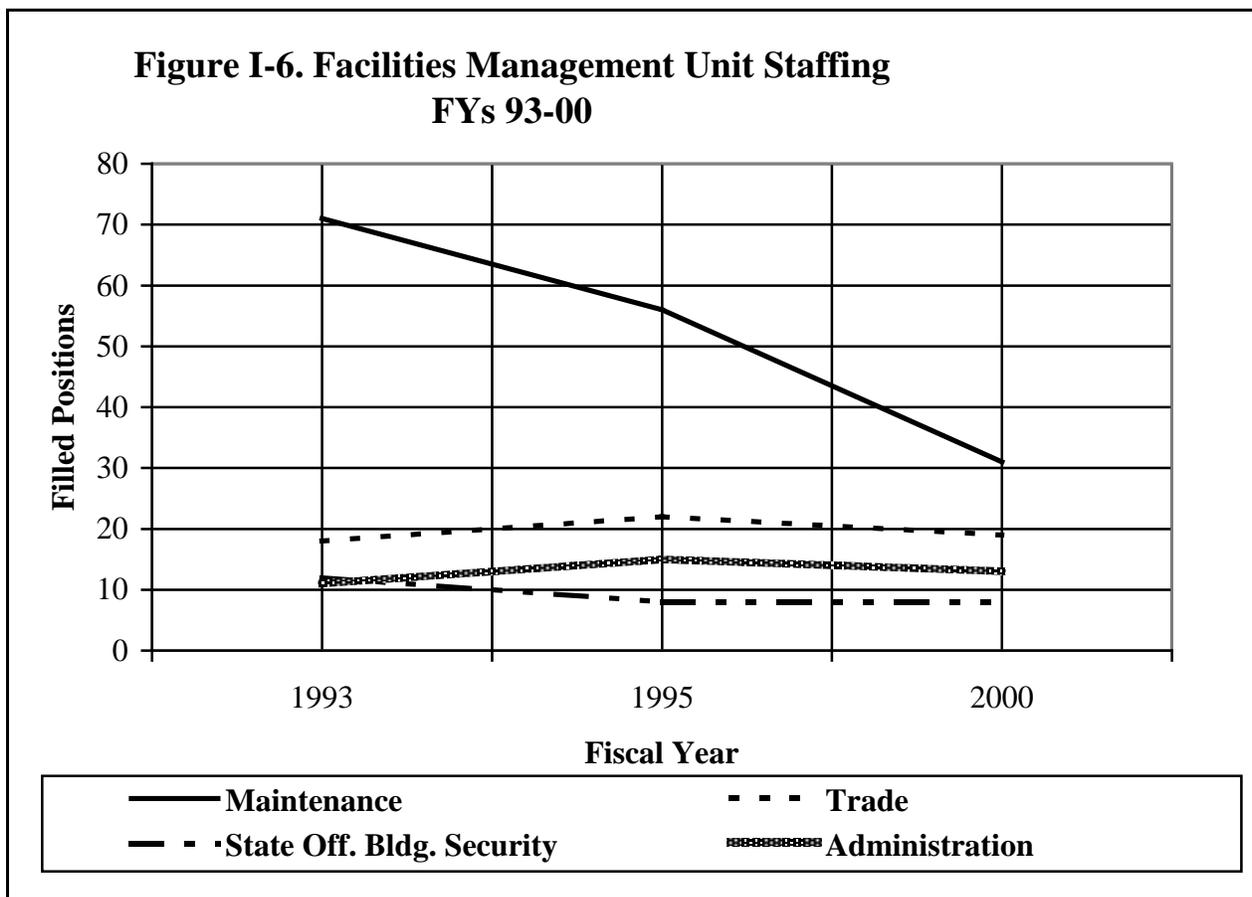
### Staffing

Figure I-5 graphs the number of filled staff positions for the Facilities Management unit, the entire public works department, and the remaining positions when Facilities Management positions are subtracted from the department as a whole. The figure shows staffing has steadily declined for the Facilities Management unit for the period analyzed, from a high of 137 filled positions in FY92, to 71 in FY00. This represents a decline of 48 percent.



The percentage decrease in filled positions for the Facilities Management unit has been more pronounced than the decrease experienced by the overall department for the time period covered. DPW experienced a 33 percent decline in staffing over the nine-year span, as highlighted in Figure I-5, from 342 in FY92 to 229 in FY00. Moreover, when Facilities Management unit staffing is not included in the department's overall figures, the decrease agency-wide has been 23 percent, from 205 positions to 158. As mentioned, the committee has been told the main reason for the decline in the facilities management area is the department's move to hire more private management companies to oversee state-owned property rather than have DPW manage the buildings.

The Department of Public Works also provided staffing figures over time for the different functions within the Facilities Management unit. As shown in Figure I-6, the number of maintenance staff decreased sharply since FY93. Building operations/maintenance personnel, who provide the overall custodial and property management services for state-owned buildings, declined from 71 to 31, or 56 percent, during that period. Filled positions for State Office Building security staff also decreased, although not as sharply as maintenance staff -- 33 percent since FY93. Two areas experienced staffing increases include administrative personnel (18 percent) and Trades staff (5 percent).



## Duties and Responsibilities

### Statutory Requirements

C.G.Secs. 4b1-12 outline the various buildings under the care and control of the Department of Public Works. State law requires the department to supervise and maintain the buildings and grounds of properties:

1. owned or leased by the state within the city of Hartford, including the State Office Building and state-owned police buildings;
2. owned or leased by the state located outside Hartford if: A) the building is used as a district office, or B) the DPW commissioner, the Secretary of the Office of Policy and Management, and the executive head of the department or agency currently overseeing the property agree in writing to have DPW manage the property;
3. held under lease or rent by the state, except as otherwise provided by law;
4. owned by the state and designated by the Governor, except as otherwise provided by law.

State law also requires that no permanent change in the structure or ornamentation of the buildings affecting their symmetry or architecture be made without authorization from the legislature.

**Exemptions to DPW management.** Although the Department of Public Works is responsible for supervision and management of state-owned buildings within the city of Hartford and several locations outside city boundaries, state law provides for exceptions. Further, all property either leased or rented by the state or by any officer, department, institution, board, commission, or council of the state and located outside the city of Hartford, is under the control and management of the administrative head of the department or agency using/occupying the property. The following properties are statutorily exempt from DPW management:

1. State Capitol Building and Legislative Office Building complex;

2. Connecticut Marketing Authority;
3. Property under the supervision of the Chief Court Administrator where the Judicial Department is the primary occupant, as well as the buildings and grounds of the State Library and Supreme Court (“Judicial Department” does not include Courts of Probate, Division of Criminal Justice, and Public Defender Commission except where it shares facilities in state-maintained courts); and
4. The University of Connecticut.

## Facilities Inventory

The Department of Public Works is required by law to maintain a “complete and current” inventory of all state-owned property and premises, including space utilization data, under its care and control. Table II-1 is a list of the properties under the department’s care and control, and includes property location, number of buildings at each location, building population, gross and usable square footage, the contract term for buildings managed by private companies, and service level (i.e.; whether the property is owned, leased, occupied or not, or under a special agreement with the occupying agency for property management.)

**Table II-1. Properties Under Care and Control of Department of Public Works.**

LOCATION	BDG POP	GROSS SF	USABLE SF	ACREAGE	# of BDGS	MGR	CONTRACT	TYPE
765 Asylum Ave. Hartford	66	17,079			1	Fusco	7/1/99 - 6/30/02	B - 2
309 Buckingham St. Hartford	20	3,708		0.35	1	In house		A - 4
165 Capitol Ave. Hartford	1115	350,034	275,000	7	1	In house		A - 2
340 Capitol Ave. Hartford	110	104,196	102,954	1.17	1	In house		A - 2
410-474 Capitol Ave. Hartford	1188	431,066	289,944	7.04	4	Servus	12/1/98 - 1/30/03	A - 1
10 Clinton St. Hartford	161	116,430	86,500	0.61	1	Fusco	9/1/99 - 8/31/04	A - 3
Country Club Rd. Middletown	280	105,300	102,680		1	Servus	7/1/97 - 6/30/02	E - 1

765 Derby Ave. Seymour Garage	0								D - 4
241 E. Main St. (Armory)		34,454							
Eastern States Expo MA	0	8,500		0.7	1	DECD			A - 4
East State St. (Troop G)	11861	11,861							
79 Elm St. Hartford	812	280,300	249,000	1.45	1	Fusco	9/1/99 - 8/31/04		A - 1
Fairfield Hills Newtown	125	1,112,465		372	48	Tunxis	7/1/99 - 6/30/04		D
92 Farmington Ave. Hartford	16	80,456	72,000	0.4	1	In house			A - 4
200 Follybrook Blvd. Wthrsfld.	553	154,835	130,000	11.6	2	Legacy	12/16/99- 11/30/04		A - 1
10 Franklin Sq. New Britain	188	60,648	59,492		1	Tunxis	2/1/99 - 1/31/04		B - 1
21 Grand St. Hartford	184	56,309	56,000	0.74	1	D M & M	1/1/99 - 12/31/03		A - 1
505 Hudson St. Hartford	518	155,264	137,299	2.73	1	Servus	12/1/98- 11/30/03		A - 1
870 Lafayette St. Bridgeport Grg	0	55,000		2.2	1	D M & M	1/1/00- 12/31/04		A - 4
Mystic Education Center, Mystic	71	280,394	240,000	122	8	Tunxis	10/1/99- 9/30/04		A - 3
Norwich State Hospital	0	1,579,788	1,500,000	470	101	Tunxis			D
15 Old Hartford Rd. Troop K	83	18,800	16,544	9		Servus	6/30/02		E - 2
34 Perimeter Rd. Windsor Locks		70,200			4	Servus	2/1/00 - 7/31/00		E - 3
990 Prospect Ave. Hartford	8	13,052		5	2	In house			A - 4
Rice Heights									

170 Ridge Rd. Wethersfield	0	33,609	22,000	2.2	2	D M & M	1/2/99 - 1/3/03	D
Seaside Heights Waterford	0	175,445		35.8	17	O, R & L	8/1/97- 7/31/02	D
110 Sherman St. Hartford	112	32,170	26,660	19.66	1	In house		A - 2
11 Shuttle Rd. Farmington	55	30,000	28,716		1	Tunxis	6/15/00 - 5/31/05	E - 3
25 Sigourney St. Hartford	1,566	467,000	452,215	2.39	1	Tunxis	2/1/98 - 1/31/03	A - 1
58 Tress Rd.		1,404						
18-20 Trinity St. Hartford	102	84,637	81,297	0.91	1	O, R & L	2/1/98 - 1/31/03	A - 2
30 Trinity St. Hartford	144	76,665	61,864	0.8	1	O, R & L	2/1/98 - 1/31/03	A - 2
Uncas on the Thames Uncas	463	321,268		120	29	Tunxis	2/1/98 - 1/31/03	A - 3
1 Undercliff Rd. - Altobello	74	226,714			9	D M & M	3/1/98 - 2/28/03	A - 3
60 Washington St. Hartford	0	201,000		1.29	1	Servus	12/31/99- 6/30/01	D
60 Washington Garage, Hartford	0	150,000			1	Servus	12/31/99- 6/30/01	A - 4
80 Washington Hartford		57,512						
55 West Main St. Waterbury		99,500		0.56	1	Fusco	4/1/98 - 3/31/03	A - 1
395 West Main St. Waterbury	190	28,215	23,850	0.838	1	Servus	1/1/98 - 12/31/02	A - 2
9 Windsor Ave. Windsor	11	19,395	15,300	2	1	D M & M	11/1/97- 10/31/02	A - 4
184 Windsor Ave. Windsor	235	80,000			1	Servus	7/1/99 - 6/30/02	B - 1
24 Wolcott Hill Rd. Wethersfield	350	115,000	85,000	10	1	Legacy	12/16/99- 11/30/04	A - 2

38 Wolcott Hill Rd. Wethersfield	100	36,000	30,000		1	Legacy	12/16/9911/3 0/04	A – 2
39 Woodland St. Hartford	64	32,833	29,420	2.53	1	D M & M	1/1/99 - 12/31/03	A – 1
<b>TOTAL</b>	<b>8,964</b>	<b>7,368,586</b>	<b>4,173,915</b>	<b>1,212.97</b>	<b>253</b>			
Service Level Key								
A = Operating Properties		1 = Class A Office						
B = Leased Property		2 = Class B Office						
C = Inactive Properties		3 = Mixed Use						
D = Surplus Property		4 = Support Facility						
E = Other Facilities (Via MOU's)		5 = Maintenance of Facility Plant						

Source of Data: Department of Public Works (Facilities Management and Financial Management Units).

As Table II-1 shows, 45 properties statewide are under the care and control of the Department of Public Works -- 19 within the city of Hartford. The properties include a total of 253 buildings covering 1,213 acres. The total gross square footage of the properties is just under 7.4 million, while the useable square footage for office space is almost 4.2 million. The number of occupants in the buildings totals just under 9,000.

### Property Management Providers

Although the Department of Public Works is responsible for the care and control of various buildings, it does not provide property management services in all instances. Table II-2 shows private companies used by DPW provide property management services at 38 locations throughout the state (where DPW supplied the property manager's name in the information sent to the committee) at an annual cost of approximately \$19 million. The process used to select the private management companies is detailed in Chapter III.

DPW provides management services at seven different locations, all located in the city of Hartford. As mentioned, DPW is also responsible for the care and control of several state hospital campuses throughout the state, including the Fairfield Hills, Norwich, Seaside Heights, and Uncas facilities. Management of the Norwich campus is under the auspices of DPW, but mostly provided by the Tunxis management company under a working relationship with DPW

(Tunxis provides management services at a nearby DPW facility.) The management of the other state hospital facilities is provided by private companies.

For comparison purposes, committee staff analyzed the properties managed by DPW and private management companies as presented in Table II-2. The table shows DPW provides actual property management for just under nine percent of the gross square footage for buildings under its care and control. This figure, however, is somewhat misleading because of the amount of surplus in the mix. Surplus property accounts for 3.1 million square feet, and is considered less resource intensive to maintained than fully occupied property.

<b>Table II-2. Property Management Services.</b>		
	<b>Department of Public Works</b>	<b>Private</b>
Number of Sites Managed	6	39
Total Gross Square Footage (includes entire building space)*	583,616	6,784,970
Total Useable Square Footage (includes space used for offices)	476,614	3,697,301
Cumulative Building Population	1,381	7,583
Cumulative Property Acreage	33.58	1,179.39
The amount of vacant surplus space maintained by private companies equals 3.1 million square feet.		
Note: The figures provided reflect the most current and complete information provided by DPW.		
Source of Data: DPW		

Table II-2 also shows private companies manage space with the most people. Roughly 85 percent of the total 8,964 people occupying property under DPW’s care and control are located in buildings managed by private companies. In terms of overall acreage managed, DPW-managed properties account for approximately three percent.

### **Property Classifications**

The properties listed in Table II-1 have been classified by DPW in two ways. The first classification is based on the usage and function of a particular property. Property usage is classified according to five different descriptions -- operating, leased, inactive, surplus, or other. As mentioned, several large campus settings housing state hospitals in the process of being sold

are now under the department’s purview and considered “surplus” property. Properties classified as surplus are no longer used by state agencies and come under the care and control of DPW.

Properties classified as “other” include special agreements whereby properties overseen by other state agencies are managed by DPW. The agreements are developed through a “memorandum of understanding” (MOU). State law authorizes DPW to enter into such written agreements allowing the department to manage properties occupied by other agencies not normally managed by DPW. A memorandum of understanding is developed among DPW, OPM, and the agency giving DPW property management responsibility.

It should be noted the various types of office space overseen by DPW along with the corresponding square footage of the types of space, in the following tables were provided to the committee by DPW. Although there are missing data for several properties for several properties leased by DPW and vacant land owned by the department, it is the most current and complete information collected by the committee to date.

Table II-3 shows how properties under DPW care and control are used. The table outlines the total gross square footage as managed by either DPW or private management companies.

<b>Table II-3. Usage of Properties Under DPW Care/Control – State vs. Private Management</b>		
	<b>State-Managed (Gross Square Footage)</b>	<b>Privately-Managed (Gross Square Footage)</b>
Operating Properties (buildings at full capacity)	583,616	3,195,325
Leased Properties	0	157,727
Inactive Properties (shut down)	0	0
Surplus (being turned over to another agency or sold)	0	3,102,307
Memorandum of Understanding (agreement to have agency to manage own property)	0	224,300
<b>Totals</b>	<b>583,616</b>	<b>6,679,659</b>

Note: The figures provided reflect the most current and complete information provided to the committee by DPW.

Source of Data: DPW

The table shows private management companies are responsible for the vast majority of buildings currently operating as working offices in full capacity. According to DPW data, private companies manage 3.2 million gross square feet, or just under 85 percent, while the department manages roughly 584,000 gross square feet of buildings in full operation. Private companies also manage all leased buildings under DPW’s care and control, properties recently classified as inactive, and properties classified as surplus – namely the various state hospitals that DPW is now responsible for before their final disposition.

A second way DPW classifies properties under its care and control is according to type of space managed. Again, the department uses five classifications to describe the type of space in the facilities DPW is responsible for overseeing. For example, the properties range from Class A office space, which is the most desirable type of office space, to parking lots and general land parcels in several locations.

As Table II-4 shows, Class A office space under the care and control of DPW is primarily managed by private companies. Class A space totals 1,923,055 million gross square feet, all of which is managed by the private contractors hired by DPW. Properties classified as “mixed use” properties have several types of space within the same property, such as Class A and B office space. According to the DPW data, 56 percent of the properties considered mixed use are managed by DPW (486,400 gross square feet.)

<b>Table II-4. Types of Space Under DPW Care/Control -- State vs. Private Management</b>		
	<b>State-Managed (Gross Square Footage)</b>	<b>Privately-Managed (Gross Square Footage)</b>
Class A Office Space (most desirable space)	0	1,923,055
Class B Office Space (not as desirable as Class A, but useable for office space)	486,400	376,396
Mixed Use (multiple types of space)	0	1,045,006

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Support Facility (boiler rooms, pump houses, etc.)	97,216	232,895
Maintenance of Facility Plant (garages, etc.)	0	0
Totals	583,616	3,577,352

Note: The figures provided reflect the most complete information provided to the committee by DPW.

Source of Data: DPW

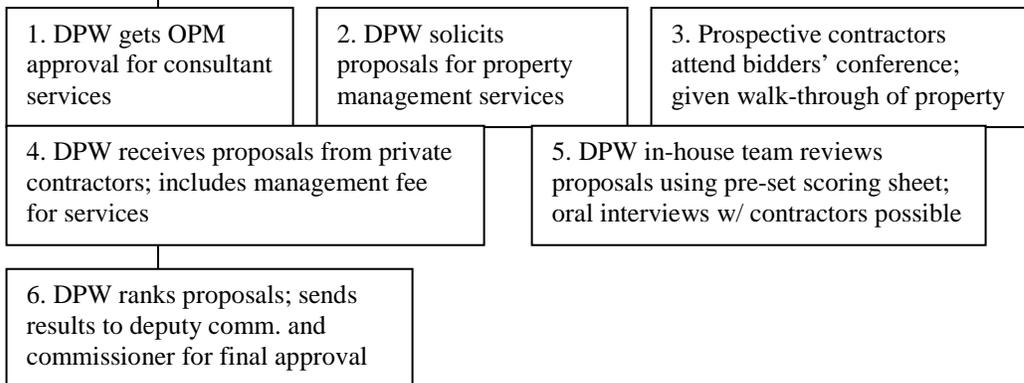
## Processes and Procedures

### Property Manager Selection Process

As mentioned in Chapter II, the Department of Public Works has shifted toward using mostly private contractors to manage the various buildings and grounds under its care and control. The department currently has personal service agreements with six companies to provide property management services. The private contractors manage 92 percent of the gross square footage for buildings under DPW's direction, according to DPW data.

Contract awards. The process used by DPW to select private management companies is outlined in Figure III-1. Contractors are selected using an open competitive bidding process based on proposals they submit to DPW. Personal service agreements are developed for each contractor.

**Figure III-1. Property Management Contractor Selection Process.**



As Figure III-1 outlines, DPW must first receive approval from the Office of Policy and Management (OPM) before entering into any personal service agreements for property management services. Upon OPM approval, DPW solicits proposals from private contractors for management services.

Before the close of the bid submission stage, prospective contractors attend a bidders' conference held at the site where the services will be performed. The bidders are given a walk-through of the site giving them a firsthand look of the property before submitting their proposal to DPW.

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Once the bids are received, they are reviewed by an internal DPW screening team. The team consists of financial management and facilities management staff. The proposals are reviewed based on weighted criteria, with each proposal scored by the team. Bidders may be asked to attend an oral interview with the screening team, if necessary. (See Appendix B for scoring criteria.)

After the bids are scored, they are ranked in accordance with their scores. The final rankings are then submitted to a DPW deputy commissioner for review. Following this step, the commissioner receives the top three scores and has final approval to enter into a personal service agreement with a contractor.

DPW also invites representatives from the agencies occupying the buildings where management contract is being rebid to participate in the vendor selection process. Tenant representatives become part of the in-house screening team and help score the written bids and participate in the oral interview process. A presence by the tenant representatives on the screening team helps ensure selection of the contractor who best meets the needs of the building tenants.

**Use of subcontractors.** The contractors named in personal service agreements with DPW are permitted to use subcontractors to carry out various property management services. DPW guidelines require the primary contractor to provide the department with copies of any proposed contracts entered into with a subcontractor to provide services. The contractor must also inform DPW of any relationship between the contractor and the subcontractor. The department must provide written consent to the contractor before any work with a subcontractor can begin. DPW guidelines further stipulate all service contracts with subcontractors must:

- be on a fixed-rate basis;
- be in the name of the contractor;
- follow a competitive bidding process outlined by DPW;
- be for a specified term and include a cancellation provision of not less than 30 days notice for cause;
- require all service vendors to provide evidence of sufficient insurance; and
- be within the guidelines set forth in the contractor's approved operating budget.

**Contract length.** The standard contract length for each of the six private management companies currently used by DPW is five years. The department informed the committee personal service agreements are set at five years to allow the contractor time to become accustomed to the particular building being managed. Five-year agreements are said to help lessen contractor turnover and keep DPW from having to frequently re-bid contracts. The

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property management contractor at the Capitol noted it is common for such contracts to be between three and five years.

### **Work Order Process**

Although DPW uses six different contractors to provide property management services plus its own internal staff, the process used to generate and complete work orders is generally the same. Figure III-2 illustrates the process.

As the figure shows, tenants within a building first make a service request to the tenant representative or agency liaison. The tenant representative makes an initial determination whether the problem warrants a formal request to the property manager or if the problem can be rectified in another manner. Once a work order number is assigned, the order is sent to the assigned person responsible for ensuring the problem is corrected. This can be an on-site property manager, a site mechanic, or an outsourced subcontractor. The work is then done to correct the problem.

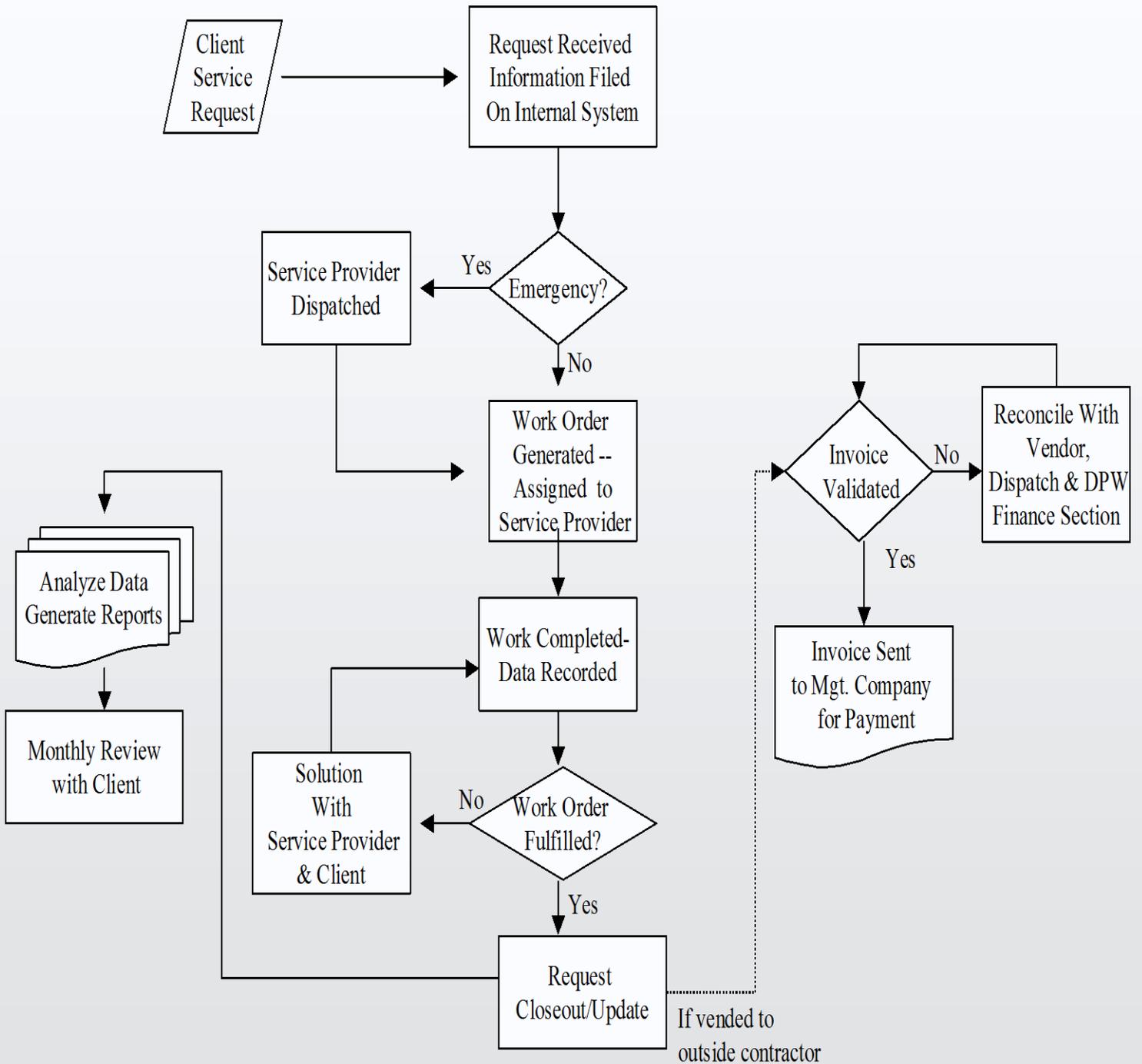
Following completion of the work, relevant information about the job is sent back to the company's main office. The information is recorded and the work order is then closed. If there is a problem with the work completed, remediation efforts are made between the property management company and the agency employee who made the original request.

The process outlined in Figure III-2 is somewhat different for the State Office Building because of lead/asbestos containing materials within the building. The building, managed by DPW, has undergone comprehensive testing for lead and asbestos. (A more detailed description of this process is provided below.) As such, prior to the initiation of any work within the building, all service requests must be reviewed by the environmental contractor within the building. This person has knowledge of the areas containing lead or asbestos throughout the building and acts as the initial clearinghouse for all repair/maintenance requests. Work orders can only proceed after the specialist has given his approval and any lead/asbestos matters have been resolved.

**Billing.** DPW informed the committee that contractors must submit their maintenance fee as part of their operating budget on an annual basis. DPW reimburses a company's expenses on a monthly basis, and it is up to the company to stay within its operating budget at the end of a given year.

The agencies occupying properties under DPW control are not accountable for maintenance or repair expenses. An exception to this is if the agency receives federal funding for the building operations, such as the state labor department.

Figure III-2. Work Order Flow Process



Source: DPW

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DPW requires each contractor to submit a monthly billing package for reimbursement purposes. The billing package includes all the invoices incurred by the contractor for the month. DPW reviews the invoices to ensure they fall within the parameters of the contractor's yearly operating budget. Contractor's may be questioned by DPW if there are discrepancies with invoices, or if overall expenses for a particular line item exceed the amount in the operating budget. All monthly billing packages are reviewed by the financial management and facilities management units before being paid by the department.

Contractor expenses within certain thresholds must follow specific DPW guidelines. For example, contractors making purchases in excess of \$1,000 must follow a specific process before the service is approved by DPW. Contractors are required to solicit at least three competitive bids for any purchase exceeding the \$1,000 threshold and show DPW this was done. Further, if a contractor does not select the lowest bid, written justification must be made to DPW. Additional requirements exist for expenses over \$10,000.

Monthly invoices are reviewed by DPW prior to payment. The contractor submits the bill with any necessary supporting documentation to DPW's financial management section. The request is reviewed by that unit and then sent to the Facilities Management unit for further review. If approved, the request goes back to the financial management unit for final processing.

## **Tenant Relations**

**Tenant manual/handbook.** One way DPW helps ensure consistency among the various properties under its care and control is by requiring each property manager to develop and distribute a tenant manual for each building managed. The manuals describe the various policies and procedures used within the building, from reporting a service request to health, safety, and personal protection matters. The manuals are distributed to each agency's building representative. It is up to the individual agencies as to which employees within the agency receive the handbook.

**Tenant meetings.** DPW encourages each property management contractor to meet with the tenant representatives from each building the contractor manages. The meetings provide a forum for exchanging information between the property manager and the building representatives. Issues regarding property management are discussed at these meetings.

Committee staff attended several tenant meetings. The meetings seemed to be productive and a lot of information was passed between the building representatives and the property manager. It should be noted, however, no such meetings are held by DPW for buildings it directly manages. The department told the committee staff that although it does not hold formal meetings with its tenant representatives due to staffing constraints on part of the department, it is in contact with building representatives on a frequent basis.

## **Operations and Maintenance Program**

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As mentioned above, the work order process for the State Office Building is somewhat different than what is described in Figure III-1. This is due to lead and asbestos containing materials identified within the building.

The State Office Building underwent a testing program for lead and asbestos in late 1998. The testing was conducted in response to concerns raised by various unions representing maintenance and service employees within the building. An agreement was reached with the unions, and the final result was the development of the Operations and Maintenance (O/M) program.

The intended purpose of the O/M program is to provide an organized set of procedures and work practices to ensure the health and safety of building maintenance personnel, tenants, and outside vendors from hazards associated with asbestos and lead. Prior to the program, there was concern no one knew what areas within the building contained lead/asbestos. The program provides for worker training and specific work practices aimed at minimizing the disturbance of the lead and asbestos containing materials. The program outlines specific training and emergency practices to be followed and requires testing be made of the building.

DPW decided one person should be responsible for administering and coordinating the program and the O/M plan developed for State Office Building. A private environmental specialist was hired to manage the program because no one employed by the state had the necessary training and experience. The contractor is on-site 40 hours a week. The program began in April 1999, and the contractor has been present since then.

All matters pertaining to opening or disturbing any areas in the building possibly containing asbestos or lead must first be approved by the on-site contractor. The contractor reviews the building's O/M plan and test results and decides whether the work can be done by DPW staff or if abatement must be made. If abatement is necessary, the state contracts with several private licensed contractors for asbestos removal and air sampling.

The O/M plan provides for training for facilities trades employees within the State Office Building in accordance with state and federal regulations. According to the on-site contractor, the state employees have received the 16-hour asbestos awareness training as required. Although the training prepares the employees for working with low-level asbestos materials, only a licensed contractor performs repair/abatement activities within the building. Once the abatement contractor is finished with the necessary abatement, the DPW trades personnel can complete their work.

**Other sites with O/M plans.** There are four other sites in addition to the State Office Building currently developing O/M plans. The sites are all owned by the public works department and located in Hartford and Wethersfield. Inspections for lead and asbestos within these buildings have been conducted. The full O/M plans for the sites are being developed.

### **Performance Monitoring**

Although performance monitoring of property management services does not initially seem to receive a lot of emphasis by DPW, several methods are used to monitor performance of

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facilities management. The committee was told the Facilities Management unit uses standards developed by the Buildings and Office Management Association (BOMA) -- a national association for facilities management -- regarding maintenance and property management costs for various types of activities. The operating budgets and expenses of the various private management companies used by DPW are compared against the BOMA standards for cost-per-square-foot. If the department finds discrepancies with the contractors' costs, inquiries are made by the department.

The committee was also informed that "customer feedback" is used to help evaluate the performance of property management contractors. Although no formal mechanism is in place to receive such feedback, DPW meets with tenant representatives. Further, when a property manager's contract is about to expire agency representatives are encouraged to join DPW in evaluating the overall performance of the present contractor -- if the contractor is rebidding for the job -- as well as other contractors submitting proposals for the new contract.

The department noted to the facilities management function overseeing both the outsourced and in-house property management programs is presently done with two managers. The Facilities Management unit would like to see frequent inspections, increased monitoring/standardization/benchmark measures, and a fully implemented database. According to the department, however, more staff resources are necessary to fulfill these responsibilities.

**Monthly reports.** Monthly financial reports are required from each property management contractor. The reports are used for billing and reimbursement purposes. The private contractors also send work order information to DPW. The committee was informed, however, the department does not analyze the work order data because of a lack of staff.

DPW also receives monthly work order summaries for the several buildings it manages. Service requests for the buildings are not handled by DPW rather a private dispatcher acts as a clearinghouse for the department. Service requests are sent to the private dispatcher who is responsible for sending the request to the department's Facility Management unit's building and trades section. The building and trades section then assigns a worker to the request. Once the work is completed, relevant work order information is sent back to the dispatcher. As a general practice, the contractor submits monthly reports to DPW regarding work order activity.

**Preventative maintenance program.** The public works department does not have a formal, extensive preventative maintenance program in place for the buildings it manages. The department told the committee it tries to ensure the routine maintenance of general mechanical equipment and the health and safety issues -- such as emergency evacuation drills -- within the buildings it manages. The personal service agreements the department has with its private management companies, however, require each company to develop a preventative maintenance program for the buildings they oversee.

# Chapter Four

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## Inventory Management Information System

Proper inventory management of the facilities under the care and control of the Department of Public Works requires four basic conditions: 1) adequate and timely information; 2) the capacity to produce accurate reports; 3) management analysis; and 4) proper oversight and performance monitoring. The program review committee found deficiencies in each of these areas.

One of the most striking problems within the department's facilities management function is the complete absence of a structured, automated management information system. The "system" that exists is disjointed and ad-hoc. As a result, management reports and analysis are scant, planning is limited, inventory figures may not be wholly reliable or accurate, and performance oversight is focused on operating budgets and not overall performance. The Facilities Management Unit needs to build an entire system for collecting, maintaining, reporting, and analyzing information for the management of properties under DPW's care and control.

### Inventory Data Collection

C.G.S. Sec. 4b-1 requires the Department of Public Works to maintain a complete and current inventory of all state-owned or leased property and premises, including space utilization data. C.G.S. Sec. 4b-24(1)(A) requires DPW to compile and maintain comprehensive and complete inventories of all improved and unimproved real estate available to the state by ownership or lease. The actual compilation of the inventories under the latter statute may be done by the Office of Policy and Management (OPM) as long as the information is made available to the public works department.

The inventory created by the Facilities Management Unit is separate from DPW's full compilation of all property owned or leased by the state. The information collected by the committee for this report focused on the inventory compiled for facilities management purposes, and not the broader DPW inventory of all state-owned or leased property.

Only within the last several years has the Facilities Management Unit begun developing and formally tracking the inventory of the various properties it is responsible for managing. DPW informed the committee formal tracking of the unit's inventory was precipitated by the policy shift to begin having private companies manage properties under DPW's care and control. This shift occurred in the mid-1990s and continues at present. Private management companies are currently responsible for managing approximately 6.8 million gross square feet, or 92 percent of the total square footage under the

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department's jurisdiction.

**DPW facilities management database.** The current "database" of facilities inventory information is contained in a basic spreadsheet format. It includes general information about the properties DPW is responsible for managing, such as location, gross square footage, useable square footage, property manager, contract term, and type of property managed.

Throughout its five-month study, the committee had a difficult time collecting consistent data on the properties under DPW's care and control. At times, the department produced several different inventory lists with varying information. The facilities unit and the finance unit (which requires the data for budgeting purposes) also had different figures in some instances for the same properties. The committee believes this signifies a lack of coordination and communication between the two units since they both need to use the same figures.

The committee also found the square footage figures used by the facilities unit do not necessarily represent the most current information available because there is no formal system in place to regularly collect such information. Inventory square footage figures are considered the "best available numbers" derived from various information sources. Some of the information has been passed down from year to year or obtained from the various private companies managing the DPW properties. Even figures for gross square footage, which should be the most accessible to obtain, are not considered wholly accurate by the facilities unit because formal measurements have not always been taken. As noted later in this report, the department was unable to produce any inventory figures for the early 1990s, further signifying the department's limitations in maintaining a completely accurate and reliable property management inventory.

**Space remodeling/reconfiguration.** No formal program exists to capture or regularly update inventory information to account for space reconfiguration or remodeling. Often times the space under DPW's care and control is changed due to agency or programmatic requirements. There is no system in place, however, for the Facilities Management Unit to update its inventory accounting for the changes. As a result, the committee was informed the gross and useable square footage figures maintained by the unit are not definitive because changes made within DPW-managed buildings are not consistently recorded in the inventory database.

**Capital repairs.** The Facilities Management Unit began a formal program this year to collect information on the extent and potential cost of necessary capital repairs to buildings under DPW's care and control. The program is discussed in more detail later in this chapter.

The committee believes the mere fact that such an important component of the overall facilities management function is only now being formalized shows a previous management lapse, resulting in a lack of information necessary for proper planning, budgeting, contracting, and oversight of the department's inventory.

**Health, safety, and fire code information.** Health, safety, and fire code violations are initially sent to the commissioner's office. From there, they are disseminated to the facilities unit for correction. For properties with private managers, the unit notifies the managers who are responsible for making the necessary corrections of the violations. Once the violation is

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rectified, DPW forwards a letter to the inspection agency specifying the problem has been resolved. If the situation warrants, a formal plan of correction may be required.

Health and safety data for buildings under DPW's care and control are kept in individual building files. The facilities unit does not maintain the information in any type of central database. As such, fire and safety code violation information and occupational safety and hazard (OSHA) reports are not analyzed from a macro perspective by the unit.

Based on conversations with facilities staff, the number of violations received annually is minimal. Further, the commissioner's office is aware of any violation because notices are initially sent through his office. Given the limited resources of the inspecting agencies, inspections mostly occur at residential facilities and not non-residential office buildings.

Movement is being made by the facilities unit to begin centralizing its code violation information. The unit just filled an environmentalist position and the person is starting to develop a centralized database for environmental issues within buildings under DPW's care and control. The code violation information will be part of the database. At present, it is unknown when the database will be fully implemented. When and if it is functional, the database is expected to provide the facilities unit with centralized information to use for broader planning purposes.

Due to the limited number and scope of the violations as reported by the facilities unit, the committee does not believe the lack of a central database for safety and health violation information is as crucial as the lack of other management information described in this chapter, except from an overall planning perspective. The information is, however, an important part of a larger, centralized building assessment profile. Although the data are only now being automated and centrally maintained, the information should become part of any future master facilities database developed by the unit. The centralized database needs to have cumulative information about health, safety, and fire violations, where the violations occurred, what corrective measures were taken, and how long it took to come into compliance for overall planning purposes.

**LINK system.** The public works department purchased an automated facilities management/inventory software program – the LINK system – several years ago. The software, bought for approximately \$12,000, is designed to provide centralized database capabilities for storing and managing inventory and equipment information, building maps/drawings, and other data elements necessary for a maintaining a centralized facilities management database. The LINK system is supposed to:

- save time and money through procedural efficiencies;
- provide consistent and accurate information about asset inventories and space for managing day-to-day change;
- make networked information available throughout the organization for increased productivity, quick ad hoc departmental reports, and responses to emergency requests;

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- provide accurate information on which to project future needs;
  - allow better planning decisions based on a comprehensive understanding of facility assets and their use; and
  - provide access to over 100 standard reports formatted according to industry standards.

The system is not operational for several reasons. First, there has not been a definitive decision made within DPW to use this particular program as the core facilities management utilization software, despite the original decision to purchase the program. As a result, the system is not being utilized. Second, the facilities unit maintains there is a lack of staff resources to develop and maintain the system. Without the proper staffing, the information necessary to develop and operate the database is not being adequately collected or entered, rendering the system inoperable.

Despite the capabilities of a comprehensive automated facilities management system, there exists the problem of the facilities unit having accurate data to actually use in the system. As noted above, the unit does not have a formal program to routinely collect important facilities information such as equipment inventories, warranty information, square footage, maintenance schedules, and repair information. Without accurate and timely information, the data used in the system would not be reliable. This would need to change for the LINK system to be useful.

By not deciding on a particular facilities management software program and funding its development and operation, the facilities management function remains stuck in an ad hoc, antiquated process for collecting and analyzing information about the buildings under DPW's care and control. As a result, and described later in this chapter, overall asset management, analysis, and planning suffer, and the entire system ends up being reactive rather than proactive.

**OPM database.** The Office of Policy and Management's assets management section maintains a large amount of information on real property owned by the state in its asset management information system (AMIS). The purpose of the OPM assets management function, created by law in 1992, is threefold:

- review the inventory of state property maintained by the public works department to determine the appropriate use of such properties;
- determine the efficiency of each state agency's use of real property under its control; and
- develop long-range plans and uses for all state real property.

The committee was informed by OPM when development of AMIS began in the mid 1990s, DPW inventory data intended for use in the system had not been updated for approximately eight years. As mentioned above, it is only within the last several years the DPW inventory data have been put into some form of an automated system.

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The AMIS system is a relatively large collection of information about the overall inventory of state-owned property. It offers an extensive profile of buildings using roughly 120 variables. The database information can also be sorted in numerous ways, producing a wide variety of reports for management review and analysis.

OPM attempts to update the database quarterly. It requests facilities managers within specific agencies to submit information about their buildings using an automated format. The committee was told there is follow-up to agencies not submitting information. The database also has the capacity to detect errors or inconsistent information provided by agencies, allowing OPM to contact the agencies requesting the correct information. These two features help ensure the OPM database is current and accurate.

The primary drawback to the AMIS database is how the information is collected. OPM relies on agencies to voluntarily submit their data. Although follow-up attempts are made to collect missing or late information, the upkeep of the database is completely dependent on agencies submitting accurate data on a consistent and timely basis.

Another limitation is the way building locations are kept. The OPM database uses different codes from those used by DPW or the comptroller's office. This makes data analysis somewhat challenging if outside agencies want to use the system. Nevertheless, the committee believes the OPM assets inventory is a very useful tool. Given the lack of an internal and operational facilities management database within DPW, the department may want to work with OPM and utilize its database for analysis purposes until DPW develops its own internal system.

**Statewide database proposal.** There is a move afoot to begin developing a statewide real property management database. The public works department, OPM, the comptroller's office, and the state's information technology office have developed a budget option to fund a central database for the real property owned or leased by the state. The database would use land and building inventory data maintained by OPM and DPW and asset data within the comptroller's office. Combined, the information would be centralized and become the state's primary real property information system to track asset information from a statewide perspective.

There are two phases for development of the database. The first, planned for immediate completion, focuses on creating common building codes for each of the state's properties. This would eliminate the different coding systems used by DPW, OPM, and the comptroller's office – a problem identified by the state auditors in a recent report on DPW. A database utilizing unique building identifiers is obviously more efficient and would help provide for a common platform to construct and operate the database.

The second phase is the actual data collection component. This includes assimilating current data from OPM, DPW, and the comptroller's office. The data would also be reviewed for accuracy and reliability during this phase. Any missing or outdated information necessary to complete the new system would be collected and entered at this time.

The statewide real property management system is designed to incorporate several facilities management components, including:

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- all invoice information collected from DPW and property management contractors;
  - five-year capital plan information, including equipment inventories and necessary minor and major capital repairs and cost summaries;
  - preventative maintenance information, such as warranty information, equipment serviced, and the dates service occurred; and
  - work order data.

The new system is anticipated to increase the state's reporting capabilities for facilities management. This would allow for more effective planning and potentially lower expenditures. The anticipated completion time for the database is three years from the funding approval date.

Funding necessary for constructing the new system is estimated to be \$12 million over two fiscal years. Five million dollars are requested in FY 02, with the remaining \$7 million being included in the FY 03 request. The cost breakdown of the various components of the database includes \$1 million for purchase costs (software, customization, and computer), \$1.3 million for implementation costs (contracted project management and hardware), and \$9.7 million for data collection/input costs (data collection, verification, and input). The DPW share of the database development costs is \$2 million.

It is obvious the anticipated capacity of the real property management database goes beyond facilities management information. The facilities components of the system are intended to capture important information necessary for effective and efficient management of the buildings and properties under DPW's care and control.

The committee believes, however, the Facilities Management Unit should continue working towards building its own facilities management information system for internal use. This is based on several reasons:

1. it is unclear whether, and how much, funding will be provided to develop the statewide database;
2. complete development of the database is expected to take three years after full funding is made available, whereas the facilities unit needs to develop a centralized;
3. management information system immediately; and
4. the facilities unit may need more information for its management purposes than what is captured by the statewide database.

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### **Summary of Findings: Data Collection**

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- *The Department of Public Works is not completely fulfilling its statutory requirement to maintain a complete and current inventory regarding facilities management.*
  - *Data collection for a centralized facilities management inventory database has not been a priority within DPW.*
  - *The inventory information collected by the Facilities Management Unit is limited, both in the type of information and how the information is used for broader planning or management analysis purposes.*
  - *Square footage figures for buildings under DPW's care and control cannot be certified as accurate using the building information currently maintained by the facilities management unit – the square footage information tracked by the unit is not based on any systematic program to frequently collect such information for DPW-managed buildings.*
  - *Facilities management inventory information presented to the committee differed among the facilities management and financial management units within DPW, indicating a lack of coordination/communication.*

## **Recommendations**

- 1. The Department of Public Works should begin developing a fully automated and integrated facilities management database to use as the foundation of a comprehensive management information system. The facilities unit, in conjunction with upper level management within the department, should decide on the data elements necessary for establishing a complete and current facilities management inventory system. The database should become fully operational by January 1, 2002.**
- 2. Comprehensive inventory information vital to sustain the facilities unit's new inventory management database should be collected and entered at least quarterly. At a minimum, the information should include: 1) comprehensive building assessment data; 2) automated drawings of space configurations within buildings; and 3) health/safety/fire and OSHA reports, maintenance schedules, and repair information.**
- 3. The inventory database information within the Facilities Management Unit should be coordinated with, and communicated to, other relevant divisions within the public works department on a frequent basis.**

## **Reporting, Analysis, and Planning**

The scant inventory information currently recorded by the facilities unit is insufficient for any meaningful management reporting or analysis. At present, there is no comprehensive

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inventory database available for the unit's management to utilize, nor is adequate information currently collected to feed into a comprehensive information system even if one is developed.

A natural outgrowth of management analysis is planning. Proper planning for all facets of the facilities management function is predicated on accurate and timely management information. Regular planning helps ensure efficiency and effectiveness through proper resource allocation. It is very clear to the committee, however, that planning within the Facilities Management Unit is limited at best.

Although the facilities unit's overall management information system is severely lacking, it is important to note the unit has been without an administrator for several years. Management of the facilities unit has been overseen by a deputy commissioner within the department during that period. The program review committee believes the void created by the absence of a permanent manager within the unit contributed to the overall lack of management analysis and reporting. The administrator position was finally filled this past summer.

Although the administrator vacancy existed for several years, the committee believes there has been an ongoing neglect to gather, report, and analyze management information on a macro level in the facilities area. The lack of a formal management information system underscores this observation. The committee was also told on several occasions that previous unit administrators focused on day-to-day operations and did not emphasize formal data collection or management analysis. Although this assertion cannot be confirmed, the current paucity of management information plus the fact that inventory data requested by staff for the early 1990s could not be assembled by DPW, support the claim.

Examples of the management reporting, analysis, and planning deficiencies are present in several key areas of the facilities management operation. Building assessments, preventative maintenance, and cost comparisons between privately and DPW-managed properties are some of the areas examined by committee to determine the degree of management reporting, analysis, and planning.

**Building assessments.** One of the main recommendation areas contained in the 1986 program review committee study of building maintenance focused on the absence of a system to formally assess building conditions and use the information for planning and budgeting purposes, prioritize repairs, and ensure the work was completed to an acceptable level. Although there have been some improvements in these areas, the thrust of the findings from 1986 holds true today -- there is no single authoritative source of information on the condition of the structural, mechanical, or safety features of properties under DPW's care and control.

There have been two recent attempts by DPW to capture building condition information, yet no formal program exists for ongoing reporting, analysis, or planning. In 1996, the department conducted an extensive survey of all tenant representatives for buildings under the department's care and control. The survey results determined conditions on a building-by-building basis. The results also identified precise problem areas necessary for maintenance or repair.

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Despite the overall efforts of the survey and the detailed information it yielded, there has been little follow-up to its original findings – a point the DPW commissioner testified to at the program review committee’s recent facilities management public hearing. The commissioner also said the survey was labor intensive and could not be duplicated on a regular basis due to staffing constraints. The committee believes, however, the survey results will soon be rendered useless, if not already, without an implementation plan and quick response.

The Facilities Management Unit is also attempting to formally gather capital improvement information for its buildings. The endeavor began this summer and was conducted by an engineer within the unit. A subsequent capital improvement report includes general information about the type of repairs necessary by building and estimated cost, which total approximately \$40 million over a two-year period. The committee believes this report provides an initial start to overall capital improvement planning, although a more detailed project prioritization plan covering a longer implementation cycle is still necessary.

A request to fund the \$40 million in capital improvements was not included in DPW’s FY 01-02 budget as originally planned by the facilities unit. The department’s finance unit noted a separate pool of infrastructure bond funds totaling \$17 million available within DPW is for such repairs and it should be used first. A more detailed report based on priorities was also recommended by the department’s finance unit before a formal capital request would be made in the department’s budget. The committee was told the facilities unit will begin basing its capital improvement requests on priority projects. It is unclear, however, how this process will work or if future building assessments will be conducted.

**Preventative maintenance.** The level of preventative maintenance planning and reporting is different between property managers and DPW. Personal service agreements for the private companies hired to manage properties under DPW’s care and control require a preventative maintenance program be in place for each building the manager has responsibility. The plans must be reported to DPW upon completion and are maintained by the facilities unit. DPW, on the other hand, does not have a formal preventative maintenance plan in place and no formal reports are produced.

Although DPW requires the plans be submitted from the property managers, the committee was told there is not enough staff to fully review the plans and ensure their complete implementation. As a result, the preventative maintenance plans in place for the property managers receive little analysis or oversight from the facilities unit.

DPW does not have preventative maintenance plans in place for any of the properties it manages with in-house resources, including the State Office Building. As a result, there is no structured preventative maintenance program in place. Any preventative maintenance that is done is more of an ad-hoc approach than a systematic program based on prospective planning and analysis.

**Cost analysis.** The public works commissioner testified before the program review committee that private management companies manage properties “better and cheaper” than DPW. The committee found the Facilities Management Unit, however, does not regularly

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conduct full cost analyses using detailed information to verify the statement. The department's finance unit does track cost information on an aggregate level. The information, however, has not been regularly used by the facilities unit for overall planning purposes. Committee staff used the finance unit's information to conduct its own cost analysis. The results are outlined in Chapter II of this report.

Although the facilities unit does not make formal cost comparisons between public and private property management, some cost information is maintained. For example, the unit has tracked cost averages for specific property management categories provided by the Building Owners and Managers Association (BOMA), a national trade organization. The unit compared budgets for its property managers against the BOMA figures for the Hartford area to determine if costs are proportionate with BOMA averages. If costs are out of line, the unit uses the information to question property managers. Committee staff used the unit's information and presents its analysis in the next chapter.

DPW's cost comparisons with BOMA figures are for FY 01 only. Similar comparisons using BOMA figures for previous years are not available. The unit maintained more general expenditure data for the last several years, yet no formal analyses of the data have been done for planning purposes.

The committee found a good deal of attention is given by the facilities unit to individual line item costs by contractor. The unit, along with the department's finance section, examines monthly billing statements and budgets to determine if operating costs are proportionate with yearly projections and costs incurred in previous months. This analysis is important because it allows the unit to track specific costs and question property managers on items that seem unreasonable.

The committee believes more can be done by the facilities unit regarding cost analysis as it relates to management reporting and planning. Although attempts are being made to analyze costs, more emphasis must be placed on using the analysis from an overall planning perspective. Additional attention by the facilities unit needs to focus on analyzing and comparing costs incurred by private property managers versus DPW. The information should then be used on a more macro level to develop policy direction and programmatic initiatives.

**Planning group.** There is also a move within DPW to create a "risk and asset management" (RAM) group within the Facilities Management Unit. The group would have responsibility for many of the functions presently performed, including:

1. collecting relevant building and maintenance information;
2. developing a centralized facilities database;
3. producing management reports on various topics; and
4. ensuring budget requests are formally developed and presented to unit management.

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An engineer has recently been assigned to the unit, although duties and responsibilities have not been fully developed.

In concept, the RAM group is viewed as a way to mitigate key deficiencies within the Facilities Management Unit. It seems that the responsibilities of the RAM are directed at the very problems identified in this report. The group in its present state, however, is loosely assembled with an undefined operating process and unclear financing and resources.

**Business plan.** The department is working on an agency-wide business plan. Committee staff discussed the plan with the staff person responsible for its development, but has not been given a copy for review. The plan is said to be near completion.

The department's business plan for facilities management outlines several goals, objectives, and performance measures designed in conjunction with the new facilities unit manager. The plan is said to cross-reference other functions within the department, making it a fully cohesive document for DPW operations.

### ***Summary of Findings: Reports, Analysis, Planning***

- *The inventory information currently recorded by the facilities unit is insufficient for any meaningful management reporting, analysis, or planning.*
- *The facilities unit has operated without an administrator for several years, although the position was filled this past summer. The void in management has contributed to the unit's overall dearth of analysis, reporting, and planning.*
- *There is no single authoritative source of information on the overall condition of the structural, mechanical, or safety features of properties under DPW's care and control.*
- *The level of preventative maintenance planning and reporting is different for properties managed by private property managers than for DPW-managed properties. Property managers are required to submit formal preventative maintenance plans and reports, while DPW lacks a structured preventative maintenance program or any formal plans for its buildings.*
- *The facilities unit does not regularly conduct detailed cost analyses, however attention is given to individual line item contractor costs for determining if operating costs are proportionate with yearly budgets and costs incurred in previous months.*
- *An attempt to produce a capital improvement/expenditure report was initiated this year, however, the process is not formalized. A separate attempt to collect building condition data through a 1996 survey of tenant representatives has not been fully implemented by the department.*

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- *A facilities management software program purchased by the facilities unit, which may help solve many of the unit's database deficiencies, is not utilized. DPW has plans to create a section within the facilities unit to coordinate and develop a management information system; progress to form the section is slow.*

## **Recommendations**

- 4. The Facilities Management Unit shall determine the management information and reports it deems appropriate for internal analysis and planning purposes by July 1, 2001. The unit must ensure the information necessary to fulfill its management reporting requirements is captured in a comprehensive facilities management database.**
- 5. The Facilities Management Unit should establish a formal program for obtaining accurate and reliable building assessment information, including square footage measurements, for all properties under its care and control. The assessments should be performed using in-house resources, outsourcing the work, or a combination of the two. The program should be phased in over a five-year period beginning July 1, 2001, and incorporate each property under the department's care and control. Assessment information for properties coming "online" either during or after the initial five-year period should be accounted for immediately.**
- 6. The initial review process for determining capital repairs conducted by the facilities unit this year should be formalized. The facilities unit should also begin developing capital maintenance plans based on one, five, and 10-year increments. As part of the planning process, capital projects shall be prioritized for budgeting and resource allocation purposes.**
- 7. The Facilities Management Unit shall establish a structured preventative maintenance program for the DPW properties managed using in-house resources. A component of the program shall include oversight by the unit to ensure preventative maintenance plans for all facilities under the department's care and control are fully implemented.**
- 8. The facilities unit shall fully implement a system to regularly analyze property management costs on a regular basis for all properties under DPW's care and control.**

## **Oversight**

The committee found the department's oversight of property management contractors focuses on financial reviews of monthly invoices and operating budgets. There is very little in the way of formal performance monitoring. The unit does not have a systematic approach – other than reviewing monthly billing statements – to regularly ensure the performance of its contractors or even the property management services provided by in-house resources.

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Contractors do not seem to be held fully accountable for their overall performance. Personal service agreements are not performance based, preventative maintenance plans – although submitted to the facilities unit – are not regularly reviewed and there is no formal system in place to ensure the plans are being fully implemented, and there is no systematic program to inspect buildings or solicit tenant feedback.

There is also an uncoordinated reporting structure within the facilities unit for private contractors. Some property managers voluntarily submit management reports to the unit (i.e., monthly work order information), while others do not. The reports, however, are not standardized or formally analyzed for planning purposes by the unit.

Private contractors are also required to conduct frequent tenant meetings with representatives from individual buildings, which DPW does not do for the buildings it directly manages. The department's contact with tenant representatives is on more of an ad-hoc basis. Further, there is no formal assessment made by the facilities unit to ensure property managers are holding regular meetings.

DPW invites agency representatives to participate in the screening process for selecting property management companies. This helps provide the department with some oversight of its property managers in that feedback from the representatives regarding vendor performance is taken into account during the screening process. This is one way the department initiates tenant feedback, yet it is not a mandatory process.

The Department of Public Works is aware problems exist in overall performance monitoring of property management services. The committee was provided a memo from the DPW commissioner to the OPM secretary requesting approval for additional staff. The memo, dated May 2000, notes there are potential risks from the current lack of oversight of property managers. The risks include increased costs, over-billing, and lack of problem resolution. The department believes if its requests for additional staff for the facilities unit are approved, performance monitoring would increase. This would seem to be the case given the key staff positions requested by DPW are for contract administrators, who would assist the one person currently overseeing all the private property managers.

### **Summary of Findings: Oversight**

- *There is no formal system in place to oversee performance of the contractors hired to manage the 6.7 million square feet (92 percent) of office space under DPW's care and control.*
- *The oversight process currently in place is heavily focused on tracking expenditures rather than ensuring property management performance.*
- *Current personal service agreements are not based on performance; DPW formally recognizes the need for greater performance oversight, yet has not established or implemented a structured oversight program.*

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## Recommendations

9. **The Facilities Management Unit shall develop a structured program for ensuring the performance of property management services for its entire inventory of buildings. The program shall be designed around measurable goals and objectives developed by DPW for each building on an annual basis. The program shall include random spot checks by the facilities unit of the properties under its care and control at least annually to ensure property management performance. The unit should also require property managers to submit for review by the facilities unit annual reports detailing at a minimum: 1) the major property management accomplishments for each building managed; 2) outstanding projects; and 3) complaint information. Performance measures should be developed by July 1, 2001, and regularly monitored.**
  
10. **The Facilities Management Unit should have discretionary authority to require performance surety bonds from property managers at the beginning of each contract cycle. The bonds would be used by the state to ensure contractor performance on a yearly basis. If vendor performance does not meet agreed upon goals and objectives predetermined by the facilities unit and contractor, DPW would have the option of withholding a specified amount of the bond.**

# CHAPTER FIVE

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## Asset Analysis

The Department of Public Works began privatizing its facilities management services in the mid-1990s, because it did not have the personnel to adequately manage and maintain the increased amount of state-owned property. Since then, the amount of space privately managed has increased significantly. At the end of FY 00, 6.8 million (92 percent) of the 7.3 million square feet of space under the department's care and control was managed by private contractors.

The program review committee examined several factors regarding DPW's property management inventory using data obtained from the department. The analysis included the:

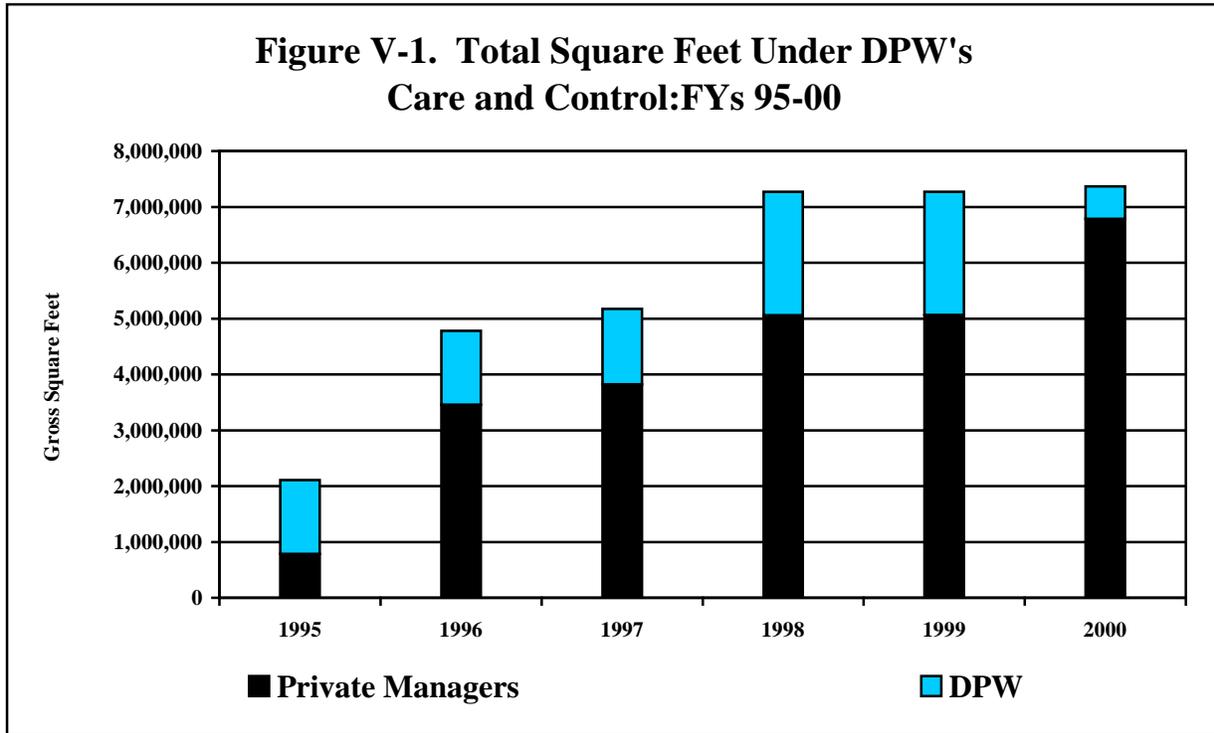
- amount of space managed by DPW over time;
- trend toward private management of the facilities under DPW's care and control; and
- costs incurred by DPW to manage office space as well as private contractors' costs. (The cost analysis also includes a comparison of DPW costs with those developed by BOMA for buildings located in Hartford.)

### Amount of Space Managed

Total square footage. Figure V-1 highlights the total square footage under the care and control of the Department of Public Works for facilities management purposes for FYs 95-00. As the figure shows, the total square footage has increased sharply over the period analyzed. In FY 95, DPW was responsible for overseeing facilities management services for 2.1 million gross square feet of property. In FY 00, that number rose to 7.36 million square feet – or 249 percent.

Although properties are under DPW's care and control for facilities management purposes, the department does not directly manage each property. Figure V-1 provides the breakdown of the total square footage managed directly by DPW and the amount managed by private facilities management contractors hired by the department. The amount of space managed by DPW in FY 95 was 1.3 million square feet, or 63 percent of that year's total. In FY 00, DPW directly managed just under 8 percent of the total space under its control. This is due to DPW's increase in the use of private companies to provide facilities

management services for the buildings under the department's care and control. It is fair to say, over the period examined, DPW has been steadily implementing a program of outsourcing the management of facilities under its care and control.



**Surplus property.** In addition to providing facilities management services for occupied buildings, DPW is responsible for maintaining property deemed surplus by the state before the property's final disposition. The amount of surplus property transferred to DPW has also been increasing since FY 95. Most notably, several large state hospital campuses (e.g. Fairfield Hills, Norwich, and Seaside Heights) accounting for several million square feet, are now under the department's care and control.

It is important to note the level of facilities management services necessary for surplus properties is different than nonsurplus facilities. A fully occupied facility in continuous operation takes more resources to manage than vacant or partially occupied surplus facilities. This does not mean surplus properties are without staffing and budgetary expenses, but that they are less resource-intensive than fully operating properties. Figure V-1 shown above provides the total space managed, including surplus property.

Figure V-2 compares the total amount of space managed with the amount of surplus property for FYs 95-00. The figure shows surplus property under DPW's care and control has

increased from 217,600 square feet in FY 95 to 3.1 million in FY 00. This represents an increase of 1,326 percent. During the same period, the amount of nonsurplus property under DPW's care and control rose by 2.4 million square feet, or 126 percent.

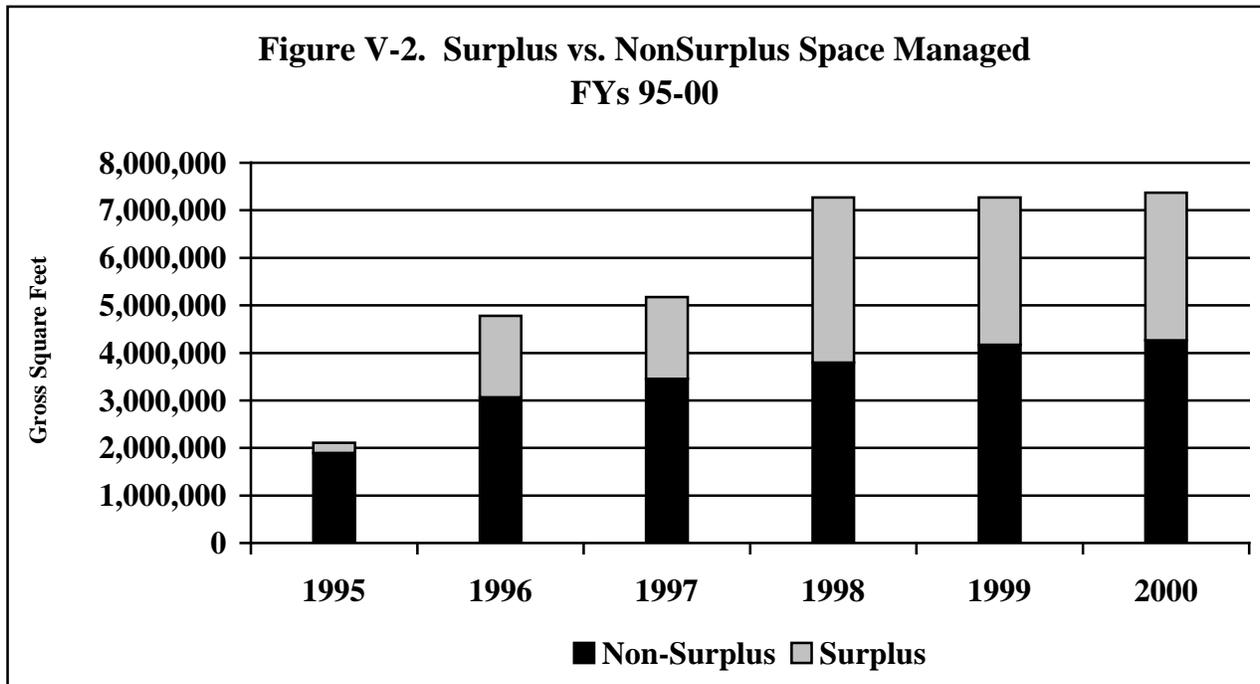
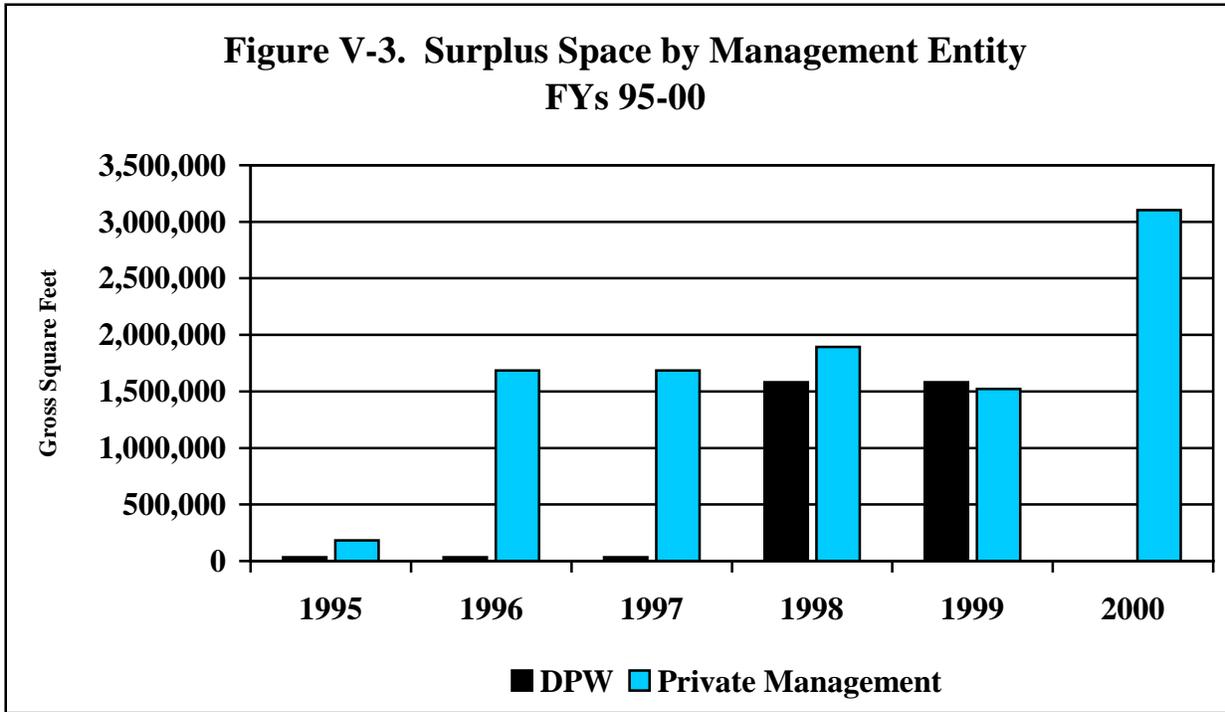


Figure V-2 also shows the amount of space managed has varied from year to year when surplus property is excluded from the total. For example, in FY 95 surplus property accounted for 10 percent (217,600 square feet) of the total space under DPW's care and control. In FY 98, surplus property accounted for almost 48 percent (3.4 million square feet) of the total space managed by DPW. In FY 00, surplus property had declined to just over 42 percent (3.1 million square feet) of the department's facilities management inventory.

Figure V-3 shows surplus space managed by private contractors increased 1,586 percent between FYs 95-00, from 184,000 square feet to 3.1 million. In FY 95, surplus space managed by private contractors accounted for roughly one-third of the total amount of all surplus space. In FY 00, private contractors managed *all* 3.1 million square feet of surplus property.

DPW managed just over 15 percent (34,000 square feet) of all surplus space under DPW's care and control in FY 95. That percentage jumped to 45-50 percent respectively (1.5 million square feet) for FYs 98-99, because of the addition of state hospital campuses as surplus property as mentioned earlier. The amount of surplus space directly managed by DPW dropped to zero in FY 00.



**Summary of Findings: Amount of Space Managed**

- *The amount of space under DPW’s care and control has increased 249 percent between FYs 95-00 – from 2.1 million gross square feet to just under 7.4 million.*
- *DPW has been steadily implementing a program of outsourcing management of facilities under its care and control.*
- *Private management companies managed 92 percent of the space under DPW’s care and control at the end of FY 00 – up from 37 percent in FY 95.*
- *Surplus property under DPW’s care and control increased 1,326 percent between FYs 95-00 -- from 217,600 square feet to 3.1 million. Non-surplus property increased 126 percent -- from 1.9 million square feet to 4.3 million.*
- *Surplus property accounted for 10 percent of the total space under DPW’s care and control in FY 95. In FY 00, surplus property accounted for 42 percent of the total space managed.*
- *In FY 00, private contractors managed all 3.1 million square feet of DPW’s surplus property.*

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## Cost Analysis

The Facilities Management Unit has not conducted a detailed analysis of facilities management costs as part of any overall planning process. Several years ago, the facilities unit began maintaining records regarding the operating expenses of the property management companies it uses. This past fiscal year, the unit began making some very general comparisons of contractor costs with those from BOMA for the Hartford area. The committee was told, however, the analysis is difficult to keep up because the staff performing the analysis has other facilities management responsibilities.

The committee was able to obtain facilities management expense reports from the department's finance unit for fiscal years 1995 through 2000. The reports provide the basis for the cost analysis presented below.

**Overall facilities management expenses.** Figure V-4 shows the trend in net expenditures incurred by DPW for its facilities management services. Net expenditures are those directly attributable to DPW for facilities services. The expenses analyzed include all personal services and other expenses, and account for reimbursements made to DPW from other state agencies. Overall, DPW's net expenditures for managing facilities under its care and control totaled \$20.1 million for FY 00. This represents a 128 percent increase from the \$8.8 million spent in FY 95. As mentioned earlier, the department began increasing its use of private management companies to manage its steadily-growing inventory of property under DPW's care and control in the mid-1990s. Thus the large increase in expenditures between FYs 95 and 96.

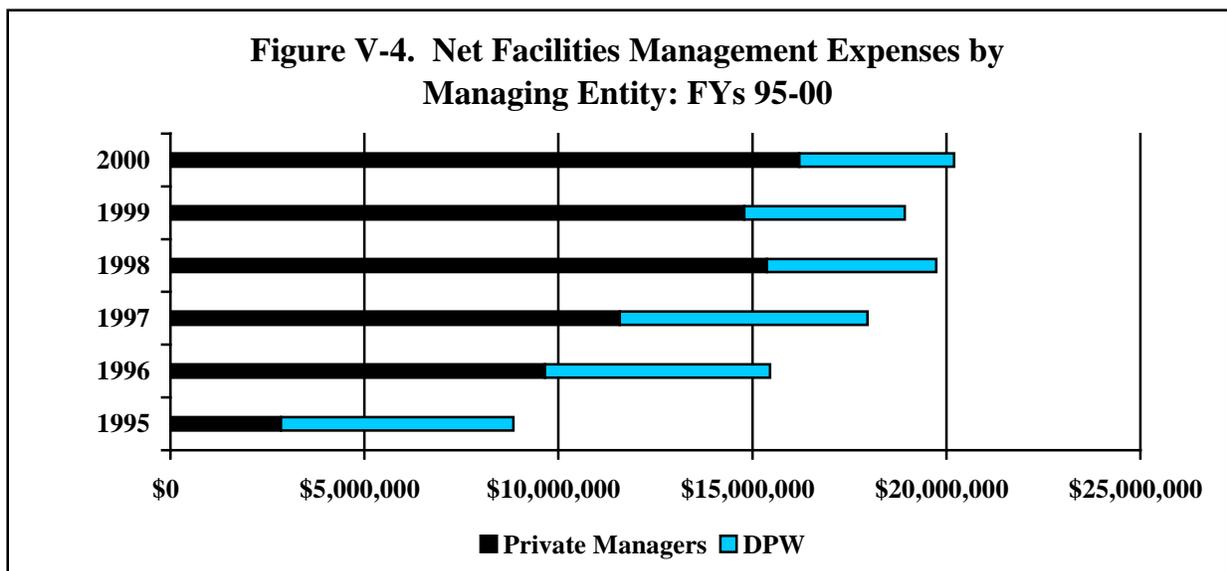
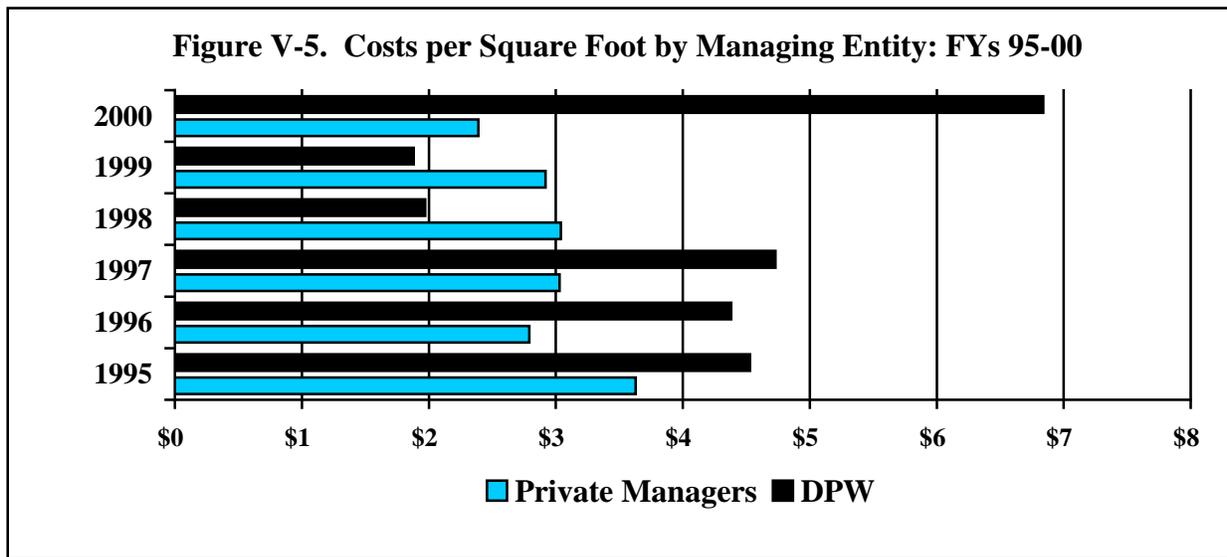


Figure V-4 also highlights facilities management expenditures by managing entity. Expenditures for facilities directly managed by DPW have decreased by one-third since FY 95, to the five-year low of \$4 million in FY 00.

Expenditures for private managers steadily increased over the time period analyzed. In FY 95, DPW spent just over \$2.8 million on outside property management contractors. In FY 00, the department spent \$16.2 million – an increase of 469 percent – reflecting the increased-use of private management companies.

**Costs per square foot.** At the recent program review committee public hearing on facilities management, the DPW commissioner testified private companies perform facilities management services “cheaper” than DPW. Although the Facilities Management Unit does not maintain adequate data for such analysis, committee staff reviewed cost information obtained from the department’s financial management unit.

Figure V-5 illustrates total square foot costs, broken down for DPW and private managers. In all but FYs 98-99, private managers performed facilities management services less expensively than DPW.



The committee believes the aberrations in FYs 98 and 99 were due to the large increase in surplus property directly managed by DPW during those two years. (A more detailed analysis of the effects of surplus property on costs is provided later in this chapter.) The committee also believes the considerable difference in cost per square foot for FY 00 is due in part to: 1) the absence of surplus property from DPW’s direct management responsibilities (as noted earlier, FY 00 marks the low point in the overall number of square feet directly managed by DPW); and 2) the department having the same number of staff as in FYs 98-99 when the number of square feet managed was considerably higher than FY 00.

**Surplus property.** Figure V-6 provides costs per square foot when surplus property is excluded. This was done to account for any differences surplus property may have on costs.

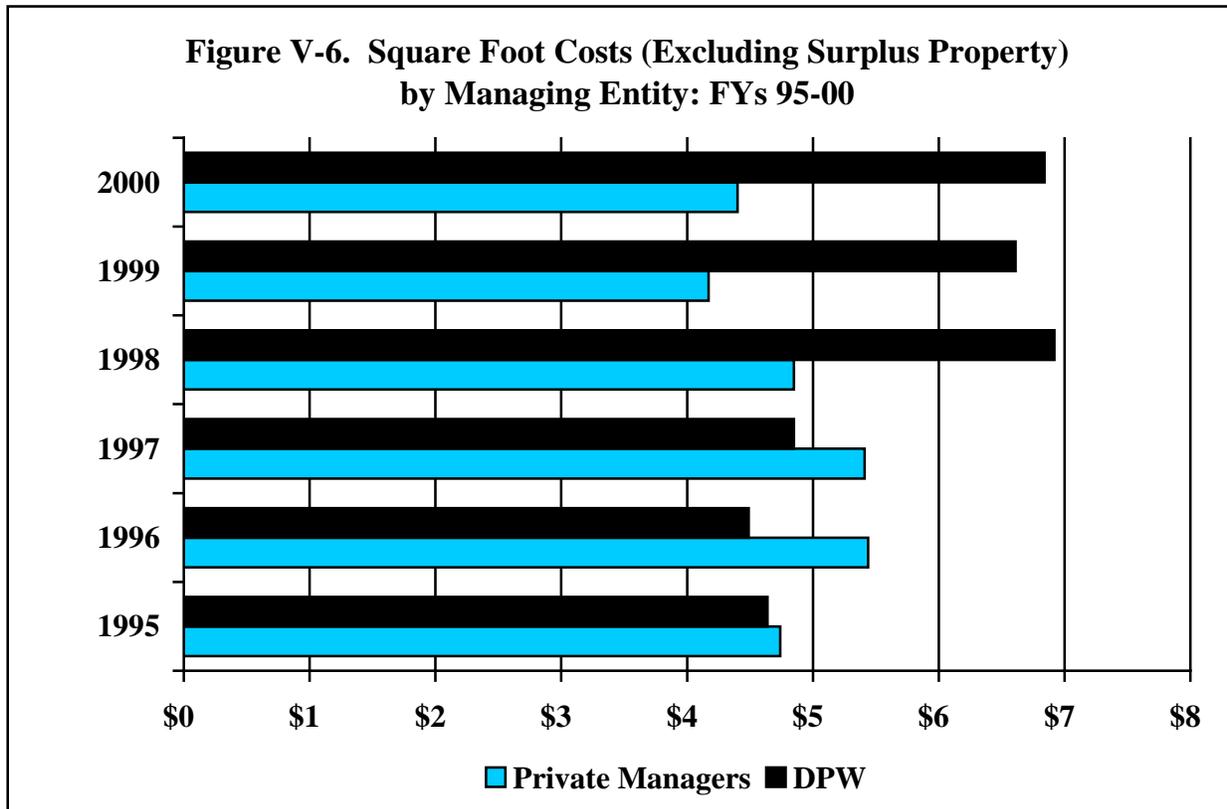


Figure V-6 shows DPW’s cost per square foot cost was lower than that of the private managers in FYs 95-97. During these years, DPW managed roughly 1.3 million square feet of space, excluding surplus property. Since FY 98, DPW’s square foot costs increased well beyond those of private contractors. Although private contractors have managed increased amounts of surplus property since FY 95, the amount of non-surplus property has also increased, helping keep costs at a relatively constant level, as illustrated in the figure.

**Private sector cost comparisons.** Facilities management costs incurred by DPW were compared with average property management costs for 17 private sector buildings located in Hartford. The private sector costs were published by the Building Owners and Managers Association in its “2000 Experience Exchange Report.”

The time frame used in the analysis differs somewhat between BOMA and DPW. The BOMA calculations are based on the 1999 calendar year, while DPW figures are for the 1999 state fiscal year, which ran through June 30, 1999. As such, only six months of 1999 actually overlap between the BOMA and DPW figures.

The DPW expense information includes only specific types of properties to make the comparisons between the department and private sector facilities management cost information more balanced. State-owned properties included in the analysis are properties classified by DPW as either Class A and Class B, and within the Hartford area. Properties directly managed by DPW were also excluded, because relevant cost data are not tracked -- only properties managed by private companies hired by DPW were used for this particular analysis.

The DPW information examined is based on gross expenditures rather than net expenditures, since the BOMA report only uses gross expense data. Gross expenses for properties under DPW's care and control are the total costs to *all* state agencies, not just DPW, for facilities management services provided by the department. Gross expenses do not account for reimbursements to DPW from other agencies. Net costs, as used in the analysis provided earlier in this chapter, are the actual DPW expenditures for facilities management services. Net costs are calculated by subtracting the amounts reimbursed to DPW from the total expenditures.

Table V-1 shows the various characteristics of the buildings used for this analysis.

<b>Table V-1. Building Characteristics used in DPW/Private Sector Cost Analysis</b>		
	<b>DPW</b>	<b>Private Sector</b>
Number of buildings	10	17
Total Square Footage	1.8 million	6.8 million
Gross Operating Expenses	\$8.5 million*	\$45.7 million (est.)**
* This figure is calculated using the year-end operating expense totals for each of the six facilities management line items analyzed (cleaning, repairs/maintenance, utilities, roads/grounds, security, and administration).		
**Although gross operating expenses do not directly appear in BOMA report, this figure is estimated by multiplying the average square foot operating costs for the six categories (\$6.66) by the total square feet of the 17 buildings in the BMOA report (6,868,382).		

Property management costs for DPW and the private sector buildings were analyzed in several ways, including:

- comparing overall operating costs on a per square foot basis for DPW properties and private sector properties; and

- analyzing square foot costs between DPW and the private buildings for several key facilities management expense categories, which include cleaning, repairs/maintenance, security, utilities, roads/grounds, and administration.

Figure V-7 compares the square foot operating costs for the 10 DPW buildings with the 1999 average costs for the 17 private sector buildings in Hartford represented in the BOMA report. The figure shows DPW with a lower overall square foot cost than the private buildings, based on the six facilities management categories. The operating cost for DPW buildings is calculated at \$4.80 a square foot. Using the same six categories, the total average operating cost per square foot for the private sector buildings is \$6.66 – or 39 percent greater.

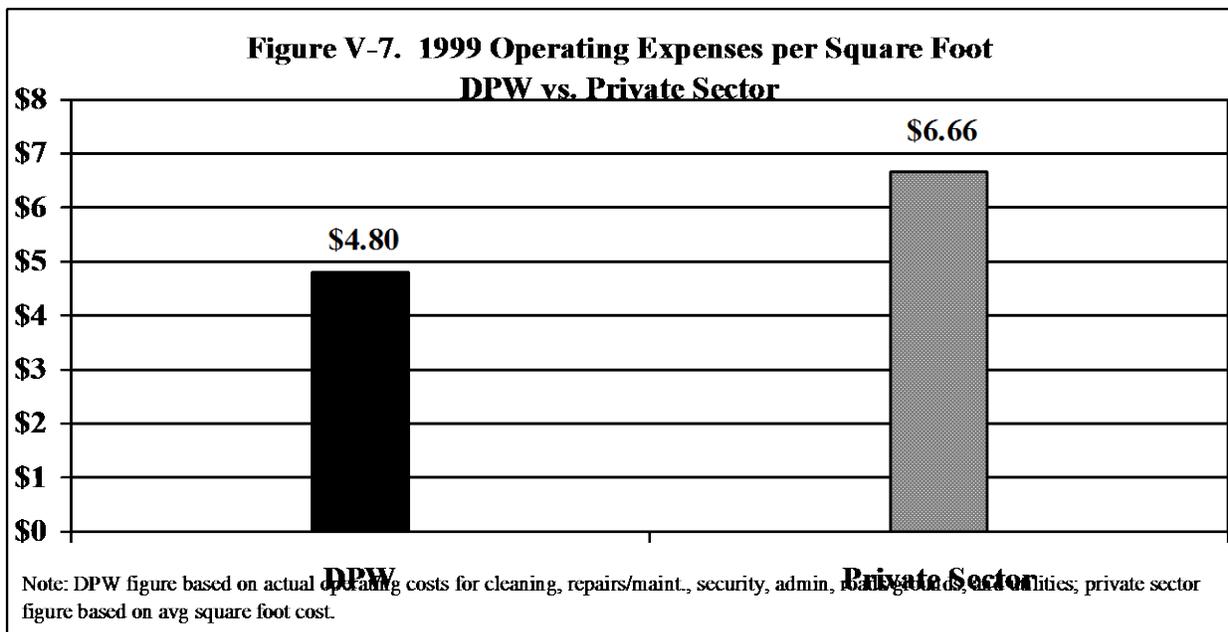
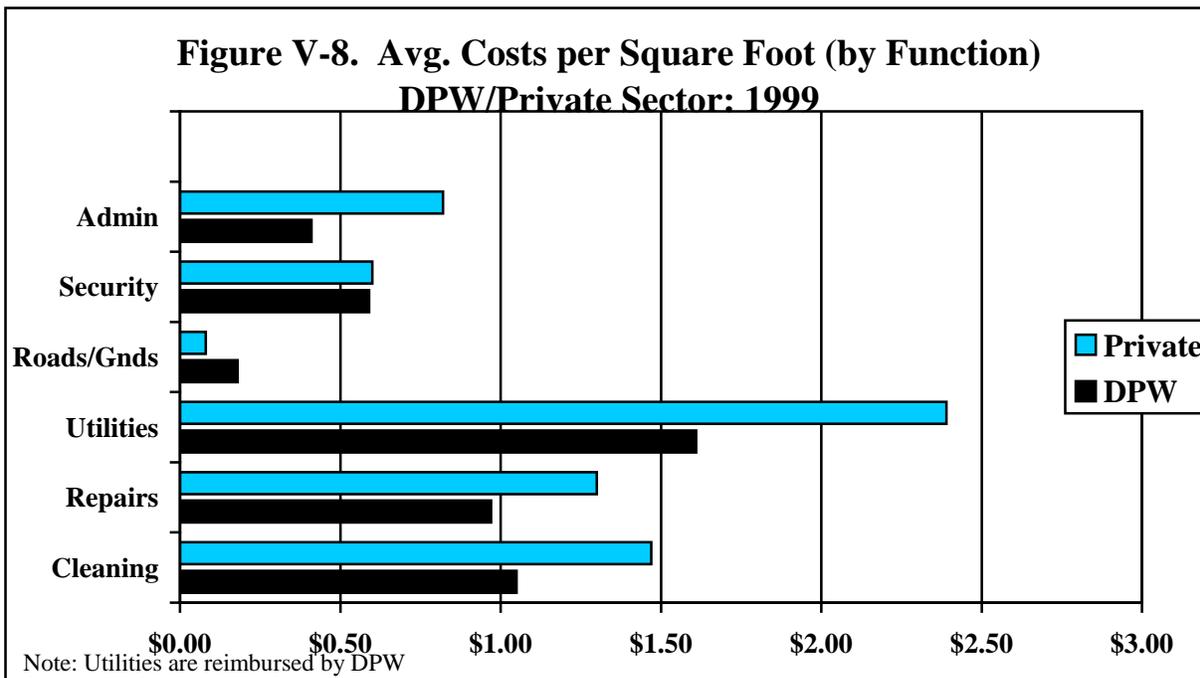


Figure V-8 compares average operating expenses per square foot for DPW with the average costs for the private sector properties by line item using the six facilities management services outlined above. DPW shows lower costs in all but the roads/grounds category.

It is important to note, although Figure V-8 shows DPW with lower costs in most of the facilities management functions analyzed, the figure does not account for the overall quality or level of services provided. For example, even though DPW has an operating cost/square foot for cleaning that is almost 40 percent lower when compared to the private sector buildings, the level of cleaning at DPW buildings may be much lower than that at the private buildings, or the experience level of the cleaning staff at DPW buildings may be lower and thus less expensive.



**Summary of Findings: Cost Analysis**

- Net expenditures for managing facilities under DPW’s care and control increased 128 percent between FYs 95-00 – from \$8.8 million to \$20.1 million.
- Expenditures for facilities directly managed by DPW decreased by one-third, from \$6 million in FY 95 to the current five-year low of \$4 million in FY 00.
- DPW spent just over \$2.8 million on outside property management contractors in FY 95 and \$16.2 million in FY 00 – an increase of nearly 470 percent. This is further confirmation DPW is increasing its use of private management companies to manage facilities under the department’s care and control.
- Between FYs 95-00, private managers hired by DPW performed facilities management services less expensively than the department, except for FYs 98-99 (The committee believes, however, these are aberrations based on several factors highlighted above.)
- DPW’s square footage costs were lower than those of private managers in FYs 95-97 when surplus property was excluded from the analysis. Costs per

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*square foot for DPW have since increased beyond those of the department's private contractors.*

- *Compared with private sector buildings, and using selected facilities management services, total operating cost for DPW buildings is \$4.80 a square foot, while the average cost for private sector buildings is \$6.66 – or 39 percent greater.*
- *DPW shows lower costs than private sector buildings in all facilities management service categories except roads/grounds. (Lower costs do not necessarily equate to comparable quality or level of service, which is not accounted for in this analysis.)*

### Building Operations Survey

The program review committee surveyed tenant representatives in buildings under DPW's care and control. Each agency within a building selects a person to represent the agency regarding building operation issues. The representative has contact with the building's property manager, except for instances where DPW directly manages the building.

The purpose of the survey was to collect information about the general upkeep of buildings under DPW's care and control. The survey covered several different areas relating to building operations, including interior and exterior cleanliness, custodial services, maintenance, and security.

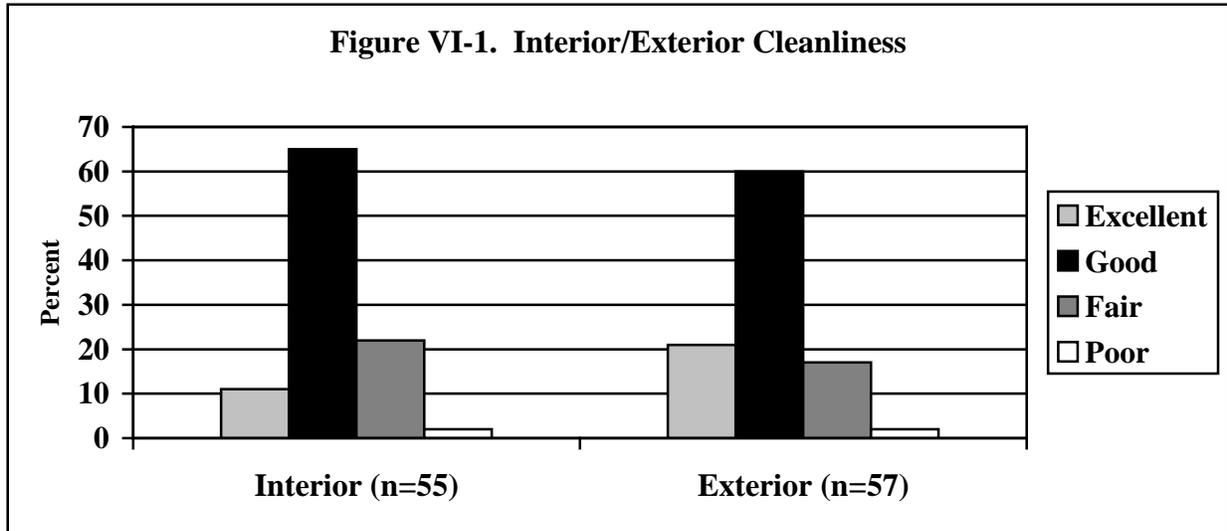
Eighty-seven surveys were distributed, 58 were returned for a 67 percent response rate. Tenant representatives who were DPW employees were not surveyed. Although representatives in buildings both directly managed by DPW and managed by private contractors were surveyed, the analysis combines all responses. Due to the limited number of responses from building representatives in buildings directly managed by DPW, an analysis of only those buildings was not statistically meaningful. A full accounting of the survey results is found in Appendix C.

It is important to mention, DPW conducted an extensive survey and analysis of building operations in 1996. A detailed analysis outlining problem areas was done for each building. The information was provided to building managers, yet no follow-up was ever conducted by the department. The commissioner testified to the program review committee the survey consumed too many resources and could not be done on a regular basis. Without proper follow-up, the committee believes the original 1996 DPW survey is a wasted effort. No formal plan was ever put into place to ensure the necessary building repairs or changes would be made. Without a formal plan to upgrade building operations, the survey results are virtually useless. Further, as time passes without follow-up by DPW, the survey results will become outdated and the department will have forgone a valid and important opportunity to improve the buildings under its care and control.

#### Cleanliness

The survey revealed 76 percent of the tenant representatives believed the interior cleanliness of their buildings was either "excellent" or "good," while 22 percent believed it was "fair." Only 2 percent of those surveyed believed it was "poor." For exterior cleanliness, 81 percent of the representatives responded their buildings were either "excellent" or "good," while only 2 percent said it

was “poor.”



Tenant representatives were also asked whether the overall cleanliness of their buildings had “improved,” “remained the same,” “deteriorated,” or “fluctuated” over the past year. Twenty-nine percent of the 56 respondents said overall cleanliness had improved, and 50 percent said it remained the same. Sixteen percent believed it deteriorated.

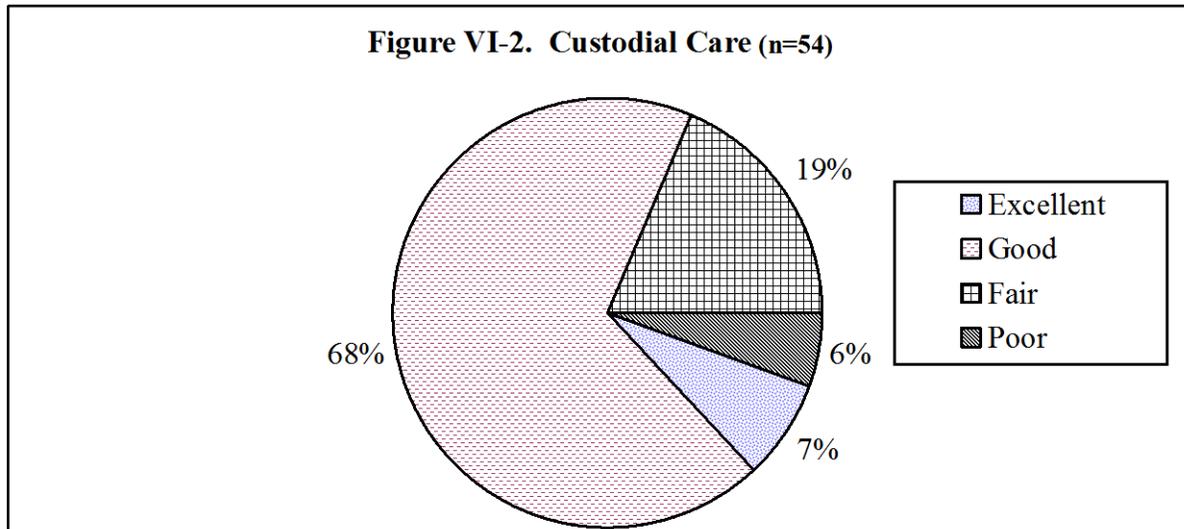
### **Custodial Care**

Figure VI-2 shows how the tenant representatives rated custodial care within their buildings. Over two-thirds of those responding indicated custodial services were “good.” Almost a quarter said such services were either “fair” or “poor.”

Satisfaction levels for various custodial services provided in buildings under DPW’s care and control were also examined. The services included:

- vacuuming;
- cleaning walls;
- cleaning windows;
- emptying garbage;
- cleaning and waxing floors;

- refilling bathroom supplies; and
- shampooing carpets.



The survey results showed several areas where customers were not satisfied and thought custodial services in those areas were poor. For example, wall cleaning, window cleaning, and carpet shampooing all had higher “poor” ratings than the other services. Nineteen percent of the tenant representatives indicated wall cleanliness and window cleanliness were “poor.” Carpet shampooing, however, received the worst ratings. A full 37 percent of the respondents rated this service as “poor.”

Several custodial services received high satisfaction ratings. Ninety-one percent of the tenant representatives rated refilling bathroom supplies as either “excellent” or “good,” while 70 percent had similar ratings for overall bathroom cleanliness. Garbage emptying also received favorable ratings, with 92 percent rating it either “excellent” or “good.”

**Custodial problems.** Tenant representatives were asked whether they have reported problems with custodial services within the past year. Of the 54 responses, 42 (77 percent) said “yes.” The survey asked the representatives to: 1) rate the overall response times to fix the problems; and 2) indicate how satisfied they were with the outcomes. Figures VI-3 and VI-4 show the responses.

Figure VI-3 indicates 74 percent of those having problems with custodial work considered the response time to fix the problem(s) was either “excellent” or “good.” A full quarter, however, thought response time was only “fair” or “poor.”

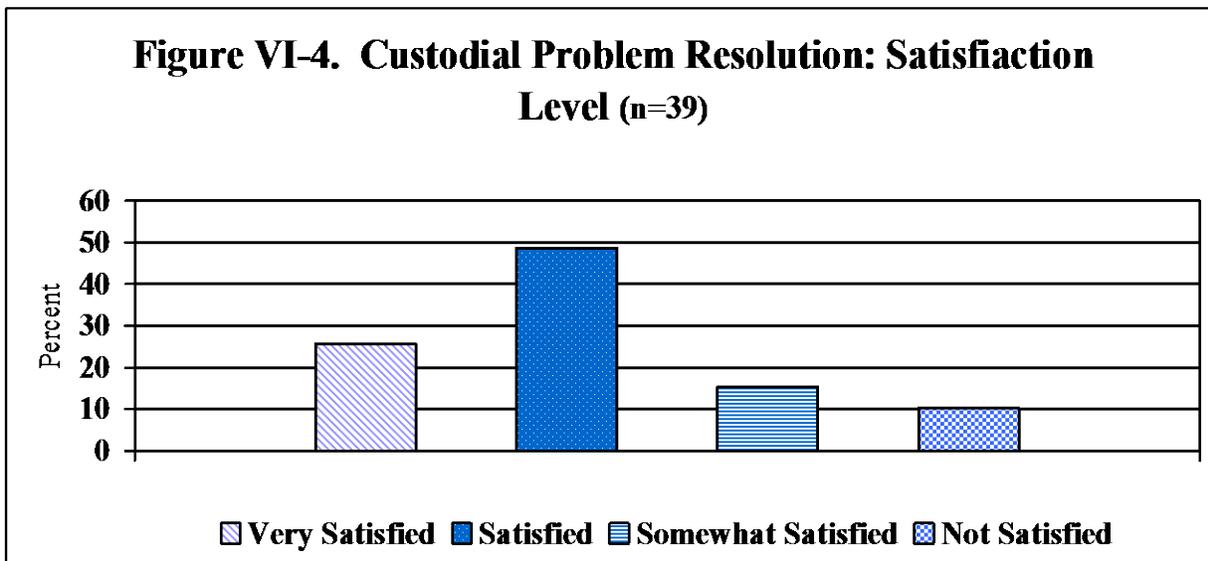
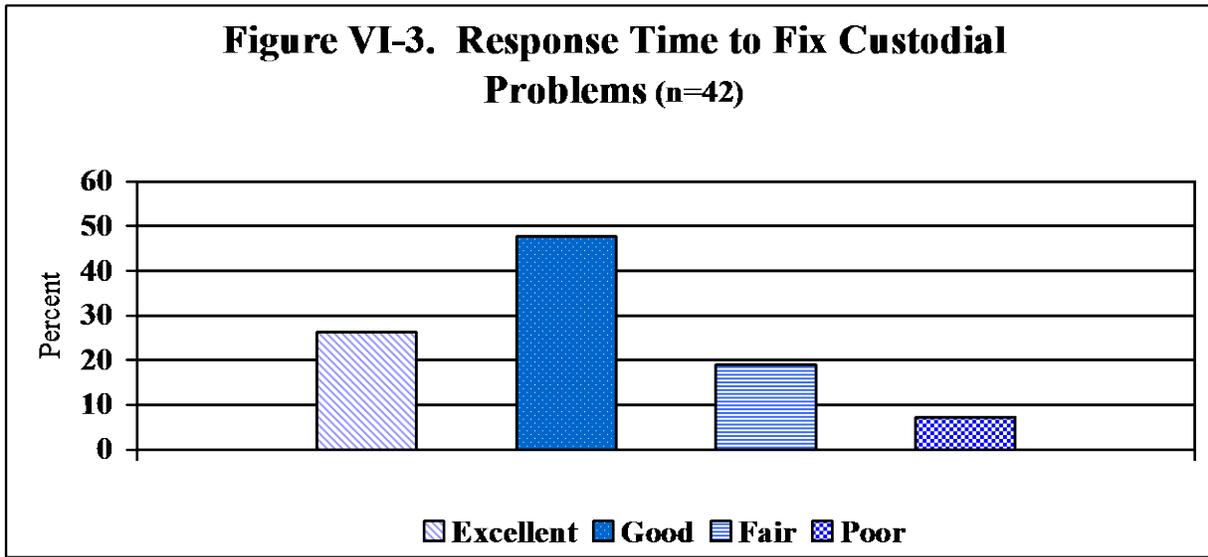
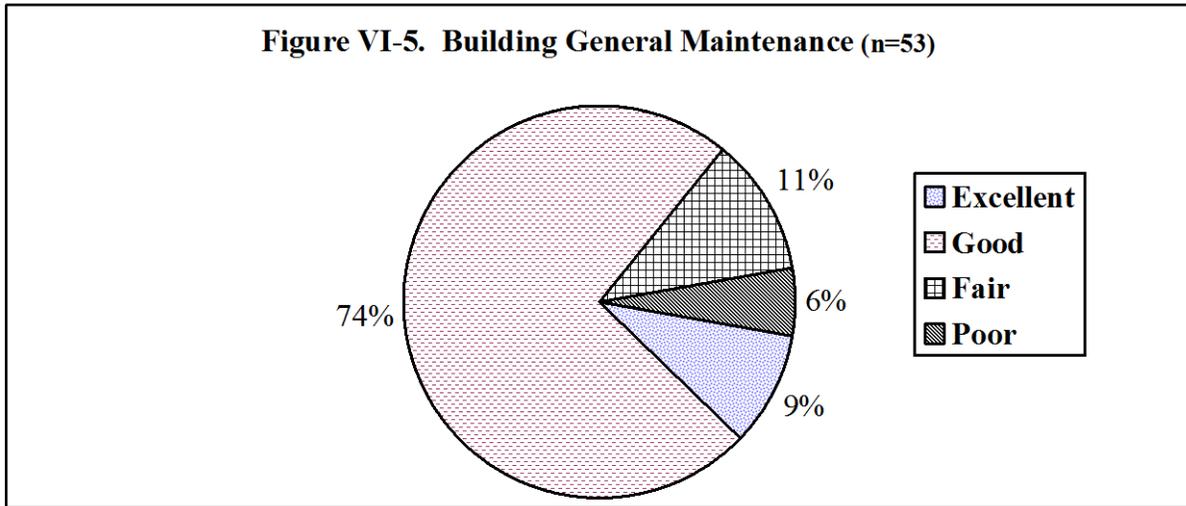


Figure VI-4 shows how satisfied respondents were with the outcomes of the custodial work. The results were similar, with three-quarters saying they were either “very satisfied” or “satisfied” with how well their custodial service problems were resolved.

**Maintenance**

Tenant representatives were asked to rate building maintenance. Figure VI-5 shows 83 percent believe maintenance in their buildings is either “excellent” or “good.”



Satisfaction levels for various maintenance areas in buildings under DPW’s care and control were also examined. The services included:

- interior painting
- interior lighting
- flooring/carpeting
- plumbing (water temp./pressure, etc.)
- landscaping
- outside trash removal
- exterior painting
- exterior lighting
- internal electrical (enough outlets, etc.)
- ceilings
- parking area
- snow removal

Overall, the survey results show tenant representatives rated maintenance services favorably. For all of the maintenance areas listed above except flooring and carpeting, at least two-thirds of the respondents rated the service either “excellent” or “good.” Only 41 percent considered flooring/carpeting as “excellent” or “good.”

The maintenance areas with the most “excellent” or “good” ratings were: trash removal (93 percent), parking area and snow removal (88 percent), exterior lighting (80 percent), and interior lighting and plumbing (79 percent).

**Maintenance problems.** Similar to custodial services, tenant representatives were asked whether they had reported problems with maintenance services within the past year. Of the 56 responses to the question, 91 percent had done so. The survey also asked the representatives to: 1) rate the overall response times to fix the maintenance problems; and 2) how satisfied they were with the outcomes. Figures VI-6 and VI-7 show the responses.

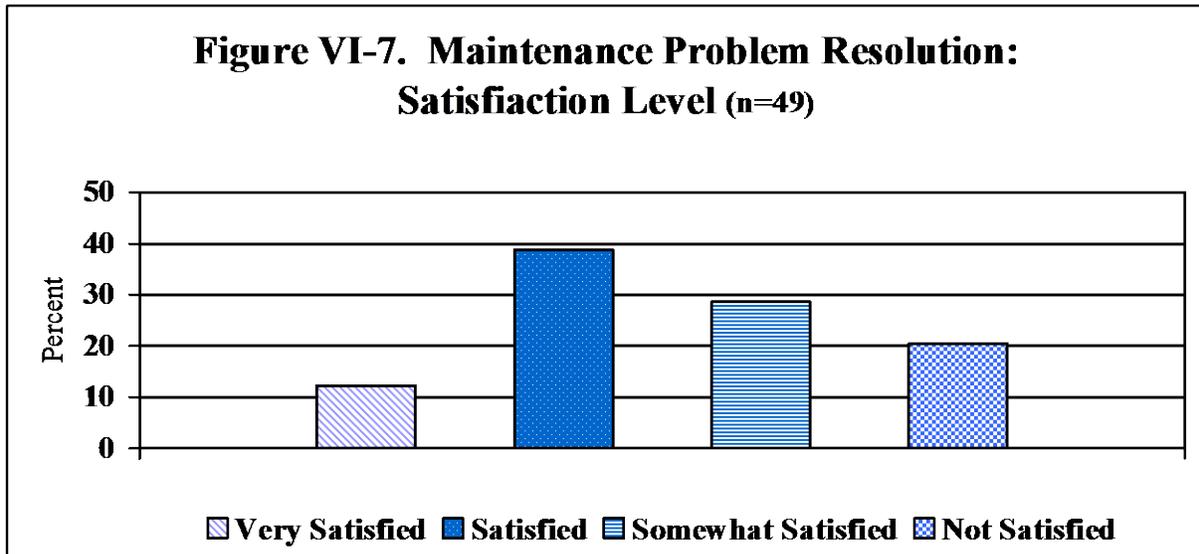
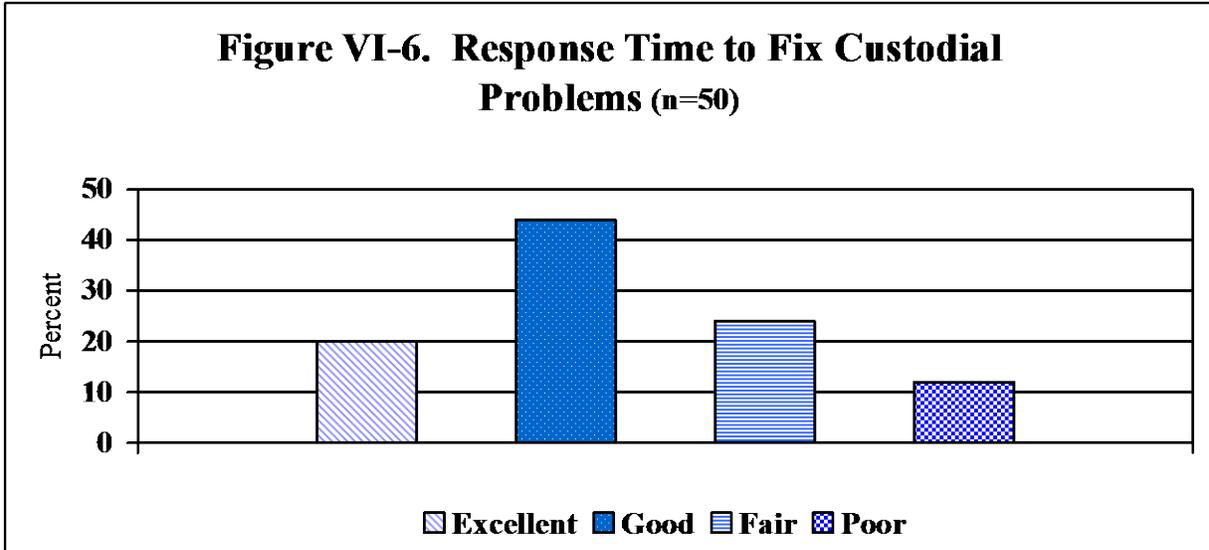


Figure VI-6 indicates 64 percent of the tenant representatives said the response time to fix maintenance problems was either “excellent” or “good.” More than a third, however, thought response time was only “fair” or “poor.”

Figure VI-7 shows how satisfied respondents were with the outcomes of the maintenance work. The figure reveals half of the tenant representatives responded “very satisfied” or “satisfied” with how well their custodial service problems were resolved, while the other half said were either “somewhat satisfied” or “dissatisfied” with maintenance outcomes.

**Comfortable building temperature.** Maintaining a consistent temperature level within buildings is a significant concern with tenants. Buildings that are too hot or too cold are contributors to undesirable working conditions. The survey questioned tenant representatives if

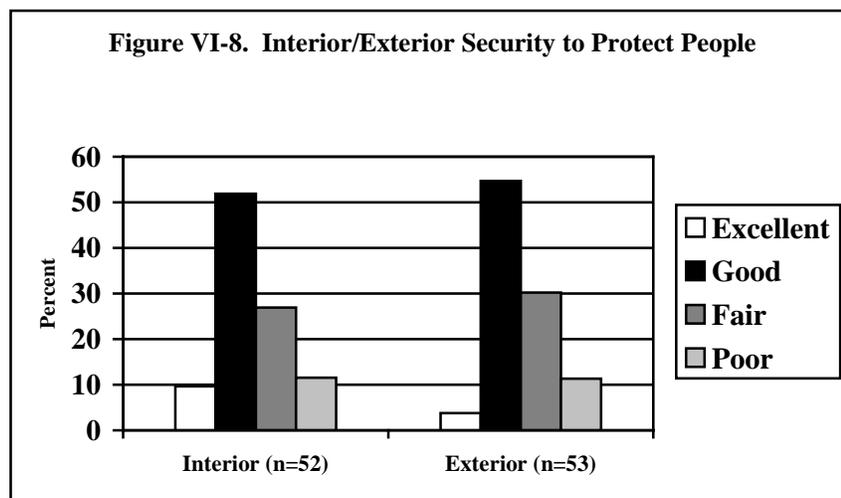
the temperatures within their buildings remain comfortable. Of the 55 responses received for this question, only one-third said temperatures remain comfortable within their buildings.

**Preventative maintenance program.** The survey asked tenant representatives whether they were aware of the existence of a routine preventative maintenance program being conducted by the entity responsible for managing the facility. Of the 53 responses to the question, 43 percent of the tenant representatives said they were aware such a program existed for their building.

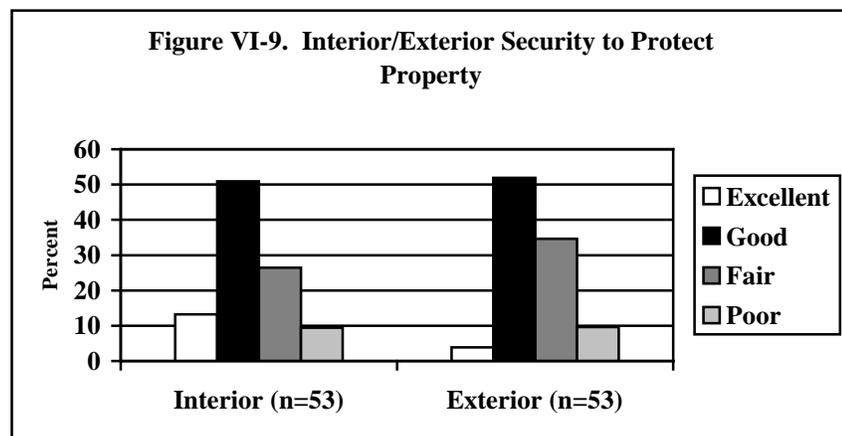
## Security

The last building operation area tenant representatives were queried about was security. Specifically, the level of security to protect the people and property inside and outside of the buildings under DPW’s care and control.

Figures VI-8 illustrates tenant representatives’ responses regarding security. The results were comparable for interior and exterior security. Sixty-two percent considered the level of interior security to protect *people* as either “excellent” or “good,” while 58 percent rated exterior security “excellent” or “good.”



Figures VI-9 shows 64 percent of tenant representatives considered the level of security to protect *property* inside buildings was either “excellent” or “good,” while 56 percent said exterior security to protect property was “excellent” or “good.”



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### ***Summary of Findings: Building Operations Survey***

- *Overall, there is a general acceptance among tenant representatives surveyed custodial services and building maintenance are considered either “good” or “excellent.”*
- *The primary custodial service areas needing improvement in buildings under DPW’s care and control include window cleaning, wall cleaning, and cleaning/shampooing carpets.*
- *The primary maintenance category needing attention is the overall condition of flooring and carpeting. There was also a low satisfaction level among respondents with the outcomes of maintenance service when conducted within their buildings. Only a third of the respondents indicated a comfortable interior temperature was maintained.*
- *Interior and exterior security protecting people and property was mostly considered “good” or “excellent.”*
- *DPW conducted its own extensive survey of building representatives in 1996, yet no formal plan or follow-up program was ever implemented.*

LPRIC 1986 Study	In Place Now	In DPW's Business Plan
<u>Contract out private management</u> whenever feasible	<p><u>Yes</u> - In 1986 the department supervised approximately 2.3 million sq. ft., all managed in-house.</p> <p>In year 2000, the department supervises approximately 7.3 million sq. ft., 2.1 million in-house and 5 million with property management firms. (See Exhibit A.)</p>	<u>Yes</u>
<u>Establish a database</u> for completed inspections for each building	<u>No</u>	<u>Yes</u> - If resources are available, as requested in the department's budget request for FYs 2001 - 2002.
<u>Establish a cost accounting system</u> for allocation of staff, equipment and expenses for each building	<u>Yes</u> - DPW Financial Management allocates and tracks all costs to individual sites. (See Exhibit B.)	<u>Yes</u>
<u>Develop a five year cyclical plan</u> for evaluating and reporting on the structural integrity, mechanical system, safety features, code compliance and general appearance of each building	<u>Partial</u> - DPW has a two-year minor and major capital plan related to infrastructure improvements required for FYs 2001 - 2002 totaling approximately \$40M over the two-year period.	<u>Yes</u> - - If resources are available, as requested in the department's budget request for FYs 2001 - 2002.
<u>Develop a maintenance plan</u> for each building with priority ranking and cost and completion estimates	<u>No</u>	<u>Yes</u> - If resources are available, as requested in the department's budget request for FYs 2001 - 2002

<b><u>Develop a plan to implement the preventative maintenance program</u></b>	<b><u>Partial</u></b> - The property management firms provide preventative maintenance under current contracts.	<b><u>Yes</u></b> - If resources are available, as requested in the department's budget request for FYs 2001 - 2002, preventative maintenance plans will also be implemented for DPW managed buildings.
<b><u>Develop a custodial supervision program</u></b>	<b><u>Partial</u></b> - The property management firms provide this service.	<b><u>Yes</u></b> - If resources are available, as requested in the department's budget request for FYs 2001 - 2002, a custodial supervision program will also be implemented for DPW managed buildings.
<b><u>Require agencies to appoint a liaison with the central facilities management unit and meet annually to discuss need/problems.</u></b>	<b><u>Yes</u></b> - All DPW supervised buildings have building liaisons. Buildings with private management firms hold monthly meetings.	<b><u>Yes</u></b> - - If resources are available, as requested in the department's budget request for FYs 2001 - 2002, DPW managed buildings will also hold monthly meetings.
<b><u>Prepare a maintenance manual for each building</u></b>	<b><u>Partial</u></b> - The property management firms provide preventative maintenance under the terms of the contract.	<b><u>Yes</u></b> - - If resources are available, as requested in the department's budget request for FYs 2001 - 2002, DPW managed buildings will also receive systemized preventative maintenance.
<b><u>Evaluate the structural integrity, mechanical systems, safety features, code compliance and appearance of buildings over 2,500 sq. ft. every five years, with a report generated by the evaluation team.</u></b>	<b><u>Partial</u></b> - DPW has a two-year minor and major capital plan related to infrastructure improvements required for FYs 2001 - 2002 totaling approximately \$40M over the two-year period.	<b><u>Yes</u></b> - If resources are available, as requested in the department's budget request for FYs 2001 - 2002.
<b><u>Require state agencies to report periodically on the condition of their buildings</u></b>	<b><u>No</u></b> - DPW does not have the statutory authority to require agencies to report.	<b><u>No</u></b> - DPW does not have the statutory authority to require agencies to report. *
<b>*As a result of discussions with OPM, DOIT and the Comptroller's Office concerning how to address the state's real property information needs, DPW requested \$12M in the department's budget proposal for FYs 2001 - 2002 to support the statewide Real Property Management System (RPMS).</b>		

**DEPARTMENT OF PUBLIC WORKS**

**ORAL PRESENTATION QUESTIONS**

**11 SHUTTLE ROAD**

**FARMINGTON**

The following questions are to be addressed during the Oral Presentation:

1. What is the skill of the property manager, include experience in construction management and also crisis management (give an example of an incident that required a log of events), also additional assignments at other than State properties.
2. Experience and a table of organization of the project team and how they network with the parent firm. How they're structured to take on this assignment, a table of organization within the project building itself, a table of organization above the property manager.
3. Resources available to the property manager, internal and external.
4. Experience with an automated work control system as it pertains to preventative maintenance, corrective maintenance, data management and building automation. The firm's experience with energy management systems implemented in similar type facilities and cost avoidance opportunities in operations and maintenance activities associated with this property.

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**LEGISLATIVE PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE**  
**DEPARTMENT OF PUBLIC WORKS: FACILITIES MANAGEMENT STUDY**  
**TENANT REPRESENTATIVE SURVEY: DPW BUILDINGS (N=58)**

**General**

1. How long have you worked at this address? (n=57) (5 years avg.)
2. How long have you been your agency/organization's tenant representative at this address?  
(n=55) (5 years avg.)

**Cleanliness**

3. Please rate your building's *interior* cleanliness: (n=55)

Excellent (11%)      Good (65%)      Fair (22%)      Poor (2%)

4. Please rate your building's *exterior* cleanliness: (n=57)

Excellent (21%)      Good (60%)      Fair (18%)      Poor (2%)

5. Over the past year, the cleanliness of your entire building has: (n=56)

Improved (29%)      Remained the same (50%)      Deteriorated (16%)      Fluctuated (5%)

6. Please rate the current *custodial care* of your building? (n=54)

Excellent (7%)      Good (69%)      Fair (19%)      Poor (6%)

7. Please rate the following custodial services for your building:

Service	Excellent	Good	Fair	Poor
Vacuuming (n=52)	8%	42%	40%	10%
Cleaning walls (n=47)	4%	32%	45%	19%
Cleaning bathrooms (n=53)	8%	62%	25%	6%

Cleaning windows (n=52)	2%	46%	33%	19%
Emptying garbage (n=53)	43%	49%	8%	0%
Cleaning/waxing floors (n=50)	6%	62%	30%	2%
Refilling bathroom materials (n=53)	17%	74%	9%	0%
Shampooing carpet (n=49)	2%	29%	33%	37%
Other (please specify)				

8. As tenant representative, are you aware of any problems with custodial work *over the past year?* (n=52) Yes (48%) No (52%)

If yes, please explain: \_\_\_\_\_

9. Have you reported any custodial problems (cleanliness, supplies, etc.) for your agency/organization *within the past year?* (n=53) Yes (77%) No (23%)

If yes, how would you rate the overall response time(s) to fix the problem(s)? (n=42)

Excellent (26%) Good (48%) Fair (19%) Poor (7%)

If yes, how satisfied were you with the outcome(s):

Very Satisfied (26%) Satisfied(49%) Somewhat Satisfied (15%) Not Satisfied (10%)

10. Who do you first report custodial problems to when they occur? \_\_\_\_\_

### Maintenance

11. Please rate the current *general maintenance* of your building: (n=53)

Excellent (9%) Good (74%) Fair (11%) Poor (6%)

12. Please rate the following maintenance areas for your building:

Building Area	Excellent	Good	Fair	Poor
Interior painting (n=55)	(5%)	(62%)	(25%)	(7%)
Exterior painting (n=42)	(10%)	(57%)	(14%)	(19%)

Interior lighting (n=56)	(18%)	(61%)	(18%)	(4%)
Exterior lighting (n=54)	(13%)	(67%)	(19%)	(2%)
Flooring/carpeting (n=56)	(5%)	(36%)	(43%)	(16%)
Internal electrical (enough outlets, etc.) (n=58)	(17%)	(52%)	(19%)	(12%)
Plumbing (water temp., pressure, etc.) (n=57)	(14%)	(65%)	(14%)	(7%)
Ceilings (n=56)	(14%)	(59%)	(20%)	(7%)
Landscaping (n=58)	(19%)	(57%)	(19%)	(5%)
Parking area (n=56)	(13%)	(57%)	(18%)	(13%)
Outside trash removal (n=55)	(16%)	(76%)	(5%)	(2%)
Snow removal (n=56)	(18%)	(70%)	(9%)	(4%)
Other (please specify)				

13. As tenant representative, are you aware of any problems with repair work *over the past year*? (n=55) (47%) Yes (53%) No

If yes, please explain: \_\_\_\_\_

14. Have you reported a mechanical problem (heat, air conditioning, electric, plumbing, etc.) for your agency/organization *within the past year*? (n=56) Yes (91%) No (9%)

If yes, how would you rate the overall response time(s) to fix the problem(s)? (n=50)

Excellent (20%) Good (44%) Fair (24%) Poor (12%)

If yes, how satisfied were you with the outcome: (n=49)

Very Satisfied (12%) Satisfied (39%) Somewhat Satisfied (29%) Not Satisfied (20%)

15. Who do you first report a repair need to when it occurs? \_\_\_\_\_

16. Does your building's temperature remain comfortable throughout the year? (n=55)

Yes (33%) No (67%)

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17. As tenant representative, are you aware of a *routine preventative maintenance program* within your building conducted by the building's property management company? (n=53) Yes (43%) No (57%)

**Other**

18. Please rate the following security-related areas for your building:

Security Area	Excellent	Good	Fair	Poor
Level of security to protect people within your building (n=52)	(10%)	(52%)	(27%)	(12%)
Level of security to protect people on your building's grounds (parking areas, etc.) (n=53)	(4%)	(55%)	(30%)	(11%)
Level of security to protect material from theft/tampering within your building (n=53)	(13%)	(51%)	(26%)	(9%)
Level of security to protect material from theft/tampering on your building's grounds (n=52)	(4%)	(52%)	(35%)	(10%)

19. On average, how often does your building have a fire drill: (n=55)

Never (11%)

Once a year (31%)

2-4 times a year (33%)

More than 4 times a year (13%)

Don't know (13%)



STATE OF CONNECTICUT  
DEPARTMENT OF PUBLIC WORKS



T. R. Anson  
Commissioner

February 7, 2001

Honorable Judith Freedman, Chairperson  
Honorable Jack Malone, Chairperson  
Program Review and Investigations Committee  
210 Capitol Avenue, Room 506  
State Capitol  
Hartford, CT 06106

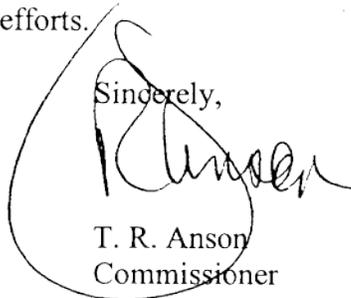
Dear Senator Freedman and Representative Malone:

Enclosed is the Department of Public Works' (DPW) response to the Committee's Facilities Management Report. I am pleased to say that the committee and DPW are substantially in agreement on the direction that the Facilities Management unit should take.

I want to compliment the Committee's staff for performing a difficult task with intelligence and professionalism. I also appreciate the application of their skills to assist DPW in our process improvement.

Thank you again for your attention and your efforts.

Sincerely,



T. R. Anson  
Commissioner

TRA:MMM:/llh

Enclosure

Department of Public Works' (DPW) Responses  
to Legislative Program Review and Investigations Committee's (LPRIC)  
Staff Recommendations

**LPRIC Recommendation No. 1:** DPW should begin developing a fully automated and integrated facilities management database to use as the foundation of a comprehensive management information system. The facilities Management unit, in conjunction with upper level management within the department, should decide on the data elements necessary for establishing a complete and current facilities management inventory system.

The database should become fully operational by January 1, 2002

**DPW Response:** DPW agrees that it has a need for a fully automated and integrated facilities management database. As noted by the Office of the State Auditors, there is also a need for a centralized, integrated statewide real asset inventory system. The three current, statewide inventory systems require agencies to submit information at different times and in different formats with little or no interface.

DPW has included development of a statewide Real Property Management System in its business plan. (See Attachment 1.)

The agency's Process Management staff has completed the first four objectives of the initiative, i.e.:

1. Work with the Office of Policy and Management (OPM), the Office of the State Comptroller (OCS) and the Department of Information Technology (DOIT) to determine the appropriate method for creation of a statewide Real Property Management System (RPMS) for the collection of capital asset financial and physical and operational/cost accounting data on all state real assets.
2. Create a project implementation team, determine the project's structure and decision making process; prepare an Memorandum of Understanding that defines the roles of the respective agencies and coordinate large agency output.
3. Develop a three – five year project plan.
4. Prepare and submit a \$12M capital budget request to finance the development of the Statewide Property Management System to meet the needs of OPM and the OCS and an adjunct to the system (CAFMS) to meet the additional information needs of DPW.

The next steps in DPW's business plan are clarification of the data requirements of DPW, OCS and OPM and coordination of this effort with the Joint Core Replacement Project. This effort can begin July 1, 2001 assuming the funding is in place. It is estimated that it will require one year to complete. (The Joint Core Replacement Project is a combined effort among all state agencies to develop a core financial and human resources program that will allow inter-agency communication. The new program will replace the current Automated Personnel System and the State Agencies Appropriation Accounting System.)

The remaining steps to accomplish the task, e.g. selection of hardware and software, verification of data and population of the database will require another 18 months. DPW anticipates that the system will be fully operational by mid-December 2003.

**LPRIC Recommendation Number 2:** DPW should collect and enter comprehensive inventory information vital to sustain the facility unit's new inventory management database at least quarterly. At a minimum the information should include: (1) comprehensive building assessment data; (2) automated drawings of space configurations within buildings; and (3) health/safety/fire and OSHA reports, maintenance schedules and repair information.

**DPW Response:** In DPW's opinion the inventory database should be updated on an ongoing basis rather than quarterly. The agency does not agree with all of the information recommended to go into the database. For example building assessment data that has not been analyzed and verified should not be included in the database. The same is true of health/safety/fire and OSHA reports, which are also subject to verification. Drawings of space configuration within buildings should be included but, for reasons of security and liability, should be available on a need to know basis.

**LPRIC Recommendation Number 3:** The inventory database information within the Facilities Management unit should be coordinated with, and communicated to, other relevant divisions within the Public Works Department on a frequent basis.

**DPW Response:** DPW agrees that the information should be coordinated with and available to other units within the department but on a need to know basis.

**LPRIC Recommendation Number 4:** The Facilities Management unit shall determine the management information and reports it deems appropriate for internal analysis and planning purposes by July 1, 2001. The unit must ensure the information necessary to fulfill its management reporting requirements is captured in a comprehensive facilities management database.

**DPW Response:** Clarification of the department's data requirements pursuant to DPW's business plan will begin July 1, 2001 once funding for the RPMS is in place. (See response to LPRIC Recommendation No. 1.) Preliminary results will be ready by December 31, 2001. A refined list of information needs will be complete July, 2002.

**LPRIC Recommendation Number 5:** The Facilities Management unit should establish a formal program for obtaining accurate and reliable building assessment information including square footage measurements for all properties under its care and control. The assessments should be performed using in-house resources, outsourcing the work, or a combination of the two. The program should be phased in over a five-year period beginning July 1, 2001 and incorporate each property under the department's care and control. Assessment information for properties coming on-line either during or after the initial five-year period should be accounted for immediately.

**DPW Response:** DPW agrees that accurate and reliable building information such as square footage measurements for its properties is essential. As stated in DPW's response to LPRIC Recommendation Number 2, only confirmed objective data should be included in the database. Assessment information that still requires analysis or verification should not be entered.

**LPRIC Recommendation Number 6:** The initial review process for determining capital repairs conducted by the facilities unit this year should be formalized. The facilities unit should also begin developing capital maintenance plans based on one, five and ten year increments. As part of the planning process, capital projects should be prioritized for budgeting and resource allocation purposes.

**DPW Response:** DPW believes that once the facility unit's inventory management database is established (See DPW's response to LPRIC Recommendation Number 2.) the department will be in a position to develop capital maintenance plans. The Facilities Management unit has determined that the plans should be based on annual increments, i.e. one year plans, two year plans, three year plans, etc.

**LPRIC Recommendation Number 7:** The Facilities Management unit shall establish a structured preventive maintenance program for the DPW properties managed using in-house resources. A component of the program shall include oversight by the unit to ensure preventive maintenance plans for all facilities under the department's care and control are fully implemented.

**DPW Response:** In its Strategic Business Plan, the department included a Risk Asset Management (RAM) unit within the Facilities Management unit. (See Attachment 2.) Its purpose is to develop a capital project improvement and code required plan, with estimates and priorities for all owned sites and buildings to ensure tenant safety and preservation of the buildings. Preventive maintenance schedules developed by contract property managers are currently being evaluated by the Facilities Management unit.

**LPRIC Recommendation Number 8:** The facilities unit shall fully implement a system to regularly analyze property management costs on a regular basis for all properties under DPW's care and control.

**DPW Response:** The department plans to standardize financial reporting for all buildings under its care and control and benchmark against both industry and government data. Standardization plans include:

- Require all property managers to use the same chart of accounts using Building Owners and Managers Association categories.
- Ensure that information from the State Agencies Appropriation Accounting System (or its successor) is compatible with the property managers' standardized chart of accounts.

**LPRIC Recommendation Number 9:** The Facilities Management unit shall develop a structured program for ensuring the performance of property management services for its entire inventory of buildings. The program shall be designed around measurable goals and objectives developed by DPW for each building on an annual basis. The program shall include random spot checks by the facilities unit of the properties under its care and control at least annually to ensure property management performance. The unit should also require property managers to submit for review by the facilities unit annual reports detailing at a minimum: (1) the major property management accomplishments for each building managed; (2) outstanding projects; and (3) complaint information. Performance measures should be developed by July 1, 2001, and regularly monitored.

**DPW Response:** The lack of and need for oversight of the department's contract property managers has been apparent to DPW management. DPW's Strategic Business Plan outlines a monitoring program for contracted property managers. To implement the program DPW requested three positions in its 2001 – 2003 General Fund budget request. (See Attachment 3.) Assuming that the funding is available July 1, 2001 the department expects that the performance measures for contract property managers will be complete by December 31, 2001.

**LPRIC Recommendation Number 10:** The Facilities Management unit should have discretionary authority to require performance surety bonds from property managers at the beginning of each contract cycle. The bonds would be used by the state to ensure contractor performance on a yearly basis. If vendor performance does not meet agreed upon goals, and objectives predetermined by the facilities unit and contractor, DPW would have the option of withholding a specified amount of the bond.

**DPW Response:** DPW's contract with its property managers provides the state a 30 day cancellation clause for any reason. The department feels that this is adequate protection against an unsatisfactory performance by a vendor. There is also a concern that cost of the performance bond to the property managers would be passed on to the state.

## Administration /Risk Management

## Process Management

## Statewide Real Property Management System Objectives

**X. REAL PROPERTY MANAGEMENT SYSTEM (RPMS)**

- 1.16. Administration/Risk Management: RPMS (14)
- 1.16.a. Work with OSC, OPM and DOIT to create a system for the collection of the capital asset financial data and physical and operational /cost accounting data on all State real assets. Clarify benefits of a single, multi purpose, agreed upon statewide inventory database for real property.
- 1.16.b. Create a project implementation team, determine the projects structure and decision-making process. Prepare an MOU that defines the roles of the respective agencies and coordinate large agency input.
- 1.16.c. Develop a three-five year project plan.
- 1.16.d. Obtain approval for bond fund support for \$12 M for the plan roll out by preparing a budget option for FY 01-03.
- 1.16.e. Clarify DPW requirements, including more consistent application of space standards, preventive maintenance planning and tracking, space and occupancy tracking, Property and lease management, space programming and forecasting, executive information systems, CAD drawing interface, 5-year capital planning, documentation of energy efficiency improvements and required deferred maintenance projects, facilities cost assignment and reporting system.
- 1.16.f. Clarify OSC requirements, including streamlining agency record keeping assisting in meeting reporting requirement (CO-59, Fixed Assets/Property Inventory Report/GAAP Reporting Form), accurate reports on assets by agency, by fund and general fixed assets account group, by classification, as well as total assets statewide (dollars and property), cost accounting capital expenditure planning, compliance with GASB Statement No. 34, and higher accountability and control.
- 1.16.g. Clarify OPM requirements.
- 1.16.h. Coordinate this effort with the Joint Core Replacement Project by preparing a program description to accompany the RFP.
- 1.16.i. Validate current building data in the DPW, OPM and OSC databases. Create one joint database for future use.
- 1.16.j. Assist in evaluation and selection of hardware and a software system requiring as few modifications as possible to meet the needs.
- 1.16.k. Reengineer processes to conform to a single base methodology, ensuring integration of OSC, DPW, OPM and state agency needs.
- 1.16.l. Integrate detailed accounting code information into agency-based accounting systems and the Central Accounting System (CAS)
- 1.16.m. Create system for electronic warehousing of information on real property.
- 1.16.n. Verify (and/or have state agencies confirm) the real asset information and populate database.

3. **Risk and Asset Management.** This is new unit created to support both field units and provide centralized databases for buildings, space use, condition, financials, surveys, procedures, etc. It will provide consistent standards, guidelines and procedures for all properties housing state employees and will evaluate and correct any facility risk, such as infrastructure upgrades, budget priorities, environmental permits, safety and security issues and legislative initiatives. It will perform the following services:
- development of the FM budget with supporting detail
  - space use management and cost assignment system
  - preparation of 2-5 year capital improvement plans and budget needs
  - preventive maintenance program
  - design, pilot, and implementation of Computer-Aided Facility Management (CAFM) program
  - maintain the DPW land and building inventory
  - oversight of environmental/energy/safety compliance in DPW managed buildings
  - develop, streamline and standardize procedures
  - monitor FM current work practices
4. **Leasing.** FM recently acquired oversight responsibility of the leasing operation as an extension of the office space management function. Consisting of 5 FTEs, the unit handles leasing property for state agencies in accordance with State statutes, departmental policies, and procedures at the most economically advantageous terms and conditions to the State of Connecticut. This unit is responsible for negotiating all leases, whether for client agency use or a lease-out of state owned property for public use. (There are a few exceptions where other state agencies handle their own leases, such as the Department of Labor). Presently, there are 242 completed leases consisting of 2,577,216 square feet of space at an annual cost of \$30,209,324. All lease costs for space and services provided to other state agencies in Hartford (approximately \$4 million) are funded through the DPW budget. All other lease costs are supported in the tenant agency budgets. The leasing unit also supports land sales, purchases and easements. Primary responsibilities include advertising for lease proposals, reviews and selection of sites, coordination of the approval process with the State Property Review Board (SPRB), OPM, and the AG, and monitoring for compliance.

#### **Contracted and In-house Property Management Measures**

1. Customer Satisfaction: attainment of a mean level of 3.5 overall satisfaction for all state buildings under the administration of the DPW
2. Cost: total maintenance /operating cost per square foot of occupied and unoccupied space on par with BOMA standards
3. Efficiency and Quality: the number of DPW buildings brought up to compliance with industry and code maintenance standards
4. Volume: total square footage of occupied space under the administration of DPW Facilities Management

#### **Leasing Measures**

1. Customer satisfaction: overall satisfaction rating on a scale of 1=dissatisfied to 4=very satisfied should reach a mean of 3.5 for DPW leasing services
2. Efficiency/Quality of projects: percent of leases in compliance
3. Cost: percent of leases falling within 5 percent of private sector rental rates
4. Volume: number of leases and gross square footage

