



## Council on Efficient Government

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**Mission:**

*The Council on Efficient Government reviews, evaluates and provides advice on agency outsourcing and best practices, as well as codifies lessons learned to improve government accountability. It is the Council's goal to define the process for reviewing business cases and implement standard processes for outsourcing initiatives.*

September 3, 2008

Ms. Amy Johnson, Chief  
Florida Department of Juvenile Justice  
Bureau of Contracts  
2737 Centerview Drive  
Tallahassee, FL 32399-3100

Dear Ms. Johnson,

Thank you for submitting your Agency's outsourcing-related business case, Okaloosa Youth Academy, for the Council on Efficient Government's review.

This outsourcing business case was received by the Council in accordance with the required timelines stated in Chapter 287.0574, Florida Statutes. This Statute states that a business case must be received by the Council 30 days prior to release of any procurement document(s).

After a thorough review of the business case and the Scope of Services document, the Council recommends that this project proceed with modifications. The Council staff offers in its *Advisory Report* a business case summary as well as comments and recommendations. We trust you will find this information helpful to the Department during its procurement and contract period activities.

Please contact me if you have any questions and / or concerns.

Sincerely,

Henry Garrigo, Executive Director  
Council on Efficient Government

cc: Mr. Frank Peterman, Secretary  
Florida Department of Juvenile Justice  
Knight Building  
2737 Centerview Drive  
Tallahassee, FL 32399-3100

CEG File 09-0005

Enclosure: Advisory Report

## Summary of Business Case and Recommendation

### **Proposed Project Title:** Okaloosa Youth Academy

**Objective:** The Provider shall provide a 100-bed residential program for boys who are committed to the Department after being assessed and classified as a moderate-risk to public safety and are in need of Behavioral Health Overlay Services. The program will include 100 beds/slots designated for Medicaid Behavioral Health Overlay Services (BHOS). The Provider shall provide a program utilizing a Therapeutic Community Model to serve 100 boys between the ages of 14-18, 24 hours per day, 7 days per week. The average length of stay is six (6)-nine (9) months. The program shall be located at 4455 Straight Line Road, Crestview, FL, 32539 in a Department-owned or leased building in Circuit 1, North Residential Region. This is an existing program currently known as Okaloosa Youth Academy.

**Cost:** Projected Annual: \$3,181,705;

Projected Total: \$9,545,115

**Term:** Three consecutive years with the potential option of a one renewal for three years if performance is deemed satisfactory.

**Agencies Affected:** The Department of Juvenile Justice (Department), Committed Offenders and their Parents, Citizens of Okaloosa County, County Sheriff's Office, and Local Police Department

### **Analysis Summary:**

#### Strengths:

- The proposal to outsource is in response to Legislative direction.
- The Department has been outsourcing this type of service since 1994 and therefore has strong, historical cost data supporting this type of outsourcing.
- As juvenile detention would be the core function of the selected service provider, it is assumed that the vendor would continue to introduce new technology and processes to the program that would generate further efficiencies over time.
- The Department has documented a comprehensive contract management and reporting process for this program.
- The business case indicates a relatively strong market of approximately 25 state wide vendors for moderate risk juvenile detention services and sufficient competition can therefore be expected in the procurement process.

#### Areas of Potential Concern:

- Because the Legislature establishes the per diem rate paid to vendors through the appropriations process, the Department has a limited role in determining price of each facility. The Department, however, should consider conducting a cost benefit analysis. Consequently any projected savings and/or efficiencies need to be validated for accuracy and documentation (including an explanation as to how amounts were calculated). Please see the Council's website for Schedule XIA-1, XIA-2, and XIA-3 cost benefit forms at:  
[http://dms.myflorida.com/other\\_programs/council\\_on\\_efficient\\_government/resources\\_forms/forms](http://dms.myflorida.com/other_programs/council_on_efficient_government/resources_forms/forms)

- Risks critical to the project should be more clearly identified in the business case with a plan on how these risks may be mitigated.
- A contingency plan needs to be developed detailing all steps to be taken should this facility be returned to a state-run facility, either as a planned change or in case of contractor non-performance. The Department needs to specify all costs required to convert the program back to a state operated facility. Costs should include FTE, operations, buildings, equipment, furniture, operational services and all associated specialized health and counseling services, etc.

### **Recommendation:**

**The Council on Efficient Government recommends moving forward with this outsourcing initiative.** The Council's analysis, conducted during the business case evaluation, indicates a high probability for attaining the desired efficiencies and results, primarily due to the agency's experience and expertise in this type of outsourcing. In the future, however, the Department should consider conducting a cost benefit analysis to validate the actual savings.

This project is an ongoing outsourced juvenile correctional facility located in Circuit 1, North Residential Region. The Department is statutorily mandated through the appropriations process (Chapter 2006-25, Laws of Florida) to outsource these types of program areas therefore outsourcing is the only option the Department has in order to maintain this service.

Florida's Department of Juvenile Justice leads the United States in outsourcing of juvenile detention facilities. The Department's goal is to ensure that two out of every three youth who complete the program will remain crime free for a minimum of one year after release.

Approximately 85% of the Department's residential services are outsourced. The Department has contracted out the majority of its community-based and post-residential services for 13 years. Currently the Department operates eight moderate-risk residential programs with slots designated for Mental and Behavioral Health Overlay Services. The Department does provide these services internally on a limited basis in those areas where the need exceeds service provider availability. To in-source these services, the Department would require a considerable FTE reallocation in order to effectively supervise the population. Given the current FTE allotment, the Department would be unable to fulfill its statutory obligations for the population of juveniles currently served by the service provider. Public safety and accountability would be jeopardized for all juveniles, their families, stakeholders and the community at large.

Despite incomplete and missing cost-benefit analysis, the Council finds that this is a sound business case for outsourcing and recommends proceeding with the project. In fact, the Department's Bureau of Quality Assurance has affirmed the outsource facility's past performance as commendable in its program review. Nevertheless, the Council recommends that the Department update the final business case with a cost benefit analysis that should clearly identify the best business decision for the State.

The Council looks forward to working with the Department on future outsourcing initiatives. If we can be of any further assistance, please do not hesitate to contact us at (850) 414-9200. Thank you.