



# 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.*

02 September 2009

Ms. Laura K. Moneyham, Chief  
Contract Development and Planning  
Florida Department of Juvenile Justice  
2737 Centerview Drive, Knight Building  
Tallahassee, FL 32399-3100

Dear Ms. Moneyham,

Thank you for submitting your Department's business case and 'Services to be Provided' regarding "*Columbus Juvenile Residential Facility*" for the Council on Efficient Government's review. The electronic version of this business case was received by the Council on 05 August 2009, and met the timeline requirements as stated in Chapter 287.0574, *Florida Statutes*. This Statute requires business cases to be received by the Council 30 days prior to release of any procurement document(s). The Request for Proposal (RFP) is scheduled for release by 04 September 2009.

After a thorough review of the business case, Council staff recommends this project proceed with modifications, and 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

cc: Council File 10-0003, Version 1.1 FINAL

cc: Mr. Frank Peterman, Secretary  
Florida Department of Juvenile Justice  
Knight Building  
2737 Centerview Drive  
Tallahassee, FL 32300-3100

cc: Ms. Amy Johnson, Chief  
Bureau of Contracts  
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# **I. Business Case Summary**

## **1. Proposed Project Title**

### **Columbus Juvenile Residential Facility**

Hillsborough County  
9502 Columbus Drive  
Tampa, Florida, 33619  
813.769.0445

## **2. About the Facility**

Columbus Juvenile Residential Facility is a 50-bed residential moderate-risk hardware-secure program, primarily serving the West, East and South regions. The program will provide sex offender treatment services to youth who have been committed to the Department after being assessed and classified as moderate-risk and have documented need for sex offender treatment based on a psycho-sexual assessment. The youth must not have used force, threats or weapons in the commission of the sexual offense. Offenses may include, but are not limited to, charges involving voyeurism, exhibitionism, frotteurism and sexual harassment. Additional eligibility requirements include youth committed for the first or second time with at least one of the above sexual offenses. Youth may also be transferred from other moderate-risk programs who have exhibited the above detailed sexually offending behavior.

The program will provide specific sexual offending therapy to include individual, family and group services. Youth will be evaluated by a psychiatrist for medication management upon admission and monthly afterwards. The program will provide case management services and in-home prevention services as the youth progress to release.

The Hillsborough County schools will provide on-site educational services. Vocational programming will consist of Culinary Arts and Computer Repair and specific behavioral programming will be provided to youth with developmental issues.

Treatment strategies and programming will be provided to support a length of stay between twelve and eighteen months.

The current contract extension expires 04 January 2010.

## **3. Current Provider**

It is not possible to determine from the business case who is the current Provider of contracted services for the Columbus Juvenile Residential Facility.

The business case indicates Columbus Youth Services, a private, non-profit Provider, has provided services under contract M6G08 since 05 January 2004. A Google search for Columbus Youth Services proved unsuccessful.

The facility webpage, on the other hand, specifies two Providers, G4S Youth Services, LLC and Sunshine Youth Services. The Quality Assurance Report, dated September 2008, clearly states that Sunshine Youth Services is the contract Provider. It appears to the Council that Sunshine Youth Services is the likely Provider for Columbus Juvenile Residential Facility.

Sunshine Youth Services, Inc. is headquartered in Tampa, Florida and, in addition to the Columbus Juvenile Residential Facility, operates four other residential commitment programs in Central Florida for youth ages nine to eighteen:

- 1) Gulf and Lake Academy (Land O' Lakes),
- 2) Riverside Academy (Tampa),
- 3) Polk Halfway House (Bartow), and
- 4) Hillsborough Academy (Tampa).

Sunshine Youth Services, Inc.'s webpage indicates the company is under contract for the first three facilities to provide services with and receive referrals from the FDJJ. The status of Hillsborough Academy is less clear, since the website indicates no contractual relationship with the FDJJ; however, Hillsborough Academy Intensive Residential Treatment., a high-risk male, hardware-secure facility, is indeed a FDJJ facility. A visit to that facility's website indicates that both G4S Youth Services, LLC and Sunshine Youth Services are the contracted Providers.

The G4S Youth Services, LLC website indicates the company is under contract with the FDJJ to provide evidence-based programs such as motivational interviewing and Thinking for a Change (T4C) at Columbus Juvenile Residential Facility.

The Council suggests the FDJJ clarify the current Provider contract status for the Columbus Juvenile Residential Facility and update the business case and website(s) with this information.

#### **4. Provider Requirements**

The Provider shall design, develop, implement and operate a residential program consisting of fifty (50) beds for moderate-risk boys who are committed to the Department after being assessed and classified as moderate risk to public safety and have a documented need for sexual offender treatment based upon a psychosexual assessment. The program shall be called Columbus Juvenile Residential Facility and shall be located in a Department owned / leased building in FDJJ Region 2, Central, Circuit 13, at 9502 Columbus Drive, Tampa, FL 33619.

The Provider shall design, develop, implement and operate a residential program, as outlined above for youth who have been committed to the Department and assessed utilizing the Department risk / needs assessment, the Positive Achievement Change Tool (PACT, which includes Residential PACT (RPACT)) and pre-disposition comprehensive evaluation. The Provider shall provide custody, treatment and supervision. The Provider shall also ensure services are provided 24 hours per day, seven days per week utilizing evidence-based or promising treatment and practices within a framework based upon Restorative Justice philosophies, principles and practices.

The anticipated length of stay for each youth is twelve to eighteen months.

#### **5. Support of Department's Mission and Goals**

The continued operation, via competitive procurement, of this 50-bed male moderate-risk program supports the Department's mission of providing treatment services that strengthen families and turn around the lives of troubled youth by providing treatment for the youth's mental health and/or substance abuse disorders, education/pre-vocational training and evidenced-based delinquency interventions.

The Department intends for the operation of the Columbus Juvenile Residential Facility to accomplish several major program goals, including but not limited to the following:

- Focus on treatment and security issues relevant to the youth's mental health/substance abuse needs and legal status and provide high-quality care utilizing evidence-based and promising treatment and practices within a framework based upon restorative justice philosophies, principles and practices.
- Provide for the care, safety, and protection of youth in an environment that fosters healthy social, emotional, intellectual and physical development.
- Deliver comprehensive on-site medical services designed to meet the specialized health needs of the youth.
- Maintain adequate staffing to provide a safe, secure and therapeutic environment.
- Create and maintain good working relationships with the community and relevant community-based agencies, including the mental health, health, social service and criminal justice systems.
- Provide equal opportunity and access to quality and effective education that meets the individual needs of each youth.

**6. Project Funding**

The program's current contract, which expires 04 January 2010, has a per diem rate of \$139.77 (filled) and \$134.77 (unfilled). The average utilization rate for the moderate-risk program over the past six months has been 98.82 percent.

Funding for the project is \$2,550,802.50 annually that is funded by General Revenue in the Contracted Secure Residential Program category.

**7. Project Authority**

This business case to outsource is a response to the Appropriations Act of 2008, Chapter Number 2008-152, Laws of Florida, which dedicates State General Revenue dollars for the Department to outsource its juvenile detention facilities.

**8. Purpose of Juvenile Justice Commitment Programs**

The purpose of juvenile justice commitment programs is to protect the public from acts of delinquency and to treat offenders using best practices that reduce recidivism. The FDJJ operates four restrictiveness levels for residential commitment programs: low, moderate, high and maximum risk (numbered as levels four, six, eight, and ten, respectively). According to Department staff, the levels are a continuum, with each successive level representing an increased degree of risk to the public. Most levels include a variety of programs. These range from wilderness experiences in level four to secure and highly structured confinement in level ten. Some programs, such as boot camps, operate at more than one level.

**9. Support of Agency Mission**

The Department of Juvenile Justice is the only agency in the state that contracts specifically for commitment facilities for the treatment of delinquent youth.

## **10. Expenditures and Operations**

In Fiscal Year (FY) 1997-98, the Department spent approximately \$199 million on residential commitment programs, serving over 8,000 youth in approximately 150 commitment facilities. Over half of the youth were committed at level six, moderate risk. Although the Department operates some residential programs, (including seven moderate-risk programs), it contracts approximately 90 percent of its residential programs to Providers.<sup>1</sup>

In FY 2007-08, 89,876 youth were referred to the Department for delinquency offenses. Referrals are the juvenile equivalent of arrests and are the first step in the delinquency process. Fewer youth are served deeper in the delinquency continuum; for example, 10,784 youth were served in residential programs during this period.

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<sup>1</sup> Office of Program Policy Analysis and Government Accountability (OPPAGA), Report No. 98-75, March 1999

## II. Council Analysis

### A. Business Case Strengths

#### 1. Probability for Success

Staff conducted an analysis on the business case submission and projects a good probability for attaining the desired result, primarily due to the Department's experience in outsourcing moderate-risk residential juvenile facilities. The Department has successfully contracted its residential services for over fifteen years, since 1994.

#### 2. Project Costs – Examination of Options

The Columbus Juvenile Residential Facility is funded \$2,550,802.50 annually by General Revenue in the Contracted Secure Residential Program category. The costs for Option 1, outsourcing via competitive procurement, are detailed below in Table 1: "Option 1 - Costs for Outsourcing DJJ Facility."

Option 1: Competitively Procure Services via RFP	Number of Beds	Cost per Bed (Maximum)	Number of Bed Days per FY	Total Cost of Beds per FY	Contract Length	Total Contract Cumulative Costs	Funding Source	Contract Period
Sex Offender Beds	50	\$139.77	177	\$1,236,964.50		\$1,236,964.50	General Revenue in the Contracted Secure Residential Program Category	FY 09/10
	50	\$139.77	365	\$2,550,802.50		\$2,550,802.50	Same as above	FY10/11
	50	\$139.77	365	\$2,550,802.50		\$2,550,802.50	Same as above	FY11/12
	50	\$139.77	188	\$1,313,838.00		\$1,313,838.00	Same as above	FY 12/13
Subtotals:				\$7,652,407.50		\$7,652,407.50		
DJJ Oversight (Fixed Cost)				\$17,310.00	3	\$51,930.00	LBR	FY09/10-FY12/13
TOTAL COSTS OPTION 1 OUTSOURCING:						\$7,704,337.50		

Table 1: "Option 1 - Costs for Outsourcing DJJ Facility"

The costs for Option 2, transferring the project from an outsourced contracted service to an insourced state-operated service, are depicted below in Table 2, "Option 2 - Costs for Insourcing DJJ Facility."

Option 2: Transfer the Project from a Contracted Service to a State-Operated Service	Number of Additional FTE Employees Allocated by the Legislature	ApproximateTotal Annual Cost	Total Contract Years	Total Contract Cost	Total Contract Cumulative Costs	Funding Source	Contract Period
Full-time Equivalents (FTEs)	Unknown	\$1,899,317.00	3	\$5,697,951.00	\$5,697,951.00	Legislative Budget Request (LBR)	FY09-10 thru FY12-13
Estimated Direct Costs including Utilities, Medication, Supplies, Equipment, etc.		\$749,455.00	3	\$2,248,365.00	\$2,248,365.00	LBR	
FDJJ Oversight Costs (Fixed)	\$17,310.00		3	\$51,930.00	\$51,930.00	LBR	
Total Costs Option 2 Outsourcing:					\$7,998,246.00		

**Table 2: "Option 2 - Costs for Insourcing DJJ Facility"**

Lastly, the total cost savings for preferred Option 1, Outsourcing, over Option Two, Insourcing, are depicted below in Table 3, "Total Cost Savings."

Total Cost for Preferred Option 1: Outsourcing	\$7,704,337.50
Total Cost for Option 2: Insourcing	\$7,998,246.00
<b>Total Cost Savings:</b>	<b>\$293,908.50</b>

**Table 3: "Total Cost Savings"**

As shown above in Table 3 and according to figures provided by the Department, outsourcing the Columbus Juvenile Residential Facility is the preferred option and will save the state a projected \$293,908.50 incurred over a three-year period. Although this project does not provide the state with the larger cost savings observed in other residential facility business cases, it is nonetheless the least expensive choice.

The Council, however, was unable to validate the cost of state employees were the project to be insourced, because the business case did not indicate how many state employees would be on-boarded for this project. The Council suggests the FDJJ determine the total number of employees required to



insource this project and update the business case accordingly, validating the accuracy of the total annual employee expense of \$1,899,317.00.

In addition, in Section III.9 on page eleven of the business case, the Department did not completely answer the question: "...explain whether or not the agency can achieve similar results by a method other than outsourcing or privatization and at what cost." Price benchmarking of innovative residential detention facility solutions in other states would be appropriate to include in this section.

### **3. Long Range Program Plan (LRPP)**

The Department indicates on the business cover page the Columbus Juvenile Residential Facility is included in the Agency's LRPP. Projects included in an agency's LRPP take on added meaning, as they are a part of the framework and justification for the agency's budget. The framework contained within the LRPP is directly linked to the agency budget and accountability structure. The LRPP is a goal-based plan with a five-year planning horizon. The LRPP focuses on agency priorities in achieving the goals and objectives of the state.

### **4. Governing Legislation re Outsourcing DJJ Facilities**

The business case to outsource is a response to the Appropriations Act of 2008, Chapter Number 2008-152, Laws of Florida, which mandates the Department outsource its juvenile detention facilities.

### **5. Chapter 287.0574, Florida Statutes re Release of Procurement Documents**

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). The anticipated release date for the RFP is 04 September 2009, and the anticipated effective date of the contract is 05 January 2010.

### **6. Department Capabilities**

The business case to outsource via RFP is strongly supported by the Department's capabilities and experience in issuing RFPs to seek Providers who have not only the interest but also the capability to provide required services. The Department has contracted its residential services for over fifteen years, since 1994, and reports it currently operates six moderate-risk programs for boys and one moderate-risk program for girls.

### **7. Procurement Market**

The Department reports there are approximately twenty-one contractors operating moderate-risk residential programs for boys. The Department anticipates less than eleven but more than two private Providers may respond to the RFP.

The Department has contracted its residential services for over fifteen years, since 1994. The Council believes there is sufficient competition to ensure a competitive procurement can be secured by the Department.

## 8. Contract Term

The initial contract for the program operation is anticipated to be three years and with satisfactory performance and continued funding, one renewal of three years is anticipated for a total contract period not to exceed six years. The Council affirms the current contract term is sufficient to ensure contractor compliance.

## 9. Chapter 985.601, Florida Statutes re RFPs for DJJ Rehabilitative Treatment

This outsourcing is a competitive re-procurement. The Department plans to solicit proposals, through a RFP process, from qualified vendors to implement the legislative directive contained in Chapter 985.601, *Florida Statutes*, regarding developing and contracting for diversified programs to provide rehabilitative treatment.

## 10. “Commendable” 2008 Quality Assurance Rating

The Department’s quality assurance team inspects each residential program annually to ensure it meets constitutional requirements and adheres to Departmental and legal standards. Programs failing to pass the QA review have six months to meet standards or have their contracts cancelled.

Council staff reviewed the most recent quality assurance (QA) report for this facility, based on a Departmental QA visit during 15-19 September 2008. The program’s overall performance rating was “commendable” at 88 percent, as follows:

▪ Management Accountability	Exceptional
▪ Residential Community	Commendable
▪ Treatment Services	Exceptional
▪ Mental Health / Substance Abuse	Commendable
▪ Healthcare Services	Commendable
▪ Food Services	Exceptional
▪ Security and Safety	Commendable

There were no key indicators or areas needing immediate attention; however, the quality assurance team (composed of FDJJ employees) made seven recommendations, focusing for the most part on staffing.

The winning Provider for this procurement should be able to manage and maintain the facility minimally at the same QA levels as the current Provider, who has managed this facility for nearly six years, since 05 January 2004. The ‘commendable’ QA rating should help ensure the mission and goals of the Department are continually met or exceeded.

## **B. Business Case Potential Areas of Concern**

### **1. Detailed Costing Data**

To understand the true cost and value of “designing, developing, implementing, and operating” this moderate-risk program, detailed costing data should be included in all the costing calculations. The Department should consider including the following financial data in their business case submission:

- a) Cost Analysis,
- b) Total Savings,
- c) Return on Investment (ROI),
- d) Cost Price Analysis (CPA),
- e) Earned Value (EV),
- f) Price Benchmarking, and,
- g) Internal Rate of Return (IRR).

Because the legislature establishes the per diem rate paid to vendors through the appropriations process, the Department has a limited role in determining the price of each facility. Nevertheless, a detailed cost analysis is a critical component of business cases for outsourcing or insourcing. 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 Schedules XIIA-1.XIIA-2 and XIIA-3 cost analysis forms:

<http://www.dms.myflorida.com/ceg>

### **2. Mathematical Errors in Calculating Renewal Contract**

The Department's business case contained a mathematical error on page eleven, Section III.9. The calculation for renewal FY 2013/2014 is incorrectly listed as \$1,236,964.50. The correct cost for FY 2013/2014 is \$2,550,802.50.

### **3. Total Cost of Outsourcing or Insourcing a DJJ Residential Facility**

While the Department includes an approximation of costs that are incurred annually for program management and oversight (\$17,310.00), the Department does not calculate this amount as part of the project's total cost, and should. The Council has added the \$17,310.00 to all cost calculations included in this Advisory Report.

### **4. Transition Plan**

It is the Department's strategy to develop the transition plans post-procurement and no transition plan was submitted with the business case as required in item III.2 of the Schedule XII. If this is the case, the current transition plan should have been submitted with the business case, or a citation should have been provided for the Council to locate this document.

Agencies need transition plans to ensure the seamless transition of operations to the vendor and conversely, transition of operations to another vendor or back to the state. Transition plans such as the following are critical for the success of any project. Some examples of transition plans are below:

- Work Transition Plan: Insuring continuity of service from the vendor to the state if there is a breach of contract.

- Employee Transition Plan: Identifying new employee responsibilities for those impacted by the outsourcing project.
- Outsource / In-sourcing Transition Plan: Developing a plan for the project to either remain outsourced or brought back into the Department's management activities once the contract has expired.

## 5. Continuity of Operations Plan (COOP)

It is the Department's policy is to develop the COOP once a vendor has been selected through the procurement process. Providing for continuity of operations following a disaster is a top-level concern for enterprises and is vital to maintaining the citizens' confidence, and the reputation of the organization. Therefore, the scope of the COOP must include activities that address the recovery of the entire organization / facility. The current COOP for Columbus Juvenile Residential Facility was not included with the business case.

Also lacking in this volume of very detailed documentation is a COOP specific to the Columbus Juvenile Residential Facility facility. The Council suggests the Department complete a customized COOP for each facility, as there are varying emergency and evacuation concerns depending upon the complexities, dynamics, population and location of each facility.

Attachment 15 of the COOP, 'Hurricane Evacuation Sites,' has not been updated since 2007. No directions to Alternate Relocation Points (ARPs) are provided in the attachment. The Council suggests the COOP be updated with the 2009 hurricane evacuation sites and concise directions, retrieved either from Google or another map source, are included, along with maps for all ARPs.

Further, the FDJJ website for the Columbus Juvenile Residential Facility indicates the facility "primarily serves the West, East and South regions." The business case, on the other hand, indicates this facility services the Central region. Therefore, it is unclear which COOP should be implemented, if necessary. This disparity should be corrected by the Department to ensure clarity concerning a) which region(s) this facility supports, and b) which COOP applies to this facility.

## 6. The Department's Risk Management Portfolio

An element of risk is always present when a public entity contracts with an external entity to provide services to its clients. Because the Department's mission and its statutory responsibility include increasing public safety, turning around the lives of troubled youth, and providing proper oversight of the expenditure of public funds, the Department carefully evaluates the risk associated with each of its contracts/grants.<sup>2</sup>

The Department has developed a Contract Monitoring Risk Assessment Tool that will be completed, at a minimum, on an annual basis to determine risk to the Department. The risk assessment tool uses predetermined factors to rank contracts/grants. The weights applied to individual factors will be applied uniformly statewide.

The Department's risk assessment for the Columbus Juvenile Residential Facility is weak. No formal risk assessment was completed. The identified risk for Option 1 is higher liability for the Department, mitigated by "proficient

<sup>2</sup> Department of Juvenile Justice "Contract Management and Program Monitoring Manual" Page 45.

contract management.” The identified risk for Option 2 is lack of legislative approval and funding; no mitigation strategy is offered.

Moreover, in Section III.2 on page eight of the business case, reference is made to a legitimate risk (a new vendor may be delayed in beginning service delivery and programmatic operations); however, this risk and its mitigation are not included in Section 7 (Risk) of the business case for Option 1 and should be.

While it is notable the Department performs contract risk assessment annually or more frequently, this assessment is performed in arrears of the procurement. The Council suggests a complete risk assessment and risk mitigation plan be completed in tangent with each DJJ business case, prior to procurement.

The minimum risk factors to include in assigning a risk level are:

- a. Type of Services for the Contract / Grant - Weights are assigned (within the factor) to the type of service depending upon the risk associated with each service category.
- b. Annual Dollar Amount of the Contract / Grant - The higher the annual contract/grant dollar figure, the higher the risk the Department assumes in contracting with a Provider.
- c. Substantiated Incident - The presence and / or the higher number of substantiated incidents that increases the risk the Department assumes in contracting with the Provider.
- d. Prior Performance on Contract/Grant Monitoring Visit/Desk Review - Providers who have previously had serious financial, administrative or program deficiencies or difficulty in being responsive to Department requirements should be considered to present a higher risk than those who have not.
- e. Prior Performance on QA Review - Providers who have previously failed to meet established minimum QA thresholds may place the Department at risk.
- f. Staffing Issues - Key staff turnover increases the risk the Department assumes in contracting with a Provider.

The Department may want to consider including in its Risk Management Portfolio a “Strengths, Weakness, Opportunities, and Threats” (SWOT) analysis. The SWOT analysis focuses on an organization’s staff, products / services, and business. At the same time, it looks at the external opportunities and threats that may have an impact on the business, e.g. market and consumer trends; changes in technology; legislation; and, financial issues. Completing a SWOT analysis will enable the Department to pinpoint its core activities and identify what it does well, and why. It will also point the Department towards where its greatest opportunities lie, and highlight areas where changes need to be made to make the most of the Department’s services / business.

#### **7. Best Practice: Appointment of a Project Manager and a Risk Manager to Complement the Contract Manager**

FDJJ contract managers are responsible for multiple facilities and contracts, which can overburden the contract manager and lead to ineffective facility

management and oversight. To address this concern, the Gartner Group<sup>3</sup> identifies the appointment of a separate Contract Manager and Project Manager as a best practice.

The appointment of a Project Manager (in addition to the Contract Manager) to ensure the financial and schedule success of this and all Departmental outsourcing / insourcing projects would greatly benefit the Department in the procurement and operations efforts. For example, the project manager would work closely with the Contract Manager to oversee the quality assurance operations, day-to-day facility operations, facility financial data, program accountability, process improvements, etc.

In addition to separate Contract and Project Managers, it is a Gartner Group best practice to assign a Risk Manager to every project.<sup>4</sup> The Risk Manager's role has changed significantly in recent years, becoming less technology-focused and more business-oriented. Effective risk-based decision making is critical for any enterprise, but risk management remains an emergent and poorly understood discipline for most enterprises, including government.

The Risk Manager has the overarching responsibility for coordinating and executing risk management strategies, promoting common enterprise-wide solutions and related risk practices, and ensuring that risk-related controls and management requirements are enforced. Sound risk-based decision making is critical to the success of any risk management program. For this reason, successful enterprises will move toward the formalization of risk management processes with appropriate accountability, transparency and measurability.<sup>5</sup>

#### **8. 'Services to be Provided' Document from the RFP**

Council staff reviewed the 'Services to be Provided' document extracted from the RFP and provides the following commentary:

- a) The pages in the 'Services to be Provided' document are not numbered, making it difficult to read and reference. The Council has manually numbered the pages for the purposes of this Advisory Report.
- b) Attachment I on page 28 makes reference to "non-secure sexual offender treatment programs;" however, the Columbus Juvenile Residential Facility is a hardware-secure facility. The Council questions if there is a separate sexual offender treatment program for secure facilities. If so, the secure facility data should replace Attachment 1 in the 'Services to be Provided' document.
- c) Page 24: The contract manager data has been omitted.
- d) Page 25, item 8: The Provider is instructed to submit a COOP prior to the delivery of service; however, no reference is made to the Central Region COOP, which is the emergency management plan applicable to this facility.
- e) Page 26: The Department provides what appears to be a very thorough and detailed listing of Provider-required reports. Several

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<sup>3</sup> Gartner, Inc. is an information technology research and advisory firm headquartered in Stamford, Connecticut. It was known as The Gartner Group until 2001. Gartner clients include many large corporations and government agencies, as well as technology companies and the investment community. The company consists of Research, Executive Programs, Consulting and Events. Founded in 1979, Gartner has 4,000 associates, including 1,200 research analysts and consultants in 75 countries worldwide.

<sup>4</sup> Gartner Group Research, "Top Five Issues and Research Agenda, 2008: The IT Risk Manager," Accessed 01 November 2008, <[http://www.gartner.com/DisplayDocument?ref=g\\_search&id=633015&subref=simplesearch](http://www.gartner.com/DisplayDocument?ref=g_search&id=633015&subref=simplesearch)>.

<sup>5</sup> *Ibid.*

reports referenced throughout the 'Services to be Provided' document, however, are not included in this listing, such as:

- 1) Property Accountability System (page 20),
- 2) Listing of all items purchased quarterly for the program,
- 3) Final Inventory Report (page 20),
- 4) Annual Joint Inventory Report (page 20),
- 5) Annual report of inventory of all state-titled vehicles or other vehicles purchased with state funds (page 20),
- 6) Monthly Vehicle Log (page 20),
- 7) Records of all maintenance and repairs on all state-owned or leased facilities and grounds (page 21),
- 8) Progress or Performance Reports (page 24),
- 9) PB2 data elements for the Department's Juvenile Justice Information System (JJIS) website (page 27),
- 10) Current reporting requirements pertaining to PB2 measures (page 27),
- 11) Outcome Evaluation (page 27),
- 12) Recidivism Studies (page 27) and,
- 13) Other Program Assessments (page 27).

The Council recommends the Department include all required reports and data entry in the table on page 26 and alphabetize each entry for ease and accuracy of locating Provider requirements. Also, each required report should be cross-referenced with the page number where the report and / or data entry is described.

- f) Medical alert system evacuations are not referenced in the Central Region COOP; however, they are referenced in the 'Services to be Provided' document submitted with the business case.

## **9. Missing Stakeholders**

The business case should include the following project stakeholders:

- 1) A list of each county in the Central Region;
- 2) Guardians of Committed Offenders;
- 3) The Hillsborough County Sheriff's Department,
- 4) The City of Tampa Police Department,
- 5) The Agency for Healthcare Administration;
- 6) The FDJJ;
- 7) The Florida Department of Children and Families;
- 8) The Florida Department of Law Enforcement;
- 9) The current Provider, Sunshine Youth Services, and,
- 10) The Office of Juvenile Justice and Delinquency Prevention (OJJDP) – part of the U.S. Department of Justice.

## **10. No Reference to Data Security or the Health Insurance Portability and Accountability Act (HIPAA)**

The business case makes no reference to the data security of offender information, nor does it reference the HIPAA requirements as applicable to the safety and security of juvenile medical and health records. There are three basic sections to the HIPAA legislation, enacted over ten years ago, and the Department should update its business cases to ensure compliance with this critical health privacy law legislation.

## **11. Green Trending**

The business case should also address “green trending,” which has been legislatively mandated by Senate Bill 71-35 and Executive Orders. This Senate Bill, among other requirements, strengthens green building codes and energy efficiency standards for appliances. This is normally a Provider requirement, and should only be completed by the Department if the project is insourced.



### III. Council Recommendations

#### 1. Council Recommendation

The Council on Efficient Government recommends moving forward after modifications with this outsourcing initiative. Despite incomplete cost analyses, the Council staff found the *Columbus Juvenile Residential Facility* to be an overall good business case for outsourcing and recommends proceeding with the project. The Department was able to justify a projected cost savings to the state of \$293,908.50 incurred over a three-year period through this outsourcing.

#### 2. Probability for Success

The Council's analysis points to a good probability for success in attaining the Department's documented goals. Additionally, an important point to consider is the Department has been successfully managing the outsourcing of its residential facilities for more than fifteen years, since 1994. The Department states it currently operates six moderate-risk programs for boys and one moderate-risk program for girls.

#### 3. Financial Data Required in Business Cases for Effective Project Management and Oversight

Although the business case did provide a good cost comparison of the two Department-recommended options, more financial information is needed to ensure project success in the areas of quality and fiscal accountability. Minimally, the Council would like the following seven financial data items included in all business cases:

- 1) Cost Analysis,
- 2) Total Savings,
- 3) Return on Investment (ROI),
- 4) Cost Price Analysis (CPA),
- 5) Earned Value (EV),
- 6) Price Benchmarking, and,
- 7) Internal Rate of Return (IRR).

In addition, in Section III.9 on page eleven of the business case, the Department did not completely answer the question: "...explain whether or not the agency can achieve similar results by a method other than outsourcing or privatization and at what cost." Price benchmarking of innovative residential detention facility solutions in other states would be appropriate to include in this section.

The Council was unable to validate the cost of state employees were the project to be insourced, because the business case did not indicate how many state employees would be on-boarded for this project. The Council suggests the FDJJ determine the total number of employees required to insource this project and update the business case accordingly, validating the accuracy of the total annual employee expense of \$1,899,317.00.

A mathematical error was found in Section III.9, page eleven, with regard to renewal costs for FY 13/14. The Department indicated the cost at \$1,236,964.50 and the Council corrected this amount to \$2,550,802.50.

#### 4. Total Cost of Outsourcing or Insourcing a DJJ Residential Facility

While the Department includes an approximation of costs that would be incurred annually for program management and oversight (\$17,310.00.00), this amount is not added to the total cost of the insource or outsource. This cost should always

be included in the total cost calculations with regard to operating a FDJJ residential facility. The Council added the \$17,310.00 to the cost calculations for Options 1 and 2 in this Advisory Report.

**5. Complete Risk Assessment and Risk Mitigation Plan**

While it is notable the Department performs contract risk assessment annually or more frequently, this assessment is performed in arrears of the procurement. The Council suggests a complete risk assessment and risk mitigation plan be completed in tangent with each DJJ business case, prior to procurement. A joint re-assessment of the Risk Assessment and Risk Mitigation Plan should be completed post-procurement with the selected Provider.

**6. Reporting Requirements**

The business case makes no reference to the data security of offender information, nor does it reference the Health Insurance Portability and Accountability Act (HIPAA) requirements as applicable to the safety and security of juvenile medical and health records.

The business case should also address 'green trending,' which has been legislatively mandated by Senate Bill 71-35 and Executive Orders. This Senate Bill, among other requirements, strengthens green building codes and energy efficiency standards for appliances.

**7. RFP-Required Reports**

The Council recommends the Department include all required reporting and data entry requirements for this project in the table on page 24 of the 'Services to be Provided' document. Further, each table entry should be alphabetized and cross-referenced to the page number where the report or data entry is described.

**8. COOP**

The Central Region COOP should be refreshed with 2009 data. Some of the issues of potential consequence to the Department include availability of evacuation transport; special attention to evacuation procedures for youth with medical alert systems; and, 'Hurricane Evacuation Sites' has not been updated since 2007 and does not include directions or maps to ARPs. In addition, the plan is cumbersome, difficult to follow were a true emergency to occur, and the regional COOPs are dissimilar in format and content. These critical issues should be addressed by the Department as soon as possible.

Further, the FDJJ website for the Columbus Juvenile Residential Facility indicates the facility "primarily serves the West, East and South regions." The business case, on the other hand, indicates this facility services the Central region. Therefore, it is unclear which COOP should be implemented, if necessary. This disparity should be corrected by the Department to ensure clarity concerning a) which region(s) this facility supports, and b) which COOP applies to this facility.

The Council is pleased to partner with the Department of Juvenile Justice in continuing to attain excellence and innovation in the planning and procurement processes. We look forward to working with the Department on future outsourcing, or insourcing, initiatives.

If you have any questions or issues concerning this *Advisory Report*, or if the Council can be of further assistance, please call us at 850.414.9200.

Thank you again.