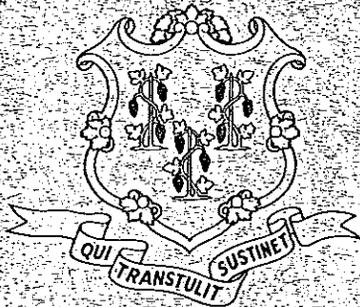


State Properties Review Board

Connecticut
General Assembly



LEGISLATIVE
PROGRAM REVIEW
AND
INVESTIGATIONS
COMMITTEE

SUNSET 1983

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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 as the Legislative Program Review Committee to evaluate the efficiency and effectiveness of selected state programs and to recommend improvements where indicated. In 1975 the General Assembly expanded the Committee's function to include investigations and changed its name to the Legislative Program Review and Investigations Committee. During the 1977 session, the Committee's mandate was again expanded by the Executive Reorganization Act to include "Sunset" performance reviews of nearly 100 agencies, boards, and commissions, commencing on January 1, 1979.

The Committee is composed of twelve members, three each appointed by the Senate President Pro Tempore and Minority Leader, and the Speaker of the House and Minority Leader.

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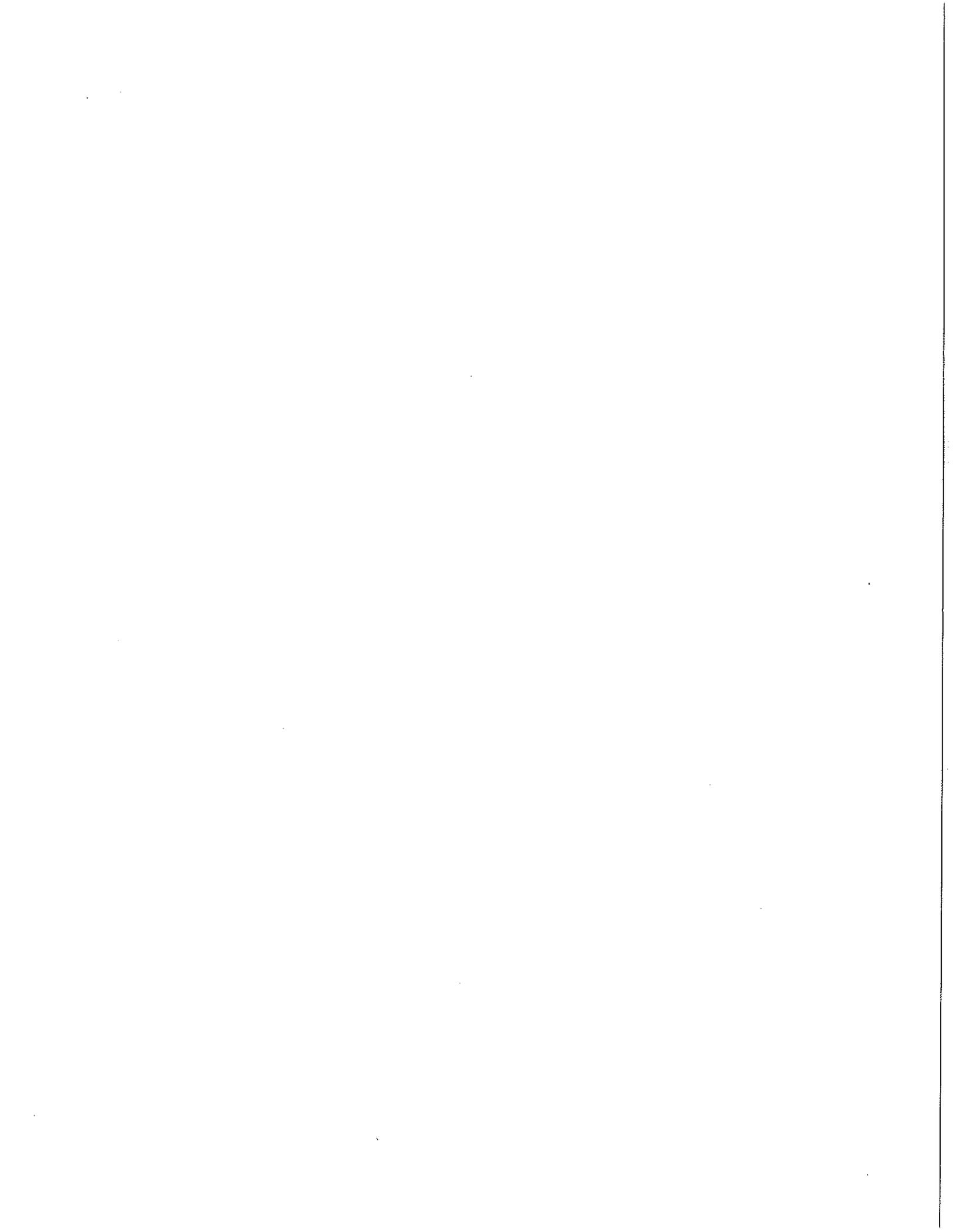
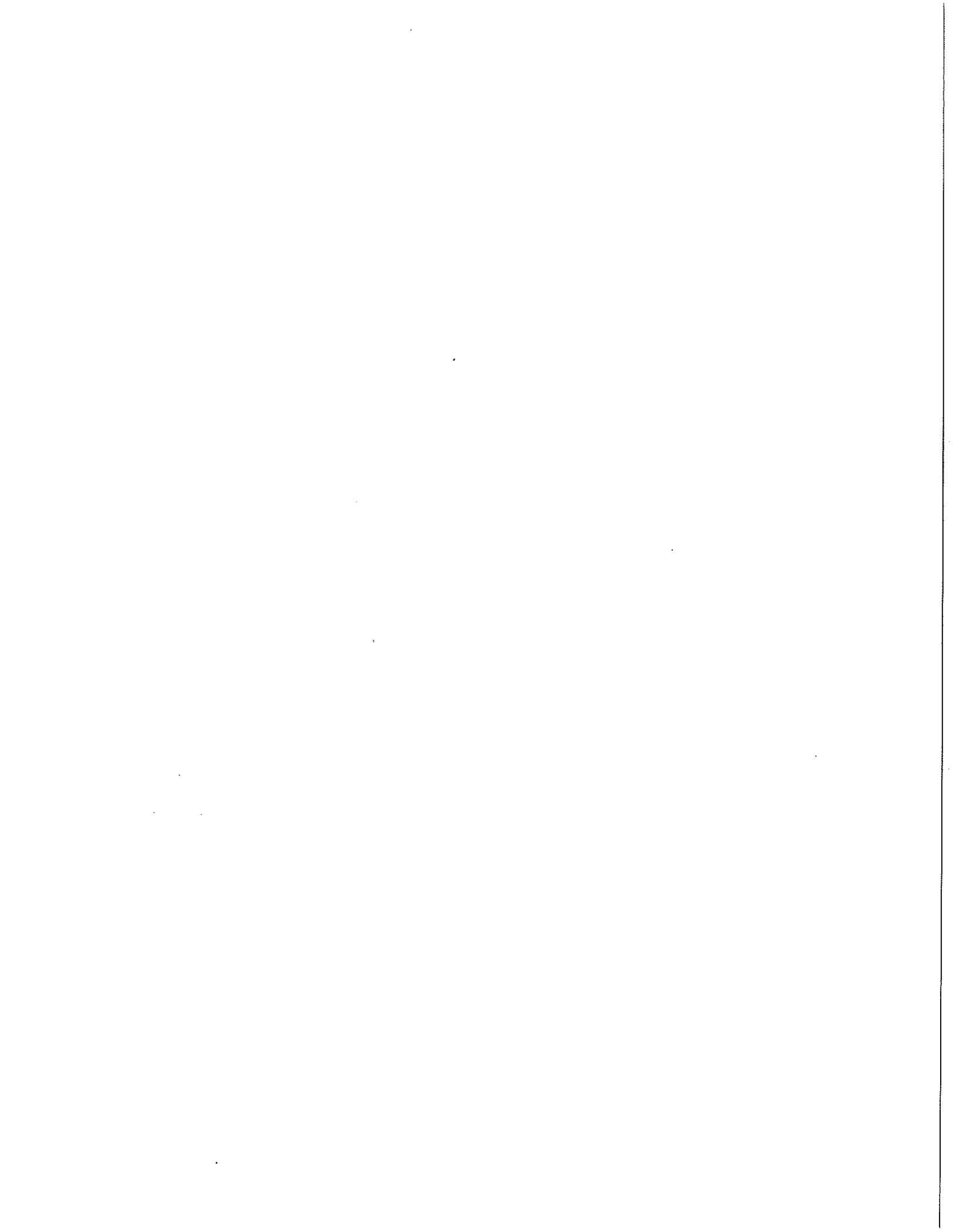


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STATE PROPERTIES REVIEW BOARD

SUMMARY

The State Properties Review Board was established in 1975 (P.A. 425) as a check on the questionable practices of the state in meeting its real estate needs uncovered by the legislature's 1974 leasing investigation. The primary purpose of the board is to oversee the state's acquisition, sale and leasing activities as well as selection of design professionals, to insure that these matters are: free from political influence; in accord with sound business practices; and in the best interest of the state.

The properties review board is an independent entity within the executive branch. Its six members are appointed by the legislative leadership of both political parties; three members are jointly appointed by the speaker of the house and the president pro tempore of the Senate, and three are jointly appointed by the house and Senate minority leaders. The board is staffed by five full-time employees. In FY 1981-82 properties review board operating expenses totaled \$176,887.

The primary activities of the State Properties Review Board are reviewing and subsequently approving, rejecting, or returning for modification: acquisition and lease proposals; proposed sales of state property; and the selections of architects and engineers for state capital projects (except highways and bridges projects) as well as the contracts offered to those design professionals. During calendar year 1981, the board reviewed a total of 471 proposed transactions and contracts. The items included in this total were 161 leases, 131 acquisitions, 78 sales, 83 architect/engineer contracts and 18 miscellaneous transactions.

Continuation of the Board and its Functions

The Legislative Program Review and Investigations Committee found that the State Properties Review Board, in addition to producing substantial cost savings to the state, has promoted compliance with laws and procedures intended to keep the public works process free from political influence. Furthermore, the committee determined that a majority of the board's reviews are accomplished in less than two weeks and do not require additional paperwork.

The program review committee believes that elimination of the board and its functions would diminish legislative oversight

and increase the potential for real estate decisions that are not in the state's best interests. *Therefore, the Legislative Program Review and Investigations Committee recommends that the State Properties Review Board be continued.*

Scope of Authority

In 1981, almost half of the 121 acquisition/administrative settlement vouchers submitted to the State Properties Review Board by the Department of Transportation involved sums of \$1,000 or less, and all were approved by the board. To save time and paperwork for both the department and the board, *the Legislative Program Review and Investigations Committee recommends that transportation department administrative settlements and land acquisitions involving \$1,000 or less be eliminated from State Properties Review Board approval requirements. However, the committee recommends that the transportation commissioner be required to notify the board of all such transactions for information purposes.*

While the program review committee supports elimination of these minor Department of Transportation transactions from the properties review board approval process, it is concerned that certain major Department of Transportation transactions currently are exempted from the board's jurisdiction. *The Legislative Program Review and Investigations Committee believes that having all major Department of Transportation real estate transactions and design professional contracts subject to oversight by the State Properties Review Board merits further study and recommends that the General Assembly's committee of cognizance review and consider this matter.*

INTRODUCTION

Purpose and Authority

Chapter 28 of the Connecticut General Statutes provides for the periodic review of certain governmental entities and programs and for the termination or modification of those which do not significantly benefit the public health, safety, or welfare. This law was enacted in response to a legislative finding that a proliferation of governmental entities and programs had occurred without sufficient legislative oversight.

The authority for undertaking the initial review in this oversight process is vested in the Legislative Program Review and Investigations Committee. The committee is charged, under the provisions of Section 2c-3 of Chapter 28, with conducting a performance audit of each entity or program scheduled for termination. This audit must take into consideration, but is not limited to, the four criteria set forth in Section 2c-7. These criteria include: (1) whether termination of the entity or program would significantly endanger the public health, safety, or welfare; (2) whether the public could be adequately protected by another statute, entity, or program or by a less restrictive method of regulation; (3) whether the governmental entity or program produces any direct or indirect increase in the cost of goods or services and, if it does, whether the public benefits attributable to the entity or program outweigh the public burden of the increase in cost; and (4) whether the effective operation of the governmental entity or program is impeded by existing statutes, regulations or policies, including budgetary and personnel policies.

In addition to the criteria contained in Section 2c-7, the Legislative Program Review and Investigations Committee is required, when reviewing regulatory entities or programs, to consider, among other things: (1) the extent to which qualified applicants have been permitted to engage in any profession, occupation, trade, or activity regulated by the entity or program; (2) the extent to which the governmental entity involved has complied with federal and state affirmative action requirements; (3) the extent to which the governmental entity involved has recommended statutory changes which would benefit the public as opposed to the persons regulated; (4) the extent to which the governmental entity involved has encouraged public participation in the formulation of its regulations and policies; and (5) the manner in which the governmental entity involved has processed and resolved public complaints concerning persons subject to review.

Methodology

The Legislative Program Review and Investigations Committee's sunset review process is divided into three phases. The initial phase focuses on collecting quantitative and qualitative data related to each entity's background, purpose, powers, duties, costs and accomplishments. Several methods are used by committee members and staff to obtain this information. These include: (1) a review of statutes, transcripts of legislative hearings, entity records (e.g., minutes, complaint files, administrative reports, etc.), and data and statutes of other states; (2) staff observation of meetings held by each entity during the review period; (3) surveys of selected persons and groups associated with each entity; (4) formal and informal interviews of selected individuals serving on, staffing, affected by or knowledgeable about each entity; and (5) testimony received at public hearings.

During the second phase, the staff organizes the information into descriptive packages and presents it to the committee. The presentations take place in public sessions designed to prepare committee members for the hearings, identify options for exploration and alert entity officials to the issues the committee will pursue at the hearings.

The final step of the review involves committee members and staff following up on and clarifying issues raised at briefings and public hearings. During this period, the staff prepares decision papers and presents recommendations to the committee. The committee, in public sessions, then debates and votes upon recommendations for the continuation, termination or modification of each entity.

BACKGROUND

Legislative History

In 1974 a special subcommittee of the Appropriations Committee was formed to investigate state leasing practices. The subcommittee investigation uncovered a number of abuses of established leasing procedures as well as serious inadequacies in the entire system for meeting the real estate needs of state agencies. In its final report issued in January 1975, the subcommittee recommended a complete revision of the capital facilities planning and implementation process and supported formation of an independent citizens' advisory committee responsible for reviewing and approving state real estate purchase, lease and construction activities.

In response to the leasing committee recommendations, the General Assembly enacted Public Act 75-425, creating the State Properties Review Board, an independent bipartisan body comprised of six legislatively appointed public members. In addition, the act: modified the powers and duties of the Department of Public Works; placed sole responsibility for purchasing or leasing property for any state agency use (except highways) with the public works commissioner; and expanded existing and created new statutory requirements for constructing or obtaining property for state agency use (e.g., competitive bidding for major capital projects, advertising for large amounts of leased space, disclosure of ownership by affidavit, etc.).

The initial mandate of the State Properties Review Board required it to review and approve all aspects of the public works commissioner's proposed purchase and lease transactions including feasibility of acquisition, method of acquisition and soundness of the business method proposed. The board was also responsible for approving the commissioner's selection of design professionals for state capital projects over a certain cost. In addition, access to all information, files, and records of the public works commissioner and, when necessary, use of department personnel were granted to the board.

The State Properties Review Board's enabling legislation, as amended by Public Acts 76-253 and 76-116, further required the members to review and approve all acquisitions of property for highway and mass transit purposes (except through condemnation) and all sales and leases of surplus highway land proposed by the commissioner of transportation. Leasing of land for certain highway purposes and the transportation

commissioner's selection of architects, engineers or other design professionals for highway and bridge projects were not included in the properties review board's purview.

In 1980, the board's review and approval authority was expanded to include acquisitions of development rights made by the commissioner of agriculture under the Agricultural Lands Preservation Program. In addition, the State Properties Review Board was required by P.A. 80-441 to evaluate the 10 acquisitions already made under the agricultural lands pilot program and submit a report of its findings to the General Assembly.

The role and structure of the State Properties Review Board has remained essentially unchanged since its creation. Under the state's 1977 executive reorganization legislation, the board continued as an independent agency with oversight responsibilities concerning all real estate acquisition and most sale, lease and architect/engineer selection activities of the transportation department and the Department of Administrative Services. However, the board was given one new duty under P.A. 77-614; each year, the State Properties Review Board must review and comment on the proposed statewide, long range, capital facilities planning document prepared by the Office of Policy and Management.

In 1981, P.A. 421 transferred responsibility for planning and construction of capital improvements relating to mass transit, marine and aviation transportation and the supervising of repairs or alterations of such facilities from the Department of Administrative Services to the Department of Transportation. However, the State Properties Review Board's authority to approve proposals concerning these capital projects, including selections of architects and engineers, continued. In addition, P.A. 81-421 granted the board authority over leases of property for most highway purposes.

Due to questions about the effect and intent of P.A. 421, legislation was enacted during the 1982 session to clarify the scope of the State Properties Review Board's authority. With the revisions contained in P.A. 82-446, it is clear that the board: 1) has the authority to approve the actual contract as well as the selection of design consultants for all major capital projects except highways and bridges; and 2) has access to the financial records of both the administrative services and transportation departments in performing its functions. Public Act 82-446 also contains a number of technical revisions that make the board's authority over the commissioners of the Departments of Administrative Services and Transportation uniform.

Structure

The State Properties Review Board is an independent entity within the executive branch. Its six members are appointed by the legislative leaders of both political parties; three are jointly appointed by the speaker of the house and the president pro tempore of the Senate and three are jointly appointed by the house and senate minority leaders. Members serve four year staggered terms and the chairman is chosen by the board.

Each member of the board is required by statute to have expertise in a specific area. One of each of the three members appointed by the majority leadership must have experience in architecture, in building construction and in engineering. The members appointed by the minority leadership must be experienced in: the purchase, sale and lease of real estate and buildings; business matters generally; and the management and operations of state institutions.

The statutes further require that no more than three of the six members be of the same political party. In addition, members of the board and their staff are prohibited from: 1) holding another state or any municipal government position; 2) being directly involved in any enterprise that does business with the state; and 3) being directly or indirectly involved in any real estate acquisition or development enterprise. All properties review board members and employees must file with the board and the secretary of state, a financial statement indicating all sources of business income and all business affiliations, including those of their spouses.

The properties review board is staffed by five full-time employees. The board's professional employees include an executive director and a real property examiner. Three secretaries handle the administrative and clerical aspects of the board's activities.

Purpose, Powers and Duties

The primary purpose of the State Properties Review Board is to oversee acquisitions, leasing and sales of state property and the selection of design professionals for state capital projects (except highways and bridges) to insure that these activities are free from political influence, in accord with sound business practices, and in the best interests of the state. To fulfill this mandate, the board is empowered to review and approve all proposed actions involving:

- acquisition, construction, development or leasing of real estate or buildings for state agency use including most highway and mass transit-related purposes;
- lease or sale of real estate by any state agency to third parties;
- farmland development rights acquisitions made by the commissioner of agriculture under the Agricultural Lands Preservation Program; and
- selection of and contracts for design professionals selected by the commissioners of the Department of Administrative Services or the Department of Transportation.

With regard to the design professionals--architects, engineers, land surveyors and landscape architects--selected by the commissioners of administrative services and transportation, except for highway and bridge projects, approval by the properties review board is required whenever a state capital project involves: 1) \$25,000 or more in design consultant fees; or 2) \$100,000 or more in construction costs.

The board does not have a review and approval role in the award of construction contracts, a process governed by competitive bidding and other statutory requirements. However, the approval of the State Properties Review Board is required to continue capital projects that overrun their estimated costs by 10 percent or more.

Additional functions and duties of the properties review board include:

- review and comment on the annual state agency real estate report of the Department of Administrative Services;
- review and make recommendations on the statewide facilities plan prepared by the Office of Policy and Management; and
- advise and assist the commissioners of the Departments of Administrative Services and Transportation in carrying out their real estate-related duties.

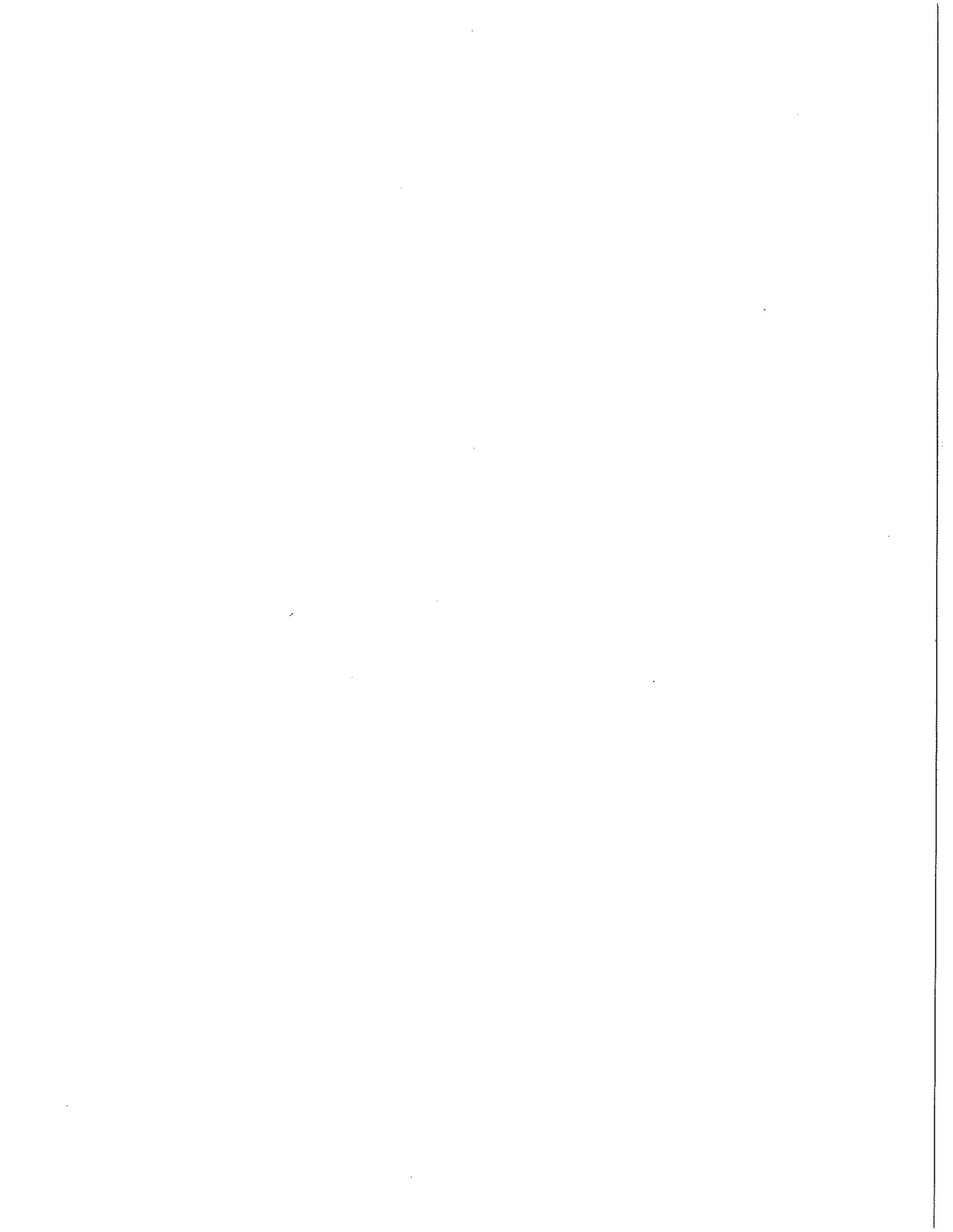
Fiscal Information

The expenditures of the State Properties Review Board for the past two fiscal years are shown in Table II-1. Board members are paid a \$100 per diem cumulative to an annual maximum of \$12,500.

Table II-1. State Properties Review Board Expenses--Fiscal Years 1980-81 and 1981-82.

	<u>FY 1980-81</u>	<u>FY 1981-82</u>
Board member per diems	\$70,500	\$66,325
Personnel expenses	83,534	93,137
Other expenses	<u>12,630</u>	<u>17,425</u>
Total Expenses	\$166,664	\$176,887

Source: State Properties Review Board.



ACTIVITIES

Regular meetings of the State Properties Review Board are held on Monday and Thursday every week. Meetings held during the first six months of 1982 lasted from two hours to five or more hours depending on the number and complexity of items on the board's agenda. Despite the frequency and length of its meetings, the State Properties Review Board has never experienced attendance problems. A quorum (four out of six members) was present for all of the approximately 60 properties review meetings held from January through July 1982.

At its regular meetings, the properties review board is primarily involved in: reviewing proposals concerning state property acquisitions, leases and sales and the employment of design professionals (architects and engineers) for state capital projects; and approving, rejecting or requesting modification of such proposals.

Typical Meeting

Upon the advice of the attorney general, the properties review board holds all meetings in executive session. This is due to the frequently confidential nature of the matters discussed and the fact that the statutes permit only the commissioner of administrative services to disclose or authorize disclosure of decisions on state real estate transactions (C.G.S. Sec. 4-26b (e)). Unauthorized disclosure of state real estate information is a Class A misdemeanor.

A typical meeting begins with the acceptance of minutes and a report by the board's executive director on communications (letters and phone calls) received since the last meeting date. Unfinished business (review items that have been held over from a previous agenda) is taken up prior to discussion of new items received since the last meeting date.

Discussions of new review items generally begin with a presentation by one of the two professional staff. Items concerning leases, sales and acquisitions generally are handled by the board's real property examiner, an attorney with extensive real estate experience. The executive director, a professional engineer and land surveyor, reviews all items submitted to the board, and takes primary responsibility for outlining any projects involving engineering matters for the board.

Board members, who have received a complete file on every scheduled item prior to the meeting, then ask questions and discuss specific aspects of proposed transactions. If the information contained in the agency submission is incomplete or questionable the board will direct the staff to gather additional data, request additional information from the appropriate agency and/or arrange to have agency personnel appear before the board to explain a proposal.

A site visit by one or all members of the board is often part of the review and follow-up process. Frequently, a board member with special expertise in a subject under review will further investigate a questionable or complicated proposal.

Final actions taken by the board always occur through a formal vote. Few items are acted upon without some comment and debate by board members. In general, discussion centers on the soundness of the proposed transaction, although the board also monitors agency compliance with the state procedures for insuring open, fair competition (e.g. advertising and bid requirements, etc.). Compliance with the approved state capital facilities plan, human services co-location goals and energy efficiency mandates is also considered during the board review process.

Review Process

All transactions under the jurisdiction of the State Properties Review Board are handled in a similar way. Agencies are required to submit an original and nine copies (one for each board member and three staff copies) of each review item. Submissions are logged in by one of the board's three secretaries on the day they are received. The secretary will then assign a file number and, using a "checklist", determine if all required materials have been included and all established procedures followed. Incomplete items are returned immediately for correction.

The board's executive director reviews all submissions; then he or the real property examiner develop additional information or investigate questionable items in preparation for presenting the proposed transactions to the board. Items that are acted upon during a board meeting are signed by the chairman that meeting day. On the following business day a memorandum outlining the action taken is sent to the requestor agency. By law, the State Properties Review Board has 30 days to review and act upon architect and engineering contracts and 90 days to take action on all other types of transactions.

Review and Approval Activities

The primary activities of the State Properties Review Board are reviewing and subsequently approving, rejecting, or returning for modification: acquisition and lease (or lease renewal) proposals submitted by the commissioners of transportation and administrative services; proposed sales of state property by any agency; and architects and engineers selected by the transportation and administrative services commissioners as well as the contracts offered to these design professionals. The total number of proposed leases, sales, acquisitions (purchases) and architect/engineering contracts reviewed by the properties review board each fiscal year from 1975-76 through 1981-82 are shown in Table III-1.

Table III-1. State Properties Review Board--Review Activities, Fiscal Years 1975-76 through 1981-82.

Proposals Reviewed	Fiscal Years						
	75-76*	76-77*	77-78	78-79	79-80	80-81	81-82
No. Leases	203	203	275	234	205	171	168
No. Sales	92	131	103	72	88	84	105
No. Acquisitions	-	78	131	196	232	95	188
No. Arch./Engin. Contracts	48	55	77	75	109	57	90
No. Other**	-	-	5	3	2	25	14
TOTAL NO.	343	467	591	580	636	432	565

* Statistics for first year of operation (FY 75-76) cover the period September 12, 1975 through August 1, 1976.

**Includes building removals, demolitions, transfers, miscellaneous agreements, etc.

Source: State Properties Review Board.

During the past calendar year (1981), the State Properties Review Board reviewed a total of 471 proposed real estate transactions and design professional contracts. The items reviewed included: 161 leases; 131 acquisitions; 78 sales; 83 architect and engineering contracts; and 18 miscellaneous transactions.

Information was available on the board's activities concerning 81 architect/engineering and 131 lease proposals reviewed from January through December 1981. The board approved nearly 80 percent of the architect and engineering contracts and rejected only 9 percent; however, the fees involved in the rejected items accounted for about 17 percent of the \$5.8 million total fee value of all (81) contracts reviewed. The total processing time for these architect/engineering reviews averaged 16.8 calendar days. (See Appendix B for additional selected statistics on architect/engineering review activities in calendar 1981.)

Of the 131 leases reviewed, 105 (80 percent) were approved, by the State Properties Review Board, 16 (12 percent) were rejected and the remainder (10 items) were returned or rescheduled. The value of all 131 leases reviewed totaled more than \$39 million while the value of rejected leases was almost \$10 million (25 percent of the total value). (See Appendix C for additional selected statistics on lease review activities in calendar 1981.)

Further information on the board's leasing review activities was obtained through an analysis of 50 lease proposals randomly selected from the 209 reviewed during calendar 1981. The sample included 38 approved, 7 returned and 5 rejected leases. The analysis determined total processing time and frequency of information requests as well as rejection or return reasons. Results concerning total processing time are summarized in Table III-2.

Table III-2. Total Board Review Time: 50 Leases Reviewed in 1981.

	<u>No.</u>	<u>Average Total Review Time</u>	<u>Range of Total Review Time</u>
Approved Leases	38	13.6 days	4-72 days
Rejected Leases	5	17.2 days	8-24 days
Returned Leases	7	39.7 days	16-100 days*

* One returned lease review totaled 100 days including the 3 months that the board waited for requested information before returning the item.

Total review time for the 38 approved lease reviews ranged up to 72 days, but only 6 reviews took longer than 15 days; 5 of those involved information requests. The total review time,

time to receive additional information, and actual board review time in these five cases is shown in Table III-3.

Table III-3. Review Time (Number of Days) for Five Selected Leases.

<u>Total Review Time</u>	<u>Time to Receive Information</u>	<u>Actual Board Review Time</u>
58	42	16
24	4	20
50	18	32
24	1	23
72	43	29

The total processing times including subsequent resubmissions and board actions for the 12 rejected and returned lease proposals are shown in Table III-4. In two cases total processing time, including resubmissions, exceeded one year. As the data in Table III-4 indicate, returned or rejected items generally are resubmitted (in a modified form) and approved, although it may take several resubmissions before the proposed lease is found acceptable by the board.

In general, excessive rental rates and/or unacceptable lease conditions were the primary reasons that the properties review board did not approve the five rejected and the seven returned items included in the sample. All but one of the five rejected leases contained rates or terms that the board felt could be negotiated more favorably. In regard to three rejected items, the board also had one or more questions concerning: the long range plans for meeting the requesting agency's space needs; failure to exercise favorable renewal options; or similar matters. One lease proposal was rejected because it called for retroactive approval, and the agency was occupying the space under review without prior authorization.

Six of the seven leases returned were sent back mainly because the board felt the proposal could be improved (i.e., better rates and/or terms could be negotiated). In addition, three lease proposals prompted questions from the board concerning: ownership of the space to be leased; long range plans for meeting space needs; and justification for retroactive approval. One lease proposal, which involved a state-owned building leased to a private, nonprofit juvenile group home was

Table III-4. Total Processing Time of 5 Rejected and 7 Returned Leases Included in Sample of 50 Calendar 1981 Leases.

<u>Leases Rejected</u>	<u>Date Received</u>	<u>Date of SPRB Action</u>	<u>Total Time (Days)</u>	<u>SPRB Review Time (Days)</u>
A	1/16 8/4 (Resub.)	2/5 (Rej.) 8/27 (App.)	225	41
B	4/16 8/12 (Resub.)	4/23 (Rej.) 8/20 (App.)	110	17
C	5/22 7/13 (Resub.)	6/8 (Rej.) 7/16 (App. w/Cond.)	55	22
D	9/22 12/8 (Resub.)	10/15 (Rej.) 12/14 (App.)		
E	9/10 11/2 (Resub.) 9/15/82 (Resub.)	10/8 (Rej.) 11/16 (Rej.) Pending 10/1/82	386*	60*
<u>Leases Returned</u>				
AA	5/20 7/22 (Resub.)	6/5 (Ret.) 7/30 (App.)	70	25
BB	7/15 9/24 (Resub.) 10/16 (Resub.)	8/6 (Ret.) 9/29 (Ret.) 11/5 (App. w/ cond.)	110	48
CC	7/24 4/26/82 (Resub.)	9/2 (Ret.) 4/26/82 (App.)	275	40
DD	6/5 (Resub.) 8/14 (Resub.) 3/8/82 (Resub.) 7/28/82 (Resub.) 9/1/82 (Withdrawn by agency)	6/23 (Ret.) 9/23 (Ret.) 3/18/82 (Rej.)	453	107
EE	10/8 1/25/82 (Resub.)	11/18 (Ret.) 2/1/82 (App. w/ cond.)	116	48
FF	10/30 12/11 (Resub.)	11/20 (Ret.) 12/14 (App.)	45	25
GG	12/28 4/19/82 (Resub.) 6/9/82 (Resub.)	4/8/82 (Ret.) 5/10/82 (Rej.) 6/17/82 (App. w/ Note)	168	131**

*As of 10/1/82

**Includes 90 days that board waited for requested information.

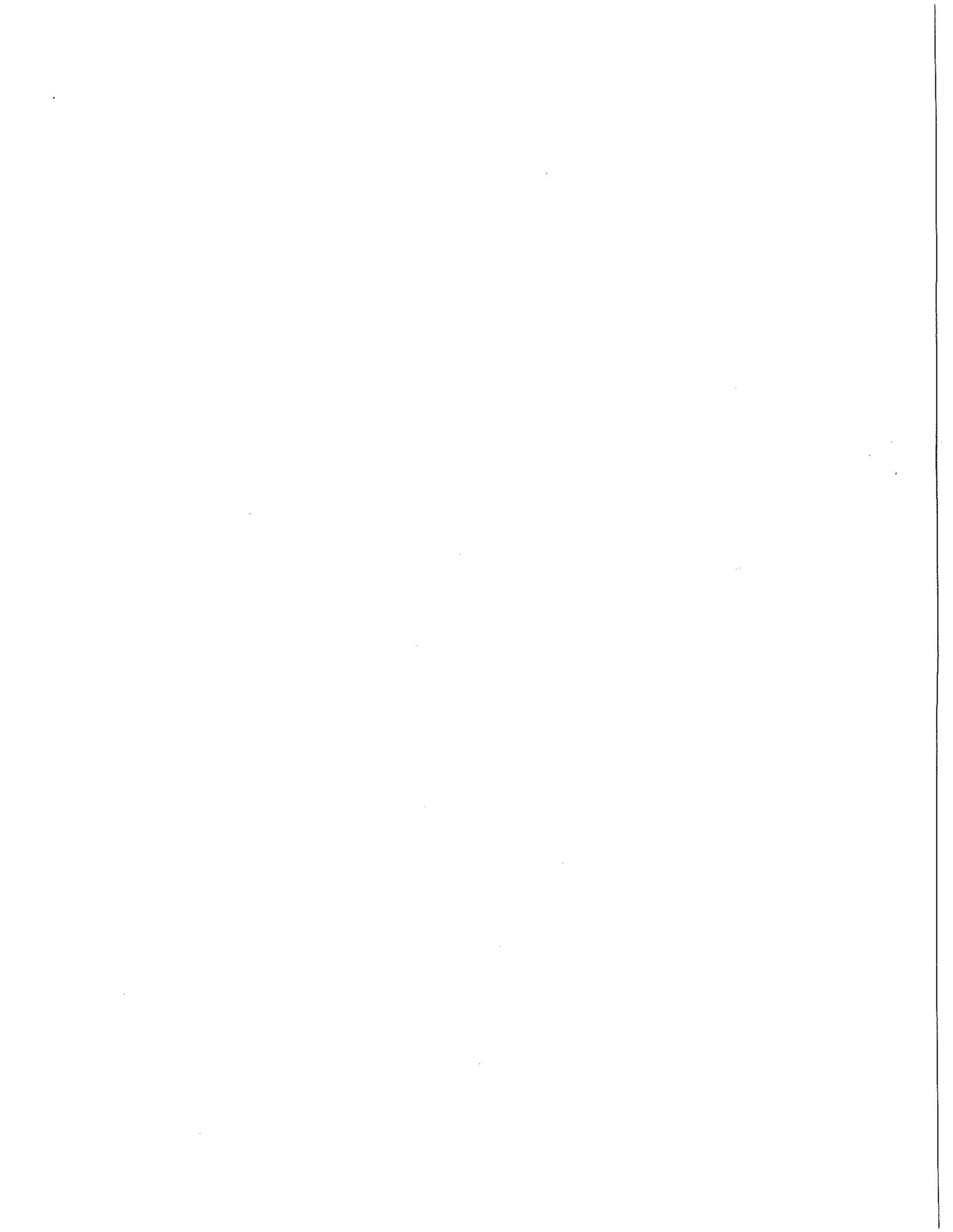
returned because the board: 1) found the facility needed substantial renovations; and 2) questioned its suitability as a group home.

Other Activities

The State Properties Review Board also has a review role in the state's long range capital facilities planning process established under Public Act 614 in 1977. Each year the Office of Policy and Management must prepare the proposed statewide capital facility plan, a document outlining specific recommendations for meeting the present and future real estate needs of each state agency through leasing, purchasing or constructing property and buildings. By law, the board reviews and comments on the proposed plan before it is submitted by the governor to the General Assembly for approval.

Implementation of the plan, once it has been approved by the legislature, is the responsibility of the Department of Administrative Services. Each action the department proposes to take to implement the Statewide Facilities and Capital Plan is then reviewed and subsequently approved, rejected or modified through the State Properties Review Board process described in the previous section.

The properties review board also has a review and comment role concerning the annual report of the Department of Administrative Services. The statutes require the administrative services commissioner to submit to the State Properties Review Board, by August 1 each year, a report containing all pertinent data concerning realty acquisitions, projected state needs and recommendations for appropriate statutory changes. The board forwards this report, with its own recommendations, comments, conclusions or other information, to the governor and the members of the Appropriations and Finance Committees by September 1 each year.



ANALYSIS AND RECOMMENDATIONS

The Legislative Program Review and Investigations Committee's sunset review of the State Properties Review Board focused on two major issues: continuation of the board and its functions; and the scope of the board's authority. An analysis of each of these issues and the committee's resulting recommendations are presented below.

Continuation of the Board and its Functions

In determining whether there was a public need to continue the properties review board as an independent entity with review and approval authority, the Legislative Program Review and Investigations Committee examined the impact of the board's activities. The committee's analysis of two major board review and approval activities found that approximately 19 percent of the 161 lease proposals and 18 percent of the 83 architect and engineering contracts reviewed in 1981 were rejected, returned or conditionally approved by the board because terms and conditions were excessive or unacceptable, and/or standard operating procedures intended to keep the public works process free from political influence had not been followed by requestor agencies. The Legislative Program Review and Investigations Committee believes that this evidence demonstrates that the State Properties Review Board has served the public interest.

Each year since its creation, the board's rejections or modifications of proposed transactions have produced cost savings to the state far in excess of the State Properties Review Board's operating costs. For example, the properties review board computed the cost savings due to its activities in FY 1980-81 at more than \$1.4 million; board operating costs that year totaled only \$166,664. The board, in calculating savings, only includes: the actual cost reductions that result when an acceptable proposal is resubmitted to replace a rejected or returned item; the actual increased revenues produced from better sales prices; or the money saved when a request is completely withdrawn from consideration.

A Legislative Program Review and Investigations Committee analysis of State Property Review Board activities during calendar year 1981, found that actions the board took produced immediate and future cost savings to the state of over \$5 million. As the committee's examination revealed, this \$5 million figure includes almost \$2.4 million in cost savings attributable to the

board's decision to insist that the state purchase rather than continue to lease the property housing Tunxis Community College. The projected savings produced by this single action (in October 1981) were greater than the board's total cost savings for any previous year. (This is a major reason why calendar 1981 projected savings are so much greater than fiscal 1980-81 savings.) Other savings were produced in the period January through December 1981 when leases rejected or returned by the board were renegotiated to include rates or terms more favorable to the state. In one case, the properties review board identified an inadvertent \$10,000 miscalculation of an engineering fee. The 13 individual board actions and resulting cost savings included in the committee's analysis are shown in Figure IV-1.

In addition to cost savings, the Legislative Program Review and Investigations Committee found that the properties review board has played an important role in forcing state agencies to comply with the statutory procedures for meeting the state's real estate needs, such as leased-space advertising requirements, ownership disclosure laws and conflict of interest safeguards. The board's actions also have promoted conformance with the state's long range capital facilities plans.

In cases where the State Properties Review Board rejects or returns an item because of noncompliance with statutes or the Statewide Facilities and Capital Plan, the requestor agency, if it wishes to pursue the action, must resubmit a proposal that addresses the deficiencies noted by the board. The program review committee believes that adherence to statutes governing the state's real estate practices and to the state's approved long range capital plans would be diminished if the board did not exist to monitor such compliance.

The committee further believes that the board's activities produce little if any significant costs in terms of adding time or paperwork to the public works process. The majority of board reviews are accomplished in less than one month and do not require additional paperwork from requestor agencies. An examination of 200 of the 471 transactions the board reviewed during calendar 1981 showed that over 70 percent were handled in one meeting; that is, the board took final action on these proposals within one to two weeks of receipt.

In general, the board's total processing time is substantially less than the maximum permitted by statute--30 days for architect-engineering contract reviews and 90 days for all other reviews. According to the committee's analysis of selected 1981

Figure IV-1. Cost-savings Due to State Property Review Board Actions, January-December 1981.

<u>State Properties Review Board Actions</u>	<u>Cost Savings</u>	
(No.)		
(1) Purchase instead of lease of property for state use	\$2,358,236	
(4) Renegotiation of rental rates	\$3,276 over 5 yr. term 800 over 5 yr. term 45,750 over 3 yr. term 15,250 over 6 mo. term	
(2) Change in lease effective date	5,997 7,875	
(1) Deleted lease renewal option	93,195	(<u>potential</u> savings)
(1) Change in tax payment method	\$2,568,800 (estimated) over 20 yr. lease (128,440 annually)	
(1) Identified Architect/Engineering fee miscalculation	10,000	
(1) Change in Architect/Engineering fee calculation	610	
(1) Change in Architect/Engineering fee calculation and disapproval of fee increase	45,200	
(1) Additional income from increased sale price of state owned land	155,430	
(13)	\$5,310,419.	Total Cost Savings

data, total processing time for all architect/engineering reviews (81) averaged 16.8 calendar days; the 50 lease reviews examined averaged less than 24 days. Review times longer than average almost always included time spent in obtaining additional information or clarification from requestor agencies. Furthermore, when time spent to receive requested information is excluded, the board's actual review time for all transactions and contracts reviewed in 1981 averaged 10 calendar days.

Prior to the establishment of the State Properties Review Board, gubernatorially appointed advisory groups at various times had responsibility for reviewing public works transactions and making recommendations regarding state real estate needs. These part-time advisory groups proved ineffective in preventing abuses within the public works process.

The Legislative Program Review and Investigations Committee believes that an independent review board with approval authority, access to agency information and staff resources is necessary for effective oversight of the state's multimillion dollar leasing and capital projects programs. Furthermore, placing this review and approval authority in a bipartisan legislatively appointed body is a logical extension of the General Assembly's oversight function. In this respect, the State Properties Review Board's role is analogous to that of the Legislative Auditors of Public Accounts.

In the committee's opinion, elimination of the State Properties Review Board and its functions would diminish legislative oversight of executive branch real estate activities and increase the potential for real estate decisions that are not in the public's best interests. *Therefore, the Legislative Program Review and Investigations Committee recommends that the State Properties Review Board be continued.*

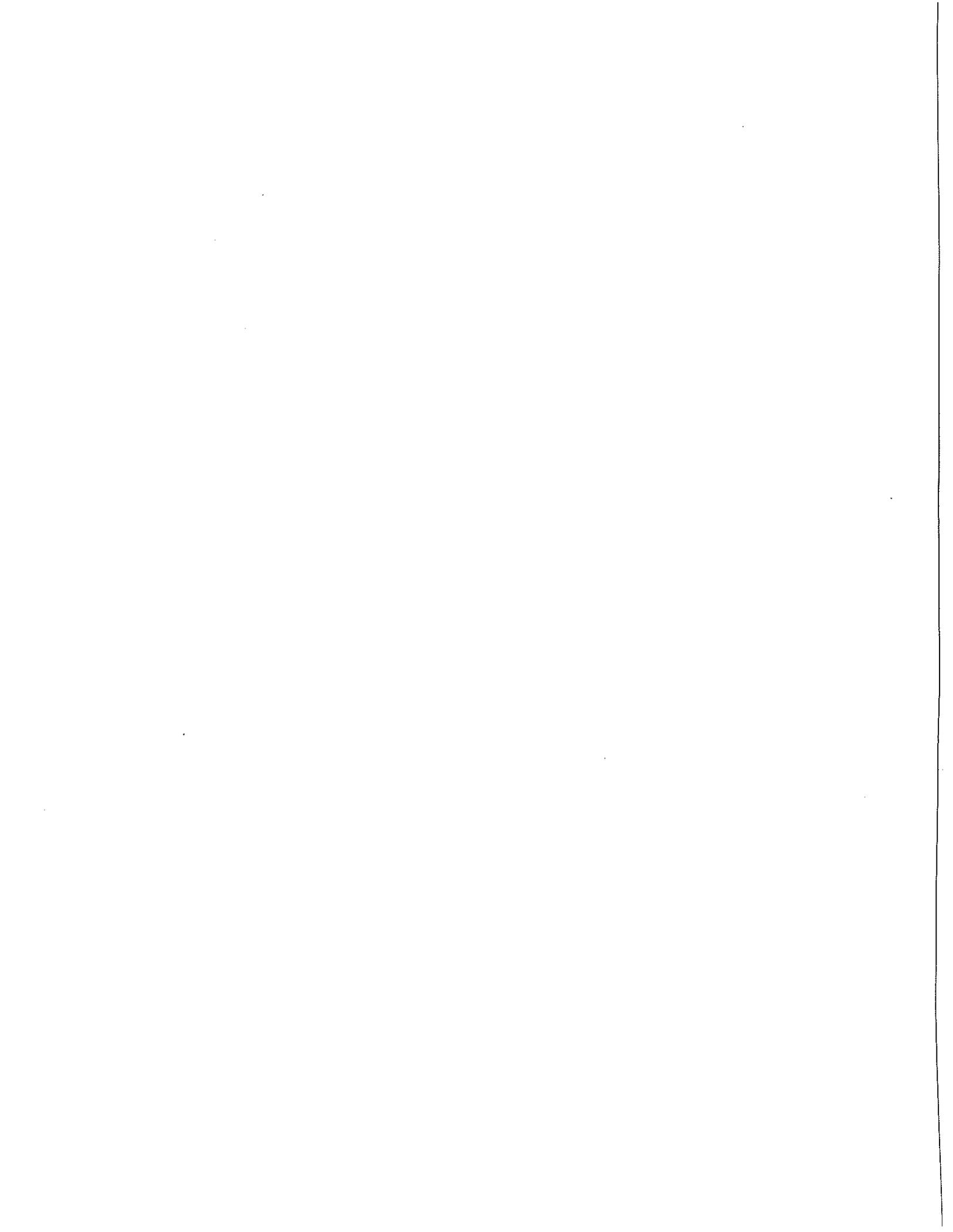
Scope of Approval Authority

During calendar year 1981, the Department of Transportation submitted 121 vouchers regarding acquisitions of property and administrative settlements for approval by the State Properties Review Board. Almost half (58) involved sums of \$1,000 or less and all 121 were approved. The Legislative Program Review and Investigations Committee believes that elimination of minor transactions--\$1,000 or less--from the State Properties Review Board's approval process would save time and paperwork for both the transportation department and the board. Furthermore, the primary benefits of board oversight could still be achieved if the transportation commissioner was required to provide the board with listings of all such transactions for information purposes.

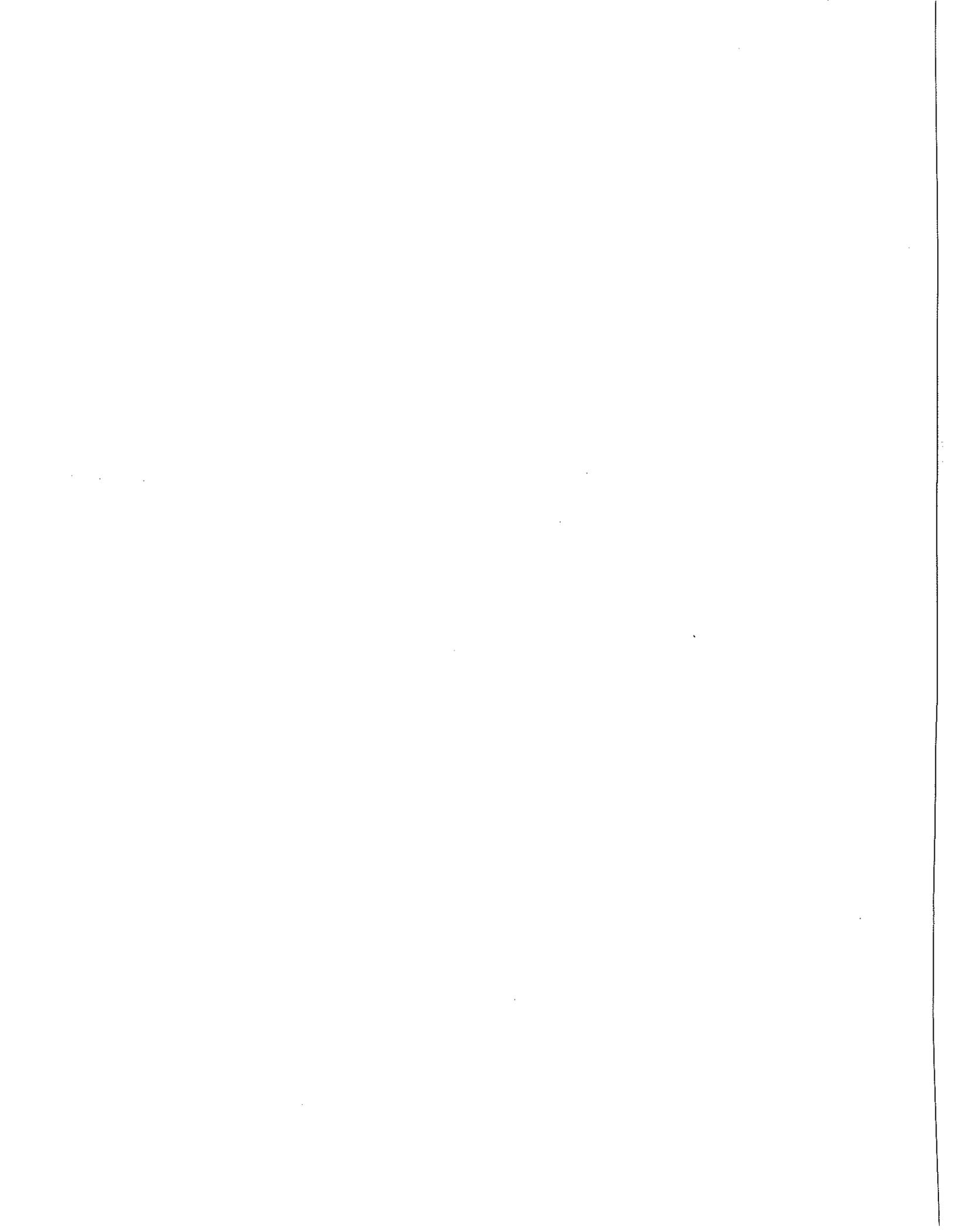
A similar dollar limit exists for design professional transactions; at present only those contracts involving \$25,000 or more in fees or \$100,000 or more in estimated construction costs are subject to board approval. The State Properties Review Board has arranged with the Department of Administrative Services to receive notification of contracts awarded for under the specified amounts. *Therefore, the Legislative Program Review and Investigations Committee recommends that Department of Transportation land acquisitions and administrative settlements involving \$1,000 or less be exempted from the State Properties Review Board approval requirements but that the commissioner of transportation be required to notify the board of all such transactions.*

While the program review committee supports the elimination of minor Department of Transportation transactions from the approval authority of the State Properties Board, the committee is concerned that several major types of Department of Transportation transactions are not subject to board review and approval. For example, the board is not authorized to approve the transportation commissioner's selection of and contracts with architects and engineers for highway and bridge projects or the purchase or lease of property for certain highway purposes. In interviews with program review committee staff, board members and professional employees reported that expansion of the properties review approval authority to include all transportation department acquisitions, leases and contracts would require some additional staff resources and demand greater time from the board members.

The Legislative Program Review and Investigations Committee believes that having all major transportation real estate transactions and design professional contracts subject to oversight by the State Properties Review Board merits further consideration. *Therefore, the Legislative Program Review and Investigations Committee recommends that the General Assembly's committee of cognizance review and consider inclusion of all Department of Transportation real property transactions and contracts within the purview of the State Properties Review Board.*



APPENDICES



APPENDIX A
Summary Sheet
STATE PROPERTIES REVIEW BOARD

STATUTORY REF: C.G.S. Chapter 47

ESTABLISHED: 1975 (P.A. 425)

ORGANIZATIONAL LOCATION: Independent agency within executive branch

PURPOSE: To oversee state real estate transactions

POWERS AND DUTIES:

- Review and approve all proposed transactions involving
 - acquisition, construction, development or leasing of real estate or buildings for state agency use including mass transit-related and certain highway-related purposes
 - lease or sale of real estate by any state agency to third parties
 - selection of and contracts for design professionals by the commissioners of the Department of Administrative Services (DAS) or the Department of Transportation (DOT) (except for highway and bridge projects) when a project involves \$25,000 or more in fees (raised from \$10,000 under P.A. 82-369) or \$100,000 in construction costs
 - farmland development rights acquisitions made by the commissioner of Agriculture under the agricultural lands preservation program
- Review and make recommendations on the statewide facilities plan prepared by the Office of Policy and Management
- Advise and assist the commissioner of the Department of Administrative Services

COMPOSITION: Six members, one each experienced in the following: architecture; building construction; engineering; purchase, sale and lease of real estate and buildings; business matters generally; and management and operations of state institutions

Chairman chosen by board

APPOINTING AUTHORITY: Speaker and President Pro Tempore jointly appoint three with experience in the first three areas listed above; House and Senate Minority Leaders jointly appoint three with experience in the latter three areas listed above

TERMS: Four years

RESTRICTION ON MEMBERSHIP: No more than three of the six members shall be of the same political party; no member (or staff person) shall hold another state or municipal governmental position, be directly involved in any enterprise which does business with the state or be directly or indirectly involved in any real estate acquisition or development enterprise; members (and staff persons) must file a financial statement

COMPENSATION: \$100 per diem up to a maximum of \$12,500 annually

STAFF: Five full-time employees (1 executive director, 1 real property examiner, 3 secretaries)

BUDGET:

	<u>FY 1980-81</u>	<u>FY 1981-82</u>
Board member per diems	\$70,500	\$66,325
Personnel expenses	83,534	93,137
Other expenses	<u>12,630</u>	<u>17,425</u>
TOTALS	\$166,664	\$176,887

AGENCY STATISTICS:

Transactions Reviewed	<u>Fiscal Years</u>						
	<u>75-76*</u>	<u>76-77</u>	<u>77-78</u>	<u>78-79</u>	<u>79-80</u>	<u>80-81</u>	<u>81-82</u>
No. Leases	203	203	275	234	205	171	168
No. Sales	92	131	103	72	88	84	105
No. Acquisitions	-	78	131	196	232	95	188
No. Arch./Engin. Contracts	48	55	77	75	109	57	90
No. Other**	-	-	5	3	2	25	14
TOTAL NO.	<u>343</u>	<u>467</u>	<u>591</u>	<u>580</u>	<u>636</u>	<u>432</u>	<u>565</u>

* Statistics for first year of operation (FY 75-76) cover the period September 12, 1975 through August 1, 1976.

**Other includes building removals, demolitions, transfers, miscellaneous agreements, etc.

APPENDIX B

Selected Statistics: State Properties Review Board
Architect/Engineering Review Activities--Calendar 1981

<u>Architect/Engineering Review Actions</u>	<u>No.</u>	<u>Fees</u>
Approved	64 (79%)	
Approved w/ Note	2	
Approved w/ Condition	7	
Rejected	7 (9%)	\$994,125 (17%)
Resubmitted	<u>1</u>	
TOTAL REVIEWED	81*(100%)	\$5,802,871 (100%)

Length of Architect/Engineering Review (Total time from
date received to date of final action)

For all A/E Proposals (81):	16.8 days (average)
For Rejected A/E Proposals (7):	25.3 days (average)
Number of A/E Reviews Over 30 Days:	7 items
Range and Average Length of A/E Reviews over 30 days;	31-55 days (range) 43.3 days (average)

Rejection Reasons (7 Proposals)

<u>Reasons</u>	<u>Cited Regarding</u>
Basis for fee computation unacceptable	2 proposals
Error in fee calculation	1 proposal
Scope of contract questionable	1 proposal
Selected firm too inexperienced; selection process too limited	1 proposal
Selection premature (insufficient agency input concerning needs)	1 proposal
Firm selected already engaged for another, separate job (this rejection was later rescinded)	1 proposal

* A total of 83 Architect/Engineering proposals were reviewed in calendar 1981 but data were available for only 81.

APPENDIX B (Cont.)

Conditional Approvals (7 A/E Proposals)

<u>Conditions</u>	<u>Cited Regarding</u>
Correct fee computation error	1 proposal
Change basis for fee computation (e.g., from a percentage to a lump sum basis)	5 proposals
Clarify fee payment process	1 proposal

APPENDIX C

Selected Statistics: State Properties Review Board
Lease Review Activities--Calendar 1981

<u>Lease Proposal Actions</u>	<u>No.</u>
Approved	105 (80%)
Rejected	16 (12%)
Returned	9 (7%)
Rescheduled	<u>1</u>
Total Reviewed	131* (100%)

Value of Leases Reviewed

Rejected Leases (16)	\$9,902,071. (25%)
Returned Leases (9)	\$4,363,883. (11%)
Rescheduled Leases (1)	\$34,000.
Total value (not including options) of all leases reviewed (131)*	\$39,684,602. (100%)

Rejection Reasons**

<u>Reasons</u>	<u>Cited Regarding</u>
Rates Excessive and/or Terms Unsatisfactory	12 proposals
Insufficient Documentation and/or Clarification Required (e.g., square footage inconsistently reported, long range plans not addressed, etc.)	6 proposals
Noncompliance with Statutes or Procedures (e.g., failed to advertise as required, ownership disclosure inadequate, failed to submit feasibility study for lease over 10 years, etc.)	6 proposals
Other (e.g., fire safety and OSHA violations, specific repairs necessary before occupancy, etc.)	1 proposal

* A total of 161 lease proposals were reviewed in calendar 1981 but data were available for only 131.

**Reasons for rejection were available for 15 of the 16 lease proposals rejected in calendar 1981. Reasons for rejection ranged from one to six with an average 2.9 reasons cited for rejection of a proposal.

APPENDIX D

Legislative Changes Needed to Implement the Legislative Program Review and Investigations Committee's Recommendations

- Amend Section 4-26a of the Connecticut General Statutes to: 1) provide for the exemption of all Department of Transportation acquisitions involving sums of \$1,000 or less from the purview of the State Properties Review Board; and 2) require the Commissioner of the Department of Transportation to notify the board of all such transactions, as recommended by the Legislative Program Review and Investigations Committee.