

MINUTES OF THE MEETING  
LONG RANGE PLANNING SUBCOMMITTEE  
MONTANA STATE  
HOUSE OF REPRESENTATIVES

January 10, 1985

The meeting of the Long Range Planning Subcommittee was called to order by Vice Chairman Fred Van Valkenburg on January 10, 1985 at 8:08 a.m. in Room 420 of the State Capitol Building. Chairman Robert Thoft was temporarily not available to open the meeting.

ROLL CALL: All members were present.

MONTANA DEBT MANAGEMENT PROGRAM: Madalyn Quinlan, LFA, passed out material on the Montana Debt Management Program and Long Range Building Bonds. She felt this information would be of interest to members prior to hearing the presentation by the state financial advisor on January 11, 1985.

LONG RANGE BUILDING AND MAINTENANCE PROGRAM: Representative Steve Waldron (5:A:6) presented the subcommittee with copies of the performance audit done by the Legislative Auditor on the long range building program (Exhibit 1). He also passed out a memorandum from the Office of the Legislative Auditor which identifies state owned and leased facilities and examines the pros and cons of having a single state agency responsible for property management, versus the present system of having various agencies responsible for their own property management (Exhibit 2).

Representative Waldron said the Division of Architecture and Engineering (A & E), within the Department of Administration (D of A) currently supervises the construction of new buildings, maintenance of others and leasing within the Capitol Complex. State agencies outside of the Helena area are responsible for their own building management. The present system does not require state agencies to develop a scheduled maintenance plan. A scheduled maintenance plan would be helpful in determining future funding needs. Representative Waldron also said state agencies should be doing lease versus purchase comparisons and are not.

Representative Ernst asked if the university system had been included in the Legislative Auditor's report on a property manager. Representative Waldron said they were not included since they are controlled by the Board of Regents, but he felt their system could also benefit from having a scheduled maintenance plan.

Chairman Thoft asked if the university system proposals were included in the Capitol Construction Program Book compiled by A & E. Mr. Phil Hauck, Administrator of A & E said these projects were included in their book (5:A:250). Chairman Thoft asked how A & E felt about a single property manager for all state agencies. Mr. Hauck said they agreed with these findings as long as their division did not have to administer the program. He felt whatever agency was given this responsibility would have a tremendous amount of work ahead in organizing such a program.

Senator Fuller pointed out that D of A was in agreement with three of the performance audit's recommendations and had already adopted them. It seemed to him as though 90 percent of the audit's recommendations had been accomplished and asked if property management was part of the audits findings or if it was a separate issue.

Representative Waldron said the performance audit dealt with long range building requests and not the management of state properties outside the Helena area. (5:A:294).

Senator Van Valkenburg (5:A:381) asked if the property management process could be centralized by executive order. Scott Seacat, Deputy Legislative Auditor of the Office of the Legislative Auditor said he felt this could be done. Senator Van Valkenburg said he felt D of A should try to accomplish the centralization of building management in this manner rather having it put into law since major problems might arise in developing the new system. Ellen Feaver, Director of D of A said legislation was being introduced which would be permissive but that would allow D of A to oversee the management of leasing space. She agreed that coordination of leasing space was worth pursuing. Senator Fuller requested that Ms. Feaver review the audit report and come back to the subcommittee with her suggestions on how the centralization process could be accomplished. Mr. Seacat suggested the subcommittee begin asking agencies for preventive maintenance plans. Senator Van Valkenburg said he was under the impression this had been done at the last session. Mr. Seacat said his office did not find one preventive maintenance plan while doing their audit.

Representative Bardanouve asked who supervised the purchase of state land. Mr. Seacat said nobody is in charge of supervising land purchases outside the Helena area. Each individual state agency supervises their own purchases.

CAPITAL CONSTRUCTION PROGRAM: Mr. Phil Hauck, Administrator of the Architecture and Engineering Division (A & E) (5:A:596) and Tom O'Connell, Chief of the Facility Planning Bureau reviewed the "Capital Construction Program 1985 - 1987 State of Montana" book with subcommittee members (Exhibit 3).

Chairman Thoft asked if portions of the cigarette tax revenue were divided into a bonding fund and a cash fund. Mr. Hauck said this was correct and that the bonding portion was committed to debt service.

Senator Fuller asked if the book included an analysis of the bond portion of the cigarette tax and its relationship to the debt service. Mr. Hauck said this information was not in the book but had been included in the material the LFA had handed out earlier on the Montana Debt Management Program. Senator Fuller then asked if there was any private revenue in the building program (5:B:45). Mr. Hauck said the university system was the primary source of private revenue.

Chairman Thoft asked if Fish and Game projects came out of the Long Range Building Plan (LRBP) cash account. Mr. O'Connell said all Fish and Game projects would be funded from that department's own cash accounts.

Senator Van Valkenburg asked if the Johnson Hall/Wilson Hall brick repair project was related to the lawsuit involving an MSU building. Mr. Hauck said this project was not related to the lawsuit. Senator Van Valkenburg asked if the \$1.3 million dollars listed for the Boulder project was just for planning of a new 60 bed facility. Mr. O'Connell said only \$100,000 of the proposal was for planning and that the bulk of funding was for construction.

Representative Bardanouve (5:B:422) pointed out that there are three separate subcommittees working on different aspects of the long range plan for the institution at Boulder. He felt it was very important that subcommittee chairman get together to discuss the entire proposal. If the subcommittee handling the reduction of the

of the institution's bed size does not approve the 60 bed proposal, then further action in the other two subcommittees would be at a standstill.

Representative Bardanouve asked if present revenues would cover the funding of prioritized project requests. Mr. Hauck said they would.

Chairman Thoft asked Mr. Hauck to work with subcommittee staff in order to make an agenda for project hearings. Mr. Bill Lannen, representing the Montana University System (5:B:480), said the university presidents would like to have an opportunity to present the Board of Regents project priority list for each of their facilities. Mr. Lannen volunteered to help Mr. Hauck and staff members in scheduling university system projects.

Senator Van Valkenburg (6:A:42) asked the staff to make a schedule for the next 40 to 50 days which would set hearing dates for all projects submitted to various funding programs.

There being no further business before the subcommittee the meeting was adjourned at 9:45 a.m.

  
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ROBERT THOFT, Chairman

LONG RANGE PLANNING SUB COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date January 10, 1985

[illegible]

**State of Montana**  
**Office of the Legislative Auditor**

*Exhibit #1*  
*1-10-85*  
*Office of*  
*Leg.*  
*Auditor*

**Performance Audit**

**LONG-RANGE BUILDING PROGRAM  
FACILITY PLANNING ACTIVITIES**

This report contains a discussion of the need for increased emphasis on facility planning. The report offers recommendations for improvements in the management of the facility planning process, including:

- ▶ Sending LRBP request forms and instructions to state agencies earlier in the year.
- ▶ Emphasizing the statutory requirements for submittal of LRBP request forms.
- ▶ Formalizing LRBP request review procedures and documenting future LRBP request reviews.

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LEGISLATIVE AUDITOR

March 1984

The Legislative Audit Committee  
of the Montana State Legislature:

This is our performance audit of the Long-Range Building Program Facility Planning Activities. This report contains a discussion of the need for increased emphasis on facility planning and includes recommendations for improvements in the management of the facility planning process. The Department of Administration response is contained on page 24.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Scott A. Seacat".

Scott A. Seacat  
Deputy Legislative Auditor

Approved:

A handwritten signature in black ink, appearing to read "Robert R. Ringwood".  
Robert R. Ringwood  
Legislative Auditor

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## LIST OF ILLUSTRATIONS

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## CHAPTER I

### INTRODUCTION

In June 1983 the Office of the Legislative Auditor presented a performance audit report on state-owned and leased land to the Legislative Audit Committee. That report noted that a review of state buildings would be conducted.

The review of state buildings includes a performance audit of facility planning activities related to Montana's Long-Range Building Program (LRBP). This report summarizes the results of the audit.

### OBJECTIVES OF THE AUDIT

The major audit objective was to identify legislative intent concerning the LRBP and to determine if the facility planning efforts of the Architecture and Engineering Division of the Department of Administration satisfy legislative intent. In addition, the audit was to determine if the division is managing and using its resources efficiently and effectively in achieving desired results, and to identify the causes of any inefficient or ineffective practices.

During the audit we asked Architecture and Engineering Division management for written responses concerning selected audit areas. These areas related to potential report issues, and informed the division of issues during the audit, rather than after audit completion.

### SCOPE OF AUDIT

The audit focused on the division's administration of the facility planning aspects of the Long-Range Building Program. During the audit, we examined facility planning files, documents, and memoranda from fiscal year 1978-79 to the present. We also visited a number of state agencies, including four departments, two institutions, and three university units. We interviewed facility planning personnel to gather data on how agencies develop LRBP requests. We also interviewed Office of Budget and Program

Planning (OBPP) staff to determine their involvement with preparation and review of the LRBP.

We did not review the facility planning activities of individual agencies. We also did not review division administration of the design and construction phases of building requests after legislative approval because these areas are under study by the Governor's State Building Construction Advisory Council. The council, created as a result of recommendations by the 1982 Governor's Council on Management, will study construction laws relating to state facilities. Also, the Council is studying the Architecture and Engineering Division's involvement with the construction process. The council is made up of legislators, state agency representatives, contractors, architects, and engineers. The audit did not include a review of the financial status of the division.

The audit was conducted in accordance with generally accepted governmental performance auditing standards.

#### COMPLIANCE

We evaluated division compliance with applicable laws related to the LRBP. We found the division to generally be in compliance with statutes requiring the gathering of information and the submission of a document. However, we found substantial non-compliance by agencies and institutions because they submit LRBP requests in an untimely manner and provide incomplete information. Agency non-compliance is discussed in Chapter IV.

For those laws not related to facility planning activities of the division, and therefore not tested for compliance, nothing came to our attention during the audit that indicated significant division non-compliance.

## CHAPTER II

### FACILITY PLANNING

Facility planning is an on-going process. It involves both maintenance/repair of existing buildings and identification of future building needs. Facility planning combines physical and financial considerations. The facility planning process includes planning for the acquisition and use of land, buildings, equipment, and furniture for support of operations. Typical considerations are whether facilities are provided at the lowest possible cost, and whether they are utilized in a manner that is most beneficial and cost-effective to the state.

#### LONG-RANGE BUILDING PROGRAM

A significant portion of the state's facility planning activities is to be performed through the Long-Range Building Program (LRBP). The program, which originated in 1963, requires each agency to submit proposed long-range building requests to the Department of Administration by July 1 of each even-numbered year. In addition, agencies and institutions are to supply any additional information requested by the department. The following sections discuss the LRBP process.

#### Review of LRBP Requests

Within the Department of Administration, the Architecture and Engineering (A&E) Division compiles agencies' requests and develops additional information as required. In 1975, a Facility Planning Bureau was created within the A&E Division to coordinate the LRBP and to evaluate information submitted by agencies. The bureau is staffed with two employees.

The Facility Planning Bureau, with the aid of other division personnel, reviews LRBP requests submitted by agencies. A review may consist of an actual physical (on-site) review of the proposed project, a review of building plans on file at the A&E Division, or consultation with agency and/or division staff personnel. There are no established guidelines for review of a LRBP

request. Not all requests are reviewed when submitted, and some receive only minimal review based upon staff input concerning the request.

For agencies which do not have the technical capabilities to develop a LRBP request, Facility Planning Bureau personnel may help develop requests and provide cost estimates. This type of aid is usually given prior to the request submittal deadline.

### Priority Determination

The Facility Planning Bureau establishes a priority list of projects to be recommended to the Governor. According to agency personnel, the Governor's Office of Budget and Program Planning, and A&E Division staff, the establishment of priorities is essentially a subjective process whereby various people ranging from the Governor to individual agency personnel provide input into the process.

Currently, no formal policies or procedures concerning the establishment of LRBP priorities exist. However, A&E personnel indicated two factors affect determination of priorities: maintenance/repair type projects receive a high priority in order to preserve existing facilities; and the number of projects to receive a priority determination is based upon projected current revenues.

### Capital Construction Program Document

Information developed by agencies and compiled and reviewed by the Facility Planning Bureau is included in a formal document. This document is presented to the Legislature during the first week of the regular legislative session. The document contains five general sections of information which include:

1. Priority Listing - This section contains a list of proposed projects which are assigned a priority number.
2. Project Description by Agency - This section contains a list of priority projects by agency and includes a brief description of what the project entails.
3. Project Request Forms - Each project that receives a priority number has the request form included. Request forms contain eight sections in which agencies provide specific information detailing project scope and associated costs.

4. Agency Request Forms - Selected information from all request forms submitted is included in this section. Information is limited to the name of the project and a brief description of project scope.
5. Long Range Building Program (2nd and 3rd Bienniums) - These two document sections list agency requests for the second and third bienniums. Information provided is limited to the proposed project's name and an estimate of cost.

#### Legislative Review and Approval

During the legislative session the information presented in the Capital Construction Program document is taken under consideration by the ad hoc Long-Range Building committee. The committee holds hearings to gather additional information and comments from agencies who have submitted building requests and other interested persons. The committee then makes recommendations to the Appropriations committee concerning what requests should be funded and the level of funding for each of the recommended projects. The full Legislature makes the final decision about the actual appropriation of funds for capital projects under the LRBP.

#### LRBP FUNDING

Projects under the LRBP are financed in two basic ways. Most projects are cash projects and are funded by current revenues. Other projects are called bonded projects and are funded through bonded debt.

Cash project funds come from the state cigarette tax, interest income from bond proceeds, state special revenue accounts, and federal special revenue accounts. Cash projects consist primarily of maintenance, repair, and renovation.

Bonds are usually sold for new construction and for major renovation/remodeling projects. Before the proposed bonded program is decided upon, revenue estimates are established and the level of bonded indebtedness the state can assume is determined. The level is based upon projected revenues, interest rates payable on bonds, and the amount of current obligations in the LRBP debt

service account. This account is designated for retiring the bonds sold to finance new construction and renovation projects. The account is funded through state cigarette tax proceeds, local government loan repayments, and license fees through the Department of Fish Wildlife and Parks.

The following illustration shows long range building appropriations for the last three bienniums.

LONG RANGE BUILDING APPROPRIATIONS (Unaudited)

<u>Biennium</u>	<u>Cash Projects</u>	<u>Bond Projects</u>	<u>Total Appropriations</u>
1979-81	\$34,387,467	\$19,849,000	\$54,236,467
1981-83	24,460,945	35,833,505	60,294,450
1983-85	26,513,174	39,334,695	65,847,869*

\*Does not include university stadium and swim center

Source: Legislative Fiscal Analyst Appropriation Reports

Illustration 1



## CHAPTER III

### LONG-RANGE FACILITY PLANNING

The stated goal of the Facility Planning Bureau is to assure protection of the state's investment in present and future facilities through development of a comprehensive LRBP. Despite the stated goal of the Facility Planning Bureau, a long-range building program, as proposed, does not exist. At the present time, the LRBP is primarily a formalized list of proposed projects over a two-year period.

The following sections present our findings concerning incomplete or inadequate long-range facility planning. The chapter also discusses short-term planning, pre-planning facilities, and the effects of incomplete or inadequate facility planning.

There are no specific recommendations in this chapter since neither the Legislature nor the Executive Branch has emphasized the importance of facility planning. Unless there is displayed legislative intent to require long-range facility planning or executive emphasis on the process, recommendations concerning agency operations to improve their planning activities will have little effect or benefit.

#### Long-Range Building Programs

Few of the agencies we reviewed consistently submitted requests beyond the upcoming biennium. We traced nine agencies' project requests from 1979 through 1985. These nine agencies requested 82% of the projects during the period. We found that, of the nine agencies reviewed, only four agencies included any long-range requests. In addition, only 54 percent of the requests not funded by the 1979 Legislature were re-requested by the agency in a succeeding biennium.

The following illustration indicates which sampled agencies submitted any long-range requests for inclusion in the 1979, 1981, and 1983 Capital Construction Program documents.

# SAMPLED AGENCIES SUBMITTING LONG-RANGE BUILDING REQUESTS

## Submitted Long-Range Requests for Biennium

	<u>1981-83</u> <u>in 1979</u>	<u>1983-85</u> <u>in 1979</u>	<u>1983-85</u> <u>in 1981</u>	<u>1985-87</u> <u>in 1981</u>	<u>1985-87</u> <u>in 1983</u>	<u>1987-89</u> <u>in 1983</u>
<u>University System</u>						
Montana State University	No	No	No	No	No	No
University of Montana	Yes	Yes	Yes	Yes	Yes	Yes
Northern Montana College	No	No	No	No	No	No
Eastern Montana College	No	No	Yes	Yes	Yes	Yes
Western Montana College	No	No	No	No	No	No
Montana College of Mineral Science and Technology	No	No	Yes	No	Yes	Yes
<u>Department of Institutions</u>						
Boulder	Yes	No	Yes	Yes	Yes	Yes
Warm Springs/Galen	No	No	No	No	No	No
Pine Hills	Yes	Yes	Yes	Yes	Yes	Yes
Montana State Prison	No	No	No	No	No	No
Mountain View	No	No	No	No	No	No
Eastmont	Yes	Yes	Yes	Yes	Yes	Yes
Center for Aged	No	No	No	No	Yes	No
Veterans' Home	Yes	No	No	No	No	No
Swan River	No	No	No	No	No	No
<u>Department of</u>						
Fish, Wildlife and Parks	No	No	No	No	No	No
Natural Resources and Conservation	Yes	Yes	Yes	Yes	No	No
Military Affairs	Yes	Yes	Yes	Yes	Yes	Yes
Health and Environmental Sciences	No	No	No	No	No	No
Highways	No	No	No	No	No	No
Justice	No	No	No	No	No	No
Administration	No	No	No	No	No	No

Source: Compiled by the Office of the Legislative Auditor

## Illustration 2

As noted in Chapter II, state law [Section 17-7-202(1), MCA] requires agencies to submit a proposed long-range building program and any additional information requested by the Department of Administration. The LRBP request form instructions include a definition of the LRBP as a six-year schedule of capital expenditures listing needed projects, their estimated costs, and

other such materials as required by law. Our review indicates few of the state agencies have complied with the Facility Planning Bureau's request for long-range building information. At the present time, the LRBP is primarily a formalized two year list of proposed projects rather than a comprehensive long-range building program.

#### Definition of Long-Range Building Program

The current definition of the Long-Range Building Program, as set forth in section 17-5-401(3), MCA, describes the program as meaning all buildings, structures, and facilities to be constructed, repaired, used, equipped, or furnished with the consent of the Legislature. The statute does not include a definition of "long-range."

The Facility Planning Bureau has attempted to define the LRBP in the request form instructions as a six-year schedule of capital expenditures listing needed projects. As a result of this interpretation, the Capital Construction Program document contains sections for three separate bienniums of building requests. However, as noted in the preceding section few of the agencies we reviewed consistently submitted any type of long-range requests over three bienniums.

Without a statutory definition of "long-range," neither state agencies, the Facility Planning Bureau, nor the Legislature have an established guideline for planning facility needs. Currently, the long-range portion of the LRBP is subject to various interpretations.

#### Short-Term Building Program

As our review has indicated, the LRBP identified in the Capital Construction Program document is primarily a short-term two-year listing of proposed projects. However, our examination also noted deficiencies in short-term facility planning as well.

The following illustration details requests of the nine agencies we reviewed and the actions of the Legislature regarding the LRBP requests from the 1979-81 biennium through the regular 1983 Legislative Session.

SAMPLED LRBP REQUESTS FROM 1979-81 THROUGH 1983-85

A/E DIVISION AND LEGISLATIVE PRIORITIZATION OF AGENCY LRBP REQUESTS

<u>Biennium</u>	<u>Number of Agency Requests</u>	<u>Dollar Amount Requested</u>	<u>Number of Requests Receiving Appropriations</u>	<u>Dollar Amounts Appropriated for Requests by Legislature</u>
1979-81	201	\$108,068,301	86	\$ 50,437,467
1981-83	265	143,515,925	76	46,987,775
1983-85	207	111,512,339	85	67,225,575
Total	<u>673</u>	<u>\$363,096,565</u>	<u>247</u>	<u>\$164,679,817</u>

<u>Biennium</u>	<u>Number of A&amp;E Prioritized Requests Receiving Appropriations</u>	<u>Dollar Amounts Appropriated for Prioritized Requests</u>	<u>Number of Requests Receiving Appropriations that were Not in Capital Construction Program Document</u>	<u>Dollar Amounts Appropriated for Requests that were not in Capital Construction Program Document</u>
1979-81	57	\$ 28,091,155	19	\$ 19,648,480
1981-83	50	29,857,473	13	2,216,600
1983-85	53	56,003,979	12	2,405,596
Total	<u>160</u>	<u>\$113,952,607</u>	<u>44</u>	<u>\$ 24,270,676</u>

Source: Compiled by the Office of the Legislative Auditor

Illustration 3

Of the 172 requests which were recommended to receive appropriations in the Capital Construction Program document, 160 received appropriations. Therefore, the Legislature agreed with over 90 percent of the recommendations made in the Capital Construction Program document over the past three bienniums.

Even though the Legislature agreed with a majority of the recommendations made by the Governor and A&E Division, a number of additional projects were funded by the Legislature which were not reviewed by the A&E Division. Over \$24 million has been appropriated for projects which have not been reviewed by the Facility Planning Bureau prior to the Legislative session. The funded requests ranged from maintenance/repair type projects to new construction and included nearly every agency. Of the approximately \$164 million appropriated by the Legislature for the past three bienniums for the sampled agencies, over \$24 million (15 percent) was appropriated for agency requests which were not reviewed by the A&E Division prior to the legislative session.

These activities indicate a by-pass of the facility planning process. Although state law requires agencies to submit proposed building requests to the A&E Division for merit review and inclusion in the Capital Construction Program document, a number of agencies have not submitted requests and/or do not accept the division's priority determination. These agencies seek and obtain separate building legislation which effectively eliminates the facility planning role of the A&E Division.

Another deficiency in the facility planning process is the agencies' ability to increase or alter the number of requests submitted to the A&E Division. Our review of division files noted several instances where agencies either added to their list of proposed projects or substituted other projects after issuance of the Capital Construction Project document. For example, the Department of Military Affairs requested and ultimately received permission to increase their list of proposed projects during the 1981 and 1983 legislative sessions. During the 1983 legislative session, Boulder River School and Hospital requested four additional projects because institution personnel believed priorities had changed since the original submission of their requests. Although the ability to submit emergency requests is necessary, the ability to delay submittal of non-emergency requests until after the LRBP priorities are established limits the effectiveness of the facility planning process.

Both circumstances, or strategies noted above; avoidance of the A&E Division project review process, and/or adding requests after the review and priority determination process is completed, hinders the ability of the A&E Division to establish plans for development of state facilities.

#### Pre-Planning Agency Projects

Appropriation of pre-planning funds for state facilities over the past three bienniums has been limited to 18 projects. Pre-planning funds have been limited according to division personnel because of the Legislature's wish to avoid obligating future Legislatures to specific projects.

The development of information concerning facility needs prior to the actual appropriation of construction funds can provide valuable data to facility planners and to the Legislature. This data may include agencies' future objectives and corresponding needs, construction estimates, and preliminary architectural drawings of the proposed project.

Pre-planning can identify and help solve potential problems concerning facility needs or budgetary constraints. Although pre-planning is most useful when followed by design and construction, pre-planning does not necessitate immediate action. For instance, a project pre-planned in one biennium, does not obligate the Legislature to provide construction funds in the succeeding biennium. The information obtained from pre-planning can assist the agency, Facility Planning Bureau, and Legislature when the project is constructed, if it is constructed.

Pre-planning is more appropriate with established long-range planning. Once long-range plans are established, then pre-planning addresses projects that have a very good chance of being constructed. Past practices of not providing for long-range planning has affected the need for pre-planning. Once emphasis is placed upon long-range planning then pre-planning becomes an even more effective and efficient facility planning activity.

#### Maintenance/Repair Projects

An examination of agencies' requests for building funds revealed a substantial number of requests in the building program for maintenance and/or repair type projects. The number of maintenance/repair projects requested for the past three bienniums is 13 percent (over \$19,000,000) of all requests submitted. Although agencies submit a large number of requests for maintenance/repair, our interviews with agency personnel indicate none of the agencies have specific maintenance plans.

Maintenance appears to be performed on an "as needed" or emergency basis rather than on a preventive basis. For example, there are seven water towers which provide water for various institutions. The A&E Division recommended \$45,000 be appropriated for repair and maintenance of the water towers prior to the

1981-83 biennium and \$25,000 before the 1983-85 biennium. A&E Division staff indicated there is no scheduled maintenance program for institution water towers. Consequently, repairs are done as needed. A&E Division staff estimated a scheduled maintenance program would reduce costs associated with use of water towers and decrease the amount of inconvenience associated with lengthy repairs.

The state of Colorado utilizes a controlled maintenance program in order to maintain facilities. A formal document is issued which includes a description of the rating system used for establishing the list of maintenance priorities, a list of projects funded in past years, a listing of current requests, and a status report on all maintenance projects in progress. The development of a scheduled maintenance plan along with long-range planning would provide useful information for agency and legislative planning and could reduce costs associated with unscheduled or "crisis" maintenance.

#### Effects of Inadequate Facility Planning

During our audit several projects were identified which were abandoned or altered after the appropriation of funds by the Legislature. Projects were identified through interviews with A&E and Department of Institutions staff and reviews of past legislative appropriation bills. The following projects are used as examples to show the effect of incomplete or inadequate facility planning.

Stillwater Forest Camp - During the 1979 legislative session, approximately \$2.5 million was appropriated to establish a work camp within the Stillwater State Forest similar to the Swan River Youth Forest Camp. The project received an authorization although the project had not been requested by the Department of Institutions in the Capital Construction Program document and did not have an adequate review by the A&E Division. The proposed camp was subsequently abandoned because of public opposition to the project.

Acquisition and Development of Cemetery: Old Fort Custer Site - In 1981 the Legislature authorized \$100,000 to acquire and develop a site in Big Horn County as a veterans' cemetery. The project was added during the legislative session, but was not requested by the Department of Fish, Wildlife and Parks or recommended for funding by the A&E Division. The project was abandoned due to difficulties with acquisition. There was also no agreed upon plan for management and maintenance of the site.

Establishment of Nursing Homes - The 1975 Legislature authorized a \$3 million appropriation of state funds for the establishment of two nursing homes. The Department of Institutions wanted to construct the facilities in Glendive and in Billings. At Glendive, funds were used to build a facility which initially was to be used for selected geriatric patients from Warm Springs State Hospital and geriatric residents of the state. Currently, the Eastmont Human Services Center is operating primarily as an intermediate care facility for developmentally disabled children and adults; not as a nursing home as originally intended. The Billings site was not developed because evidence of "need" for such a facility could not be provided as required by the Department of Health and Environmental Sciences prior to the issuance of a certificate of need. As a result, the project was abandoned and \$1.3 million reverted back to the LRBP fund.

Youth Treatment Center - In 1981 the Legislature appropriated \$2.626 million for the creation of a youth treatment center in Billings. In 1983 the Legislature appropriated an additional \$360,000 to complete construction of the facility. According to Department of Institutions and A&E personnel, the additional appropriation was required because of site location and extensive building redesign necessary to meet Department of Health and Environmental Sciences requirements. It appears inadequate planning resulted in a misinterpretation of what design standards were to be used. As a result, additional funds were required to complete the project.

Conclusion - In all of the projects noted above, there was incomplete or inadequate facility planning which resulted in either



abandoned or altered projects. In all the projects identified, adequate review or pre-planning before the appropriation of construction funds could have prevented the dedication of funds to projects which were abandoned; thereby, making funds available for other projects, or reduced the need for supplemental appropriations in the following biennium.

#### Emphasis on Facility Planning

Because of the large investment of funds required to repair, renovate, or construct facilities and the need to maximize use of facilities, it is essential to identify both short-term and long-range facility needs. Currently neither the Facility Planning Bureau nor the agencies are identifying more than their short-term facility needs; therefore, it is difficult for the Legislature to analyze and appraise the future direction of state facilities.

Various agency personnel and A&E staff indicated long-range building plans are not submitted by agencies because the Legislature does not authorize funding for more than one biennium. Therefore, detailing agencies' long-range building plans beyond the upcoming biennium is unnecessary.

Although the Legislature funds projects on a biennial basis, state agencies and the Facility Planning Bureau could develop and operate long-range building programs beyond the upcoming biennium. Providing long-range information to the Legislature would allow analysis of upcoming biennium requests in relation to satisfying long-range facility needs. In addition, funding decisions made in the current biennium affect future funding. Development of long-range building and maintenance programs would provide a better estimate of future financial needs.

Currently, agencies and the A&E Division Facility Planning Bureau appear to be reacting to what is perceived as legislative emphasis on short-term policies. We believe that in order to establish a building program which considers both short-term and long-range facility needs, the intent of the Legislature will have to be clarified and the Executive Branch will have to emphasize the

importance of facility planning. The following two sections discuss ways of addressing this emphasis.

#### Expanding Facility Planning Bureau Operations

Currently the Facility Planning Bureau's primary responsibility is the review of LRBP requests and the compilation of the Capital Construction Program document. The majority of the review and facility planning occurs between June and December of each even-numbered year.

Facility planning activities are substantially reduced after the regular legislative session and staff duties change from facility planning to other functions. These functions include the advertising for and interviewing of architects. The staff also serve as liaisons between agencies and architectural firms working on projects. At the present time there is no full-time facility planning activity concerning state buildings and most facility planning is left to individual agencies.

Facility planning is only a part-time activity and, as a result, there is limited long-range planning and on-going evaluation of agencies' long-range building needs. The Facility Planning Bureau's role in development of agencies LRBP requests could be expanded. By utilizing staff expertise and developing a formal facility inspection program to assess facility plans and to predict long-term preventive maintenance needs, a better information base would be created. The bureau could then prepare comprehensive long-range building plans based upon agency input, staff input, and the examination of state facilities.

#### Expanding Agency Facility Planning

We noted earlier in this chapter that individual agencies generally do not include long-range facility requests for the Capitol Construction Program document. In addition, we note in Chapter IV that agency requests are often submitted late and are incomplete. Increased emphasis on the importance of long-range facility planning at the agency level could help improve the overall long-range building programs. Emphasis could take the form of

executive branch enforcement of the request for long-range information. Emphasis could also include statutorily defining the time-period to be covered by the LRBP (i.e. 4, 6, 10 years). In addition, if agencies would develop preventive maintenance programs with scheduled facility inspections, long-term maintenance needs could be identified and requested through the LRBP.

If state agencies emphasize long-range facility planning and preventive maintenance, additional information will be made available to the Facility Planning Bureau and subsequently to the Legislature. The Facility Planning Bureau could use the information to put together a comprehensive long-range building program. The Legislature could use the information to assess short-term funding needs as well as to assess the need for appropriation of pre-planning funds for future bienniums. The long-range information could also be used with estimates of available revenue for upcoming bienniums to provide for long-term financial planning for the LRBP.

## CHAPTER IV

### FACILITY PLANNING BUREAU

This chapter examines specific operations within the Facility Planning Bureau in relation to the Long-Range Building Program. The following audit findings are addressed:

- providing request forms;
- incomplete request forms; and
- management information.

With increased legislative and executive branch emphasis on long-range facility planning, the recommendations in this chapter will be more effective.

### REQUEST FORMS

State agencies requesting building funds must submit requests on forms furnished by the Facility Planning Bureau. The bureau presently sends LRBP request forms and instructions to agencies in a period ranging from mid-April to mid-May in each even-numbered year. This allows agencies one and one-half to two and one-half months to complete the LRBP request forms and resubmit them to the Facility Planning Bureau by the statutorily mandated July 1 deadline.

Our review of bureau files indicated that over the last three bienniums approximately 87 percent of the LRBP requests reviewed were received after the July 1 deadline. In addition, many of the forms had not been completed as per the instructions the Facility Planning Bureau includes with the request forms.

We believe there are several reasons for late and often incomplete request forms. The files indicated that all institutions and university submittals, which over the past three bienniums made up 64 percent of all requests submitted, are sent to the Department of Institution's Central Office, and the Board of Regents prior to submittal to the Facility Planning Bureau. Often individual institutions' and universities' requests are received by the Central Office and Regents with less than a month until the July 1 deadline. The Regents and Department of Institution's Central Office

have a limited amount of time to determine agency priorities based upon the submittals of individual institutions and university units.

An additional reason for late submittals appears to relate to the Facility Planning Bureau not enforcing the July 1 submittal deadline. We noted a letter in the files whereby the University System, in 1982, was given an extension by the Facility Planning Bureau to delay submittal of their requests until August 1 in order for campus visitations to be completed by the Regents.

Interviews with various agency personnel indicated they have submitted late LRBP requests because they were waiting for estimates from contractors and/or architects for proposed projects. Finally, we believe agencies may submit late requests because the agency is not formally reminded of their statutory responsibilities between the time LRBP request forms and instructions are received and the July 1 deadline.

Without a longer period of time to develop and complete the LRBP request forms, the agencies will likely continue to submit late and incomplete requests. These deficiencies, as a result, reduce the amount of time the Facility Planning Bureau has for review of requests, as well as increase the subjectiveness of that review due to the many incomplete request forms.

Division personnel stated that, although they agree sending out the forms earlier would promote a more timely submittal of forms by the agencies, an extended time frame will not necessarily reduce the problems associated with incomplete requests. They noted incomplete request forms are the result of agencies gaining legislative approval for projects even without completed forms. Division officials believe an earlier mailing date for the request forms could be implemented immediately.

We believe in order to promote the submittal of timely and complete LRBP request forms and because the Facility Planning Bureau does not have specific authority to enforce the submittal deadline statute, the bureau should do the following:

1. send the LRBP request forms and instructions to the various agencies earlier in the year, perhaps in January; and,

2. develop a "reminder system" whereby the Facility Planning Bureau sends reminders to the agencies of the upcoming July 1 deadline.

#### RECOMMENDATION #1

WE RECOMMEND THE FACILITY PLANNING BUREAU SEND LRBP REQUEST FORMS EARLIER AND DEVELOP A REMINDER SYSTEM.

#### INCOMPLETE LRBP REQUEST FORMS

The laws concerning the LRBP (Sections 17-7-202 through 17-7-204, MCA) specify the type of information required for the Legislature. The Facility Planning Bureau, in order to comply with the information requirements, has requested agencies to provide specific information in the LRBP requests submitted. The specific information includes projected increased operating costs relating to the proposed project, as well as identification of specific alternatives examined and their associated costs. During our review of LRBP request forms submitted by eleven sampled agencies to the Facility Planning Bureau we noted that, over the last three bienniums, an average of five agencies either did not fully complete the forms or did an inadequate job of completing the forms. Of the 207 requests submitted for 1983-85, only 62 were explained in the statutorily required detail.

The Facility Planning Bureau provides specific instructions with the LRBP request forms detailing what information should be provided by agencies. However, our review of the forms indicated that projected operational costs have not been provided for many of the requests. In addition, virtually none of the agencies reviewed provided realistic project alternatives and/or costs associated with these alternatives as provided for in the Facility Planning Bureau's LRBP instructions. Without this information, which is required by law, the Facility Planning Bureau and the

Legislature must rely on less than complete data when reviewing and recommending agency LRBP requests for funding.

We found through interviews that agencies submit incomplete request forms because agency personnel believe revealing increased operational costs either will harm their chances of getting a request funded or that submittal of costs is unnecessary because costs are not a factor in the Facility Planning Bureau priority determination or the Legislature's appropriation decision-making processes. In addition, agencies do not comply with LRBP instructions because they are not required to fully complete the LRBP request forms prior to acceptance by the Facility Planning Bureau.

Current statutes require submittal of the requested information. The laws and request forms are specific as to the type of information required. When we discussed the issue of incomplete forms with A&E officials, they stated that all of the information requested in the forms is pertinent and in the future they would enforce the statutory requirements for submittal of complete LRBP request forms.

#### RECOMMENDATION #2

WE RECOMMEND THE DEPARTMENT ENFORCE THE STATUTORY REQUIREMENTS FOR SUBMITTAL OF LRBP REQUEST FORMS AND REQUIRED INFORMATION.

#### MANAGEMENT INFORMATION

The Architecture and Engineering Division, Facility Planning Bureau, compiles and develops the Capital Construction Program and long-range building program. This responsibility includes the review and establishment of priorities for agencies' LRBP requests. Our review of the Facility Planning Bureau's functions revealed there are no formal procedures for, or complete documentation of project reviews.

The Facility Planning Bureau receives over 200 LRBP requests during each even-numbered year. Although the bureau's records

indicate reviews are done for some requests, there is no documentation of what the review consisted of or how priorities were determined. The lack of documentation makes it impossible to determine whether the Facility Planning Bureau is accomplishing its statutory responsibilities. It is also difficult to determine the bureau's workload. There are no formalized policies and procedures, and no documentation of staff activities. The Facility Planning Bureau cannot support all estimates detailed in the Capital Construction Program document, and it is not possible to determine what requests are reviewed or if the review is adequate.

To determine requests reviewed and the type of documentation compiled for those reviews, we examined individual agency files at the Facility Planning Bureau. Nearly \$4 million was requested for 33 sampled projects for 1983-85, yet only four of the project files indicated any review had been done. In addition, six of the requests we examined were identified in the Capital Construction Program document as priority projects. Although four of the projects determined to be priorities by the A&E Division had cost estimates in their files, no other documentation of the reason for the estimate or why the project had that priority determination was evident.

For two projects we reviewed, the A&E Division recommended more funding for the projects than was requested by the agencies. The Center for the Aged requested \$5,620 for a carport; however, the A&E Division changed the scope of the proposed project and increased the request to \$60,176. There was no documentation in the agency file to support A&E project changes. The Department of Health and Environmental Sciences requested \$51,200 for chemistry laboratory renovation; however, A&E recommended \$119,000 to complete the project. The agency file did not provide information as to why the project estimate was increased. Without adequate documentation it was not possible to determine the extent of A&E review of agency LRBP submittals.

The Facility Planning Bureau needs to formalize and document their review procedures. The documentation of bureau operations could also be used as training for new staff and could provide



management with an indication of workload and necessary staff size.

We believe the Facility Planning Bureau should establish formal policies and procedures concerning project reviews and that future LRBP request reviews be formally documented. For example, this documentation could include the following:

1. The project being reviewed and extent of review (e.g., an actual on-site review, examination of written requests, etc.).
2. Date of the review.
3. Individuals contacted during the review.
4. Worksheets or cost estimates developed as a result of the review.
5. Individual performing the review.
6. Review recommendations.

#### RECOMMENDATION #3

WE RECOMMEND THE FACILITY PLANNING BUREAU:

- A. FORMALIZE PROCEDURES FOR THE REVIEW OF LRBP REQUESTS.
- B. DOCUMENT FUTURE REVIEWS OF LRBP REQUESTS.

**AGENCY RESPONSE**



STATE OF MONTANA  
DEPARTMENT OF ADMINISTRATION

*Memorandum*

TED SCHWINDEN  
GOVERNOR

**TO:** Scott Seacat, Deputy Legislative Auditor  
Office of the Legislative Auditor

**RECEIVED**

MAR 21 1984

**FROM:** Morris L. Brusett, Director *MRB*  
Department of Administration (444-2032)

**MONTANA LEGISLATIVE AUDITOR**

**DATE:** March 21, 1984

**SUBJECT:** AUDIT RESPONSE - FACILITY PLANNING BUREAU - LONG RANGE BUILDING PROGRAM

This office has implemented Recommendation No. 1 as listed in the referenced audit report. We are in the process of reviewing procedures necessary to implement Recommendations No. 2 and No. 3 in the near future.

This office would also endorse the comments of the auditors concerning "preplanning" for major construction projects and the establishment and review of scheduled maintenance programs within agencies.

We feel the audit was beneficial and was accomplished within the intent of "good constructive criticism."

1-10-85

Waldron

OFFICE OF THE LEGISLATIVE AUDITOR  
LEGISLATIVE REQUEST 84L-10  
MEMORANDUM

SUBJECT: Controlling the purchasing, leasing, and maintenance of state-owned and leased facilities.

This memorandum identifies current state owned and leased facilities and examines the pros and cons of a single state agency controlling all aspects of property management versus continuing to have more than one agency responsible for their own property management.

Present Acquisition Control

Currently, acquisition of building/office space by state agencies is controlled by one consideration: whether or not the proposed acquisition is in the Helena area. The Department of Administration has authority to purchase, lease, and acquire land or buildings in Lewis and Clark County and to keep an inventory of all buildings in Lewis and Clark County. As a result, the Department of Administration has wide-ranging control over building space acquisition in the Helena area. If a state agency would like to acquire building space within Helena, it must (by statute) obtain prior approval from the Department of Administration. If a state agency wishes to acquire building space outside the Helena area, it is under no restriction concerning prior approval. Within budgetary restrictions, any state agency may purchase or lease building space outside of Helena.

Although state agencies who wish to obtain building space outside of Helena appear to have a "free hand" whereas within Helena acquisition is more closely monitored, the approval process for state agencies within Helena appears to be primarily a formality. An interview with the administrator of the General Services Division (GSD) of the Department of Administration revealed the primary reason state agencies must get prior approval is to assure space in the Capitol Complex is used. In addition to checking for available state-owned space, the remainder of the approval process also rests with the Department of Administration. The Purchasing Division maintains a list of potential private sector lessors and sends out requests for bids based upon the stated agency space needs and funds available. After bids have been received and the acquiring agency has accepted or approved a particular "space," the lease is examined by the department's Insurance and Legal Division for legal content. At this point, control for the acquisition of the property is turned over to the acquiring agency. Therefore, although an approval process does exist, the process is limited and once control is returned to the agency, department involvement ceases.

## Present Maintenance Control

### Helena Area

In conjunction with the Department of Administration's statutory authority concerning acquisition of space for state agencies in Helena, the department is also responsible for maintenance of state property in the Helena area. Specifically, the Department of Administration is, by statute, custodian of all state property in the Capitol area. It is the department's duty to supervise and direct the work of caring for and maintaining buildings. Also, no state agency may improve, repair, or remodel a state building without approval of the Department of Administration.

### Outside of Helena

The extent of property management control exercised by the Department of Administration outside the Helena area is limited. All state agencies are supposed to submit their proposed long-range building plans to the Architecture and Engineering Division (A/E) of the department. In actuality, agencies who submit building requests not only seek LRBP funds for construction of new buildings but also seek funds for the maintenance of existing buildings as well.

When the A/E Division receives building maintenance funding requests, they sometimes physically review agencies' proposals. For example, if an agency requests funds for a new roof for a building, A/E will sometimes examine the building to determine need for a new roof. Although agencies are supposed to submit their proposals to A/E and A/E is to determine need, state agencies are statutorily responsible for providing the building maintenance requests. In addition, agencies can and sometimes do bypass the A/E Division and submit their proposals directly to the Legislature. Also, maintenance funding can be included as a part of the agency operating budget request. In other words, if agencies do not submit funding requests for building maintenance through the LRBP, the A/E Division will not be made aware of maintenance needs outside the Helena area. This effectively puts property maintenance on the shoulders of each state agency owning property outside of Helena by making the agencies responsible for determining building maintenance needs.

### Current Owned and Leased Buildings

Currently, there are approximately 2,280 state-owned buildings. The following identifies what each agency has for buildings and the buildings' replacement value.

BUILDINGS OWNED BY STATE AGENCIES  
(As of 12-31-84)

<u>State Agency</u>	<u># of Buildings</u>	<u>Replacement Value</u>
Department of Administration	40	\$ 54,380,600
Department of Agriculture	1	206,900
Department of Commerce	26*	1,095,500
School for the Deaf & Blind	9	4,839,600
Eastern Montana College	43	39,139,700
Montana Tech	25	24,583,500
Montana State University	213	134,620,600
Agric. Experiment Station	165	4,244,600
Northern Montana College	27	24,557,800
University of Montana	272	112,084,000
Western Montana College	23	19,028,400
Dept. of Fish, Wildlife & Parks	236	8,123,600
Department of Highways	614	33,317,200
Department of Institutions	378	98,854,300
Department of Justice	5	817,700
Department of Labor & Industry	13	5,644,300
Department of Military Affairs	84	13,065,400
Department of State Lands	69	2,192,000
Dept. of Natural Resources & Conserv.	33	1,540,800
Department of Revenue	1	2,140,800
	<u>2,277</u>	<u>\$584,477,300</u>

\* 22 are radio transmitter stations

Source: Department of Administration's 1983 Schedule of State Properties

Illustration 1

Aside from agencies' requirements to review their building needs and submit proposals for the future, the state agencies having building space needs outside of Helena are free to obtain building space by whatever means their budgets will allow. This includes acquisition by lease. For example, if the Department of Justice determines there is a need for a driver's license station, it is responsible for finding a potential lessor, negotiating lease or rental rates and providing maintenance services. The following identifies the location and extent of state agency lease holdings.

# STATE AGENCY LEASEHOLDINGS

<u>Agency</u>	<u># of Cities Where Agencies Have Leaseholdings*</u>	<u># of Leases</u>	<u>Annual Lease Payments</u>
Department of Administration	1	1	\$ 59,750
Department of Agriculture	9	13	39,794
Department of Commerce	2	7	50,489
Montana Consumer Council	1	1	6,000
Board of Education	1	1	432
Department of Fish, Wildlife and Parks	6	8	33,500
Department of Health and Environmental Sciences	1	1	10,080
Department of Highways	N/S	N/S	N/S
Department of Institutions	10	16	150,424
Department of Justice	11	22	217,234
Department of Labor & Industry	19	20	268,892
Department of Livestock	2	2	3,600
Department Military Affairs	4	4	17,100
Department of Natural Resources and Conservation	11	12	363,760
Office of Public Instruction	1	2	68,652
Department of Revenue	49	73	811,353
Department of State Lands	8	9	130,611
		192	\$2,231,671

\* Includes Helena

N/S Not Supplied

Source: Compiled by the Office of the Legislative Auditor

## Illustration 2

### Control of State-Owned and Leased Building Space

At the present time, responsibility for property management of state-owned and leased building space is dependent upon the building space location. If the building is within the confines of Lewis and Clark County there is a certain amount of control placed upon agencies by the Department of Administration. If the building space is located outside the Helena area, property management is the responsibility of the agency occupying or seeking space. As a result, type and level of property management varies from agency to agency. As shown in the illustrations, there are substantial funds involved in building space--both owned and leased.

In our 1984 performance audit of the Long-Range Building Program (LRBP), we noted variations in property management can have a significant effect in both the areas of leasing and owning a

building. In our report, we noted that no agencies have specific maintenance plans even though 13 percent (over \$19,000,000) of all requests submitted for the past three bienniums for the Long Range Building Program are for maintenance and/or repair type projects. The report stated the development of a scheduled maintenance plan could reduce costs associated with unscheduled or "crisis" maintenance.

During the audit, we also obtained information from state agencies on their leaseholdings and methods of obtaining building space by leasing. Based on this information we discovered that few agencies do any type of lease versus purchase analysis prior to obtaining building space, that there is little or no competitive bidding for leased space, and substantial variations exist in what state agencies pay in terms of lease rates and services for comparable-sized building space. This can be seen in Illustration 3.

VARIATIONS IN LEASE RATES AND SERVICES  
IN A SELECTED CITY

<u>Agency</u>	<u>Annual Cost</u>	<u>Costs Per Sq. Foot</u>	<u>Type Space</u>	<u>Utilities Included?</u>	<u>Janitorial Included?</u>
Dept. of Labor & Industry - Job Service	\$ 78,300	\$ 9.00	Office	Yes	Yes
Dept. of Labor & Industry - Job Service	4,200	4.42	Office	Yes	No
Dept. of Social & Rehabili- tation Services	62,113	7.02	Office	Yes	Yes
Dept. of State Lands	6,270	5.50	Office	Yes	Yes
Dept. of Revenue - Store #4	31,728	4.38	Store	No	No
Dept. of Revenue - Store #5	28,980	4.14	Store	No	No
Dept. of Revenue - Store #6	28,750	6.85	Store	Yes	No
Dept. of Revenue	12,847	10.28	Office	No	No
Dept. of Revenue	5,820	8.95	Office	No	No
Dept. of Agriculture	1,800	6.00	Office	Yes	Yes
Dept. of Agriculture	1,500	11.90	Office	Yes	Yes
Dept. of Institutions	5,558	2.56	Office	Yes	Yes
Dept. of Natural Resources & Conservation	9,324	8.88	Office	Yes	Yes
Total	\$277,190	6.91			

(Average)

Source: Compiled by the Office of the Legislative Auditor

Illustration 3

Options For Control

As a result of the above findings, there is some question as to whether state agencies should continue to control or manage building space or whether one agency should have responsibility for

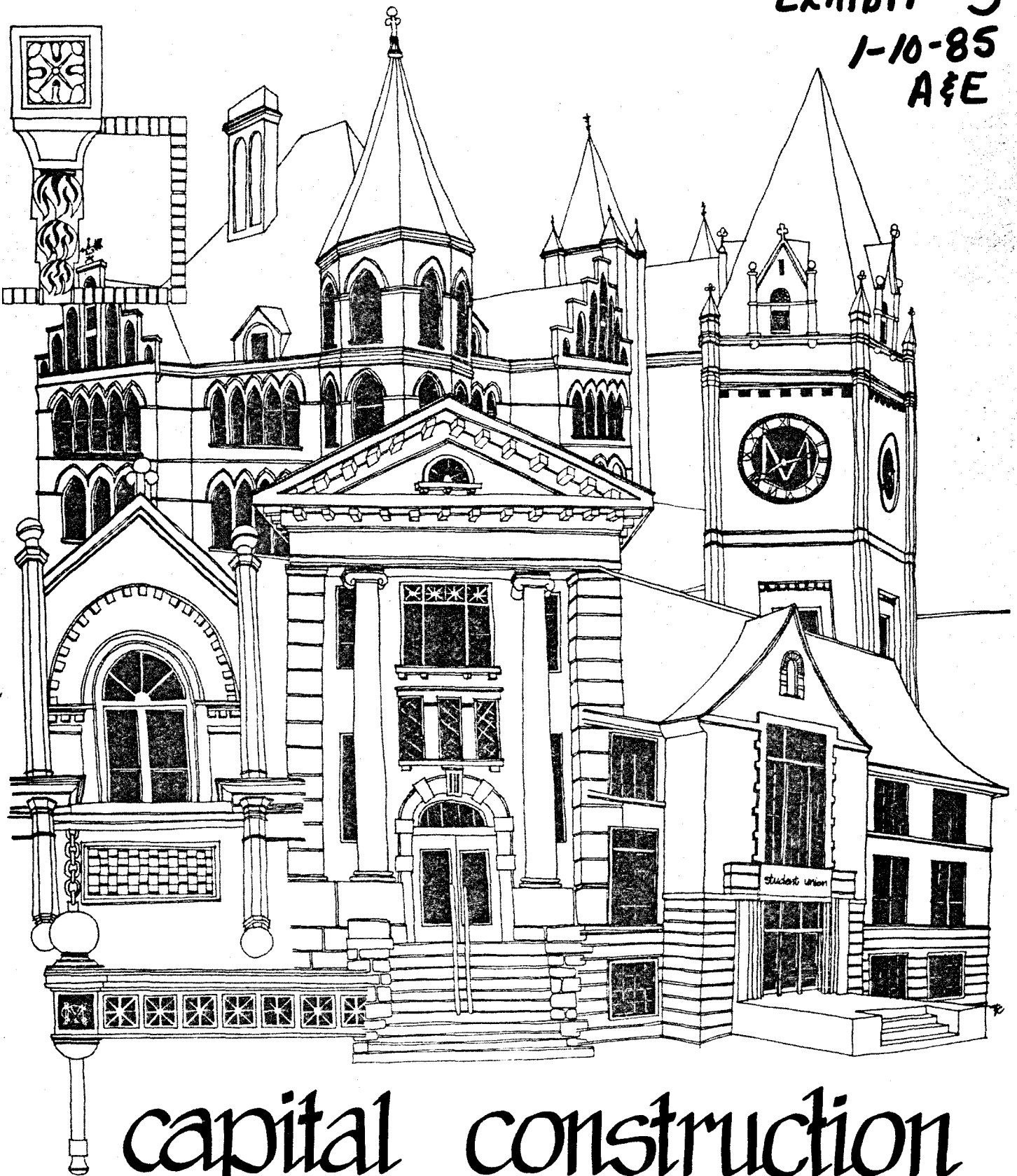


acquisition and maintenance (property management) of state-owned and/or leased building space. Currently, there appears to be only one existing agency with the capabilities and experience to assume and administer a unified property management role: the Department of Administration. Because of various statutory responsibilities, the Department of Administration is property manager within the Helena area. In addition, the department receives proposed building requests of state agencies.

Although the Department of Administration appears to have the ability to be the property manager of all state-owned and/or leased building space, there have been objections to the department assuming such a role. For example, a bill introduced in the 1983 Legislature would have given the department responsibility for surveying the needs of agencies and assigning space in buildings statewide. No state agency, with the exception of the university system, would have been able to lease, rent, or purchase property without prior approval of the department. The bill was subsequently amended to give the department space allocation and approval authority for Helena only. Interviews with Department of Administration officials revealed they would be reluctant to assume a state-wide property manager role because they believe the state agencies have a better idea of what is required for building space and due to the size of the state, acquiring and monitoring building space from Helena would be an enormous task.

Unification of property management within the Department of Administration could produce benefits and disadvantages. By having one agency responsible for acquisition and management of building space, there would be a more consistent, standardized approach to property management. For example, instead of two state agencies separately negotiating a lease for building space and each agency deciding an appropriate lease rate, a single agency could look at various alternatives and/or perhaps find suitable shared space with lower lease rates. In addition, a unified property management system would facilitate having specific, scheduled maintenance plans because the department would be responsible for surveying needs of state-owned buildings. The development of maintenance plans could reduce costs associated with neglected or overdue facility maintenance and would also provide more useful information for agency and legislative planning. Disadvantages to having a unified property management system would include the loss of some flexibility and discretion by state agencies to obtain and develop building space. In addition, we believe consolidation and the creation of a scheduled maintenance plan would require an increase in staff by the Department of Administration to handle the property management role, increased travel, etc.

Exhibit #3  
1-10-85  
A&E



capital construction  
program 1985 - 1987  
state of montana

LONG-RANGE PLANNING SUBCOMMITTEE

DATE January 10, 1985

SPONSOR \_\_\_\_\_

[illegible]

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.