SOUTH FLORIDA WATER MANAGEMENT DISTRICT

District Outsourcing Study

Audit #02-19

Prepared By
Office of Inspector General

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SOUTH FLORIDA WATER MANAGEMENT DISTRICT

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Audit Committee Members:
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  Mr. Lennart Lindahl, Vice Chair
  Mr. Patrick J. Gleason, Member
  Mr. Michael Collins, Member
  Ms. Pamela Brooks-Thomas, Member

RE: District Outsourcing Study
– Audit # 02-19

This audit was performed pursuant to the Inspector General's authority set forth in Chapter 20.055, F.S. The study focused on determining the process that needs to be in place, and critical factors that need to be considered before deciding whether to outsource a District activity.

We reviewed all District programs to determine a baseline of what activities are already being outsourced/contracted. The Study identified a list of potential outsourcing opportunities at the District as well as areas that should not be outsourced.

Fieldwork was conducted March 2002 through June 2002. This report was prepared by Gregory Rogers.

Sincerely,

Allen Vann
Inspector General

AV/gr
Enclosure

c: Henry Dean

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DISTRICT OUTSOURCING PRINCIPLES

The South Florida Water Management District's (the "District") Governing Board's interest in outsourcing is based upon the following goals:

1. Maintaining the number of full time equivalent employees (FTE's) at the current level or lower,

2. Providing cost effective services to the taxpayers, and

3. Funding the increased workload from implementing environmental restoration projects.

At the outset of our study, the District's Executive Director outlined the following principles staff should follow for determination of whether any function should be outsourced:

1. A cost/benefit analysis must demonstrate that outsourcing the function will save the taxpayer time and money,

2. The most viable candidates for outsourcing are time limited functions,

3. The outsourcing contractor would be requested to hire any displaced workers.

To meet these goals the District has and will continue to contract with the private sector for goods and services. Additionally, the District will consider outsourcing functions if they meet the principles and goals noted above.

For Agency outsourcing efforts to be successful, top down support is necessary. According to most studies of outsourcing efforts, privatization can best be introduced and sustained if top management champions the idea.[1] The District has this support from the Governor, Governing Board and executive management.

We undertook this outsourcing study to establish the baseline on what items at the District are currently being contracted out and what areas are possible candidates for future outsourcing. Additionally, we sought to find consensus on areas where outsourcing should be avoided, especially where core activities are involved.

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[1] United States General Accounting Office - Privatization - Lessons Learned by State and Local Governments

PRIVATIZATION VS. OUTSOURCING
VS. CONTRACTING

Privatization and outsourcing are distinctly different: Privatization is the process of shifting responsibilities and functions from Government to the private sector. With privatization, the government relinquishes the function. As many of the District's programs are state mandated, it is not possible for the District to relinquish the function but it's possible to shift performance of the function to the private sector while retaining District oversight. Outsourcing merely shifts the performance of the function to private industry but the government entity retains control of and responsibility for the function.[2] In fact, the District has been operating using this methodology for many projects. For example the Everglades Construction Project was designed and constructed primarily through contracts with private industry. The Comprehensive Everglades Restoration Plan (CERP) program will similarly depend heavily on the contribution of private firms.

Outsourcing and contracting can also be distinguished from one another. The District routinely contracts out for goods and services from suppliers and contractors. In contracting, the District fully controls the process by providing exact specifications for the deliverables. The vendor is usually not permitted to vary from our specifications in any way. The vendor is told the results the District wants achieved, but the vendor decides, within less precise parameters, how, when, and by what means to accomplish those results.

In outsourcing, the District turns over the control to the vendor of how a process will be performed. In doing so, the vendor has more discretion in how the work will be accomplished. The vendor furnishes its expertise in certain processes (IT, or human resources, food services or facilities management, etc.), and provides economies of scale. Other District examples to draw from can be found in our grant programs and contracts with other Government agencies, educational institutions and not-for-profit organizations.

Outsourcing strategies are carried out by contract, franchise, grant or voucher. Contracting is the most common form of outsourcing in the United States at the federal, state, and local government levels. The average city outsources and/or contracts 23% of its 64 common municipal services to the private sector.[3] The majority of state agencies outsource and/or contract less

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[2] Florida Department of State – Financial Management Information Board – Minutes dated February 6, 2001.
[3] Our research noted several examples of local South Florida governments outsourcing services to both private industry and larger units of governments with economy of scale advantages. Some examples are:

than 15% of its programs and services.[4] Reasons most commonly stated for state agencies choosing to outsource include cost savings, lack of personnel and expertise, and increased support of political leadership.

States most commonly outsource programs in transportation and administration/general services. Natural resource and environmental protection agencies reported less interest in privatization. The natural resource and environmental protection agencies that reported outsourcing of programs did so for the typical reasons – cost savings and lack of agency personnel and expertise.

Reported cost savings for these agencies were slightly below average (compared to other agencies) with 78% saving less than 5% from outsourcing. This may be partially due to the need for professional employees at these agencies and the lack of cost savings that are available for highly skilled workers. In comparative studies of public and private sector wages that control for education, skill level and job tenure, it was found that professional public sector employees are paid competitively with private-sector employees. Whether an engineer is hired by government or by private industry, their compensation will generally be the same. By contrast, lower skilled workers

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3 [Continued] The City of Weston only has three employees – the City Manager, Assistant City Manager and Town Clerk. Weston has a population of 49,286 and a $111 million annual budget. The City has never had a municipal workforce and has always contracted or outsourced needed services. Examples of outsourcing solutions include:

- Police – contracted to Broward County Sheriff's Office.
- Fire/Emergency Medical Services – Broward County.
- Finance/IT – Five year contract with a consulting firm.
- Legal Services are contracted as needed.
- Water, sewer, garbage and recycling is outsourced to the City of Sunrise.
- Building Permits are outsourced to Broward County.

The Town of Lake Park has outsourced the following services:

- Police – contracted to the Palm Beach County Sheriff's Office.
- Emergency/Fire Rescue contracted to Palm Beach County (pending).
- Buildings Department (permits and inspections) to a private company.

[4] Local Government Statistics: E.S. Savas – Privatization and Public-Private Partnerships. State Statistics: The Council of State Governments – Private Practices: A Review of Privatization in State Government. Statistics from surveys are unaudited information that is subject to self-selection bias.

are generally more generously compensated by the public sector as compared to the private sector[5].

Programs and activities outsourced by states' natural resource and environmental protection agencies include the following:

Activities Outsourced /Contracted	Number of States
Engineering services	18
Computer maintenance	15
Legal Services (special court cases)	11
Consultants/Researchers/Specialists	11
Water quality monitoring	9
Agency publication distribution	6
Permit Management	4
Compliance inspections	3
Real estate services	3
Timber services	2
Weather services	2

Cities and local governments often choose to only provide some aspects of a service through outsourcing and deliver other aspects of the service through municipal employees.

In addition to contracts, local governments also use other governments as a means of delivering municipal services most commonly in the areas of public works, transportation, and health and human services. The use of outsourcing/contracting for public works and public safety services is attributed to the local governments seeking to avoid purchasing the specialized equipment that these services require. Additionally, evidence indicates that governments prefer to outsource new responsibilities rather than expand their own staff and facilities.

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[5] Elliot D. Sclar - You Don't Always Get What You Pay For: The Economics of Privatization.

Cities and local governments used contracts with both for profit and not-for-profit firms to deliver the following selected services (with the percentage of responders who reported using the firms):

Type of Service	Percentage
Utility operation/mgmt: gas	60%
Utility operation/mgmt: electricity	43%
Tree maintenance –public ROW	37%
Fleet maintenance	35%
Parks/landscaping maintenance	20%
Water distribution	8%
Inspection/code enforcement	8%

Contractual services represent 30% of the District's budget. The components of the District's adopted 2002 budget, excluding debt service, self-insurance and reserves, are shown below.

Total District Budget

PAYROLL 19%
CAPITAL 43%
OPERATING 8%
CONTRACTS 30%
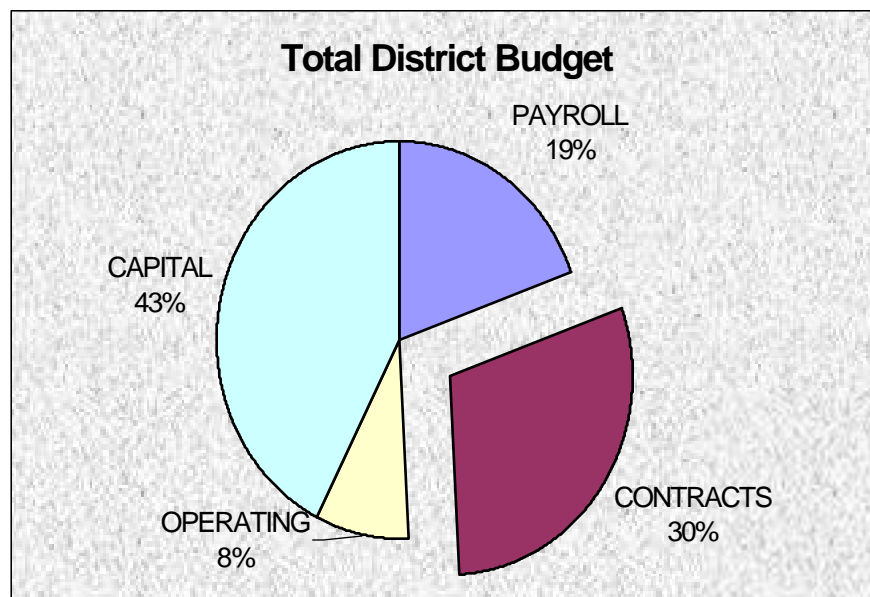
The 2003 budget was drafted but not approved at the date of this report.

We identified three types of potential outsourcing opportunities at the District:

1. Activities that are currently performed almost exclusively by in-house staff. Examples include: administrative support, field station operations, financial management, regulation, human resources management, flight operations, and facility management.

2. Activities that are currently performed in-house, but due to resource constraints and fluctuations in demand, are supplemented by using contractors. Examples are: legal services, maintenance, information technology, and training.

3. New and expanding mandates and projects that would require the District to add employees and additional resources. These areas will offer opportunities to expand outsourcing, both in areas typically contracted and in additional areas where contracting/outsourcing have not been typically used. Examples are: CERP, Aquifer Storage and Recovery (ASR), Water Supply Plan implementations, and land acquisition.

INFRASTRUCTURE NEEDED TO GUIDE OUTSOURCING EFFORTS

In order for outsourcing to be successful and kept on course, the District needs to establish a formal structure to ensure effective and consistent implementation.

In our opinion, the District's Managers' Advisory Council should serve as the team of District leaders that support the outsourcing efforts. The Managers' Advisory Council is an advisory group assembled by the Deputy Executive Director for Corporate Resources and consists of all Department Directors. The group meets periodically to provide advice to the Executive Director and his Deputies on new business processes and corporate priorities brought before it. This group should work with the Office of Strategic Planning and Program Evaluation to create a consistent approach for analyzing the District's activities and develop an inventory of outsourcing candidates.

Analytical tools will also have to be developed that will help shape the framework within which the outsourcing decisions will be made. A discussion of evaluation factors follow.

Outsourcing increases the District's need for well-educated managers and decreases the need for lower-skilled employees. We need to stress that contracting will fail unless the District is a "smart buyer," able to figure out what to buy, who to buy from, and how to determine what it has bought. The answer is to train staff to be good articulators of demand, purchasers of services, and monitors of performance. The District will need to continue to:

- Hire and reward front-line workers to manage contracts,
- Retrain mid-level managers,
- Retain core government functions,
- Recognize that market methods raise new issues for governance.[6]

These are the steps the District needs to competitively contract services:

1. Consider the idea of competitive contracting of services.
2. Select the services.
3. Conduct a feasibility study.
4. Foster competition.
5. Request expressions of interest or qualifications.
6. Plan employee transition.
7. Prepare bid solicitations.
8. Initiate a public relations campaign.
9. Engage in "managed competition".
10. Conduct a fair bidding process.
11. Evaluate the bids and award a contract.
12. Monitor, evaluate, and enforce contract performance.[7]

There are at least six conditions which typically exist that prompt outsourcing activities:

1. A leader grasps the idea, initiates action, and provides motivation.
2. An internal champion is prepared to lead the effort.
3. The unit is under serious fiscal stress or otherwise needs to reconsider its present practice.
4. Significant monetary savings or other benefits are achievable by contracting, with no reduction in quality or level of service and with the possibility of improvement.
5. Contracting is politically feasible, taking into consideration the power of the employees and other current beneficiaries.
6. A precipitating event makes it impossible to avoid change and maintain the status quo.

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[6] Donald F. Kettle, Sharing Power: Public Governance and Private Markets.
[7] E.S. Savas – Privatization and Public-Private Partnerships.

Preferred candidates for outsourcing and competitive contracting have the following criteria:

- lack of a statutory mandate requiring performance of the function in-house,
- the ability to write enforceable specifications for performance,
- a stand-alone activity,
- a track record of successful privatization elsewhere,
- availability of experienced, willing and responsible bidders,
- availability of in-house expertise that can be maintained to monitor the contractor's performance, and
- new areas where in-house expertise to perform the work is not available.

CRITICAL FACTORS TO CONSIDER BEFORE
DECIDING WHETHER TO OUTSOURCE A PROJECT

The most important question regarding outsourcing is whether the accountability problems can be solved. It is very important to keep in mind that most contracting occurs with a high degree of uncertainty about both product and process outcomes. In order to eliminate this concern, a feasibility or cost-benefit study is important.

The first step is to focus on the current costs of the service and compare them with the costs related to contracting the service, such as transaction costs, technology changes, low-cost communications and information processing. The importance of comparing these costs is because in the end they could bring higher costs and fewer alternatives.

In addition, overhead costs should be considered because they can make public service more costly. For this reason, sometimes restructuring can be more effective than outsourcing because it can provide ways to reduce overhead. If the District were to contract out without some internal reorganization, we would simply be replacing direct service costs with outside resources resulting in little or no wage savings margin in that tradeoff. Management has recently completed this internal reorganization step.

Sometimes, it will be better to continue to provide a service in-house because of the necessity of highly specialized equipment or special skilled labor already exists. If the outside service provider gains control over these services, the District will lose the ability in the future to negotiate for an efficient price or more effective service. If this happens, the District will have

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no choice but to continue to outsource the service despite the high cost. Some examples are:

- Water control infrastructure (pump stations),
- Water Policy and Water Supply planning,
- Emergency Operations,
- Regulatory Permitting Operations,
- Watershed management.

It should be noted that many of the above areas consist primarily of planners and contract managers. The bulk of the work products are already contracted to private industry. Furthermore, it is necessary to focus on the quality of the current in-house service. This will require reviewing complaints, measuring performance and conducting surveys. In the end, regardless of whether performing an activity in-house or contracting the service, responsible public stewardship is the key.

Once the decision of contracting has been made, the District needs to create competition and, wherever possible, spread the work between a group of bidders in order to encourage better performance.

Another important aspect of outsourcing involves the participation of our employees in the decision making process. By playing a meaningful role right from the start, our employees will be more willing to take risks and identify with the result. In addition, our employees' knowledge should be taken in consideration because they can produce significant and rapid gains in the District's performance.

We found that most governments involved in outsourcing share common cost comparison and evaluation methodology. The outsourcing analysis should address the following three factors—cost, benefit and risk.

1.   Cost Comparison

The first factor to consider is cost. For each targeted program or activity, staff should be required to prepare a financial schedule listing all relevant expenses for the service if it were to be handled in-house, and compare it to the estimated costs if it were to be outsourced. It is important to include all costs relating to the project— personnel and benefits, training, special facilities and or equipment, computer hardware & software, consulting services, and indirect overhead.

Pro-forma Cost Comparison Worksheet			
Cost Categories	Current	Projected	Difference
Salaries			
Benefits			
Other Than Personal Service Costs			
Facilities & Equipment			
Indirect Costs			
Totals			

The worksheet used for an actual cost comparison will undoubtedly be much more detailed than the above example. In addition, it is advisable to map out current costs and projected (outsourcing) costs over the lifecycle of the program.

2. Benefits

The second factor is the direct benefits that the District can expect from an outsourcing arrangement (things like direct cost savings, faster cycle times, higher system availability, etc.). When government agencies first started outsourcing, cost was the sole consideration. Lately, cost is becoming a less preeminent reason to outsource. Today, other issues have risen to the top. The Governor and Legislature have requested that agencies review all activities for potential outsourcing. State Government officials have recognized the need for flexibility, quality improvement, innovation, and access to personnel or skills that many agencies don't currently have. In order to obtain these advantages, they reason that it makes more sense to tap the expertise that already exists in the private sector rather than expanding our internal infrastructure.

In the past, simple processes like canal right of way mowing were the District's first foray into outsourcing. It was easy to calculate costs to make a sensible decision based on dollars and cents. Outsourcing Information Technology or Human Resources, for example, are more complex processes. Nevertheless, the driving force behind the District's outsourcing decisions needs to shift personnel devoted to non-core competency activities to adequately staff new and expanded core programs. Accordingly, a list of the benefits that will accrue as a result of outsourcing a program or activity should accompany the cost comparison.

The District should consider the downstream benefits expected from outsourcing. These are not direct benefits like cost savings, but options that become available subsequent to outsourcing. Specifically, outsourcing will give the District the option to re-deploy the workforce to other projects. A staffing analysis should be prepared indicating the number of jobs affected and the implications to the District's strategic staffing plans.

The District will need to develop strategies to help employees make the transition to a private sector environment and create a safety net for displaced workers. This can be accomplished by involving employees in the outsourcing process, and wherever practical, allow staff to bid for work alongside the private sector. This is referred to as "managed competition."

Training will also be required to prepare staff for handling the new challenges they will confront. The most common weakness reported by other Government entities was monitoring contractor performance. Contract management and administration skills will need to be honed beyond keeping employees abreast of the most current policies and procedures but will rather require an emphasis on contract management skills.

3.   Risk

The Third and final step before going forward is to understand and weigh the risk of outsourcing by measuring the potential threats to its success. This involves identifying the key risk factors, quantifying their impact on the cost/benefit estimates using a risk matrix, and then generating risk-adjusted costs and benefits.

Key risk factors include:

➢ **Availability:** Are there sufficient providers in the marketplace to ensure competition and continuity?

➢ **Quality:** Do providers have the necessary technical skills to provide a high(er) quality work product?

➢ **Cost:** Can costs be accurately estimated and controlled when using an outside provider?

➢ **Employee Displacement:** Can (or will) employees be effectively redirected?

- ➤ **End User Buy-in:** Will staff participate in outsourcing initiatives and work with contractors?

- ➤ **Project Management:** Are there sufficient numbers of procurement and program staff with required knowledge and skills to implement and administer the contracts?

- ➤ **Contractor Default:** How fast can the program be put back on track in the event of a contractor's failure to perform?

- ➤ **Timeliness & Responsiveness:** How will the make (in-house personnel) or buy (private contractor) decision impact deadlines?

DISTRICT EXPERIENCES IN
OUTSOURCING AND CONTRACTING

The District has extensive current and previous experience in both contracting services and using the private sector to provide personnel. The FY 2002 and 2003 Budget includes planned contractual services of $180 million and $166 million, respectively. Budgeted and actual contractual services by program are shown at appendix 1.

Services contracted represent all aspects of the District's activity and include engineering design and construction, vegetation management, real estate appraisals, research, environmental monitoring, etc.

The District has a contract with SCI Leasing to lease personnel for various jobs. The budgeted amount of this contract for FY 02 is $2.7 million. There are currently 62 leased positions at the District ranging from staff scientific associates to system analysts.

The District also has a contract to provide Comprehensive Everglades Restoration Plan program support services with the joint venture of Jacobs/MWH. This contract provides employees ranging from administrative personnel to senior leadership personnel.

The Information Technology Department has outsourced many areas (help desk, computer maintenance and repair) through contracts where the contractor provides the personnel (approximately 60 employees) and some parts to perform the activity. The vendor used most often for these contracts is Akibia, an IT support company.

To obtain an overview of the status of outsourcing at the District, we met with program managers to:

- Determine what areas and functions of the program are currently being outsourced or contracted,

- Inquire about what program elements currently performed in-house could be outsourced or contracted, and

- Inquire about what activities in their program should not be contracted.

Although each program has elements that are unique to the District's responsibilities, through these interviews we heard consistent themes and a consensus on several areas of the District that should and should not be outsourced.

Possible Outsourcing Candidates

The following alphabetical listing includes many activities that are already being contracted and many areas where District supervision of contractors and "owner control" of responsibility will need to be retained.

- ➢ ASR
- ➢ Facility Services
- ➢ Fleet Operations
- ➢ Flight Operations
- ➢ General Permits
- ➢ Heavy Equipment Operations
- ➢ Human Resources
- ➢ Information Technology Activities
- ➢ Land Management
- ➢ Legal activities (non-complex)
- ➢ Outreach activities
- ➢ Permit Compliance (remote areas)
- ➢ Real Estate Acquisition
- ➢ Vegetation Management
- ➢ Right of Way Inspections
- ➢ Water Modeling
- ➢ Water Quality Monitoring
- ➢ Water Supply Plan Implementation
- ➢ Well Drilling

Areas That Should Not Be Outsourced

- ➢ Agency Management
- ➢ Emergency Management
- ➢ Flood Control System
- ➢ Individual Permit Review
- ➢ Regional Water Supply Plans
- ➢ Water Policy

Program Analysis

Based on our interviews and analysis, we developed program snapshots. These snapshots show the major elements of the program, the programs' 2002 budget devoted to contractual services, current program FTE's services and an overview of activities currently contracted out as well as areas that should be considered for outsourcing.

We ranked the risk of outsourcing the major activities of the programs as high, medium or low using the following guidelines:

High risk – Activity is critical to the District's mission and should not be outsourced.

Medium risk – Activity is complex and supervision of the activity should be maintained by the District. However, many opportunities exist to contract work activities to the private sector under project manager supervision.

Low Risk – 1) Activity is currently being outsourced/contracted under District supervision and all additional work products of the activity should continue to be performed by the private sector. or 2) Activity is not currently being contracted but a cost benefit analysis should be performed to determine if the activity could be outsourced to free up FTE's for more critical activities.

RELATED ISSUES

During fieldwork for the outsourcing study, we encountered two related issues that need to be addressed in order to make the outsourcing process successful: 1) full costing of District's programs; and 2) consolidation of potentially duplicative non-core processes performed throughout the District.

**District Needs An Internal
Charge Back System**

As noted earlier, one of the important steps in the decision whether to outsource a process is determining the internal cost of that process. Because of the District's decentralized organizational structure, some but not all of the internal administrative costs are captured in a department's budget. However many overhead costs (postage, printing, communications, computers, etc.) are contained in separate offices and departments with costs that are not distributed to the user departments. Additionally, inter-departmental services are not captured as costs by the benefiting department. For example, Operations and Maintenance typically provides services for special events but bears the full cost in its own program.

Currently, estimating the cost of a District program or function requires a standard overhead cost factor to be applied for centralized services. An internal charge back system for centralized costs would more accurately capture the cost of a District function by capturing actual overhead costs as they are used by each function.

**Centralizing Non-Core Activities
Could Increased Efficiencies**

Many non-core but important District activities are performed in centralized departments (Human Resources, Budget, Procurement) and also performed by representatives at decentralized departments and offices. Because of this combination centralized/decentralized process, the risk of duplication of effort and inefficiency exists. Additionally, it makes determining the full cost of both programmatic and non-core support activities difficult.

A study should be performed to evaluate if efficiencies could be gained through centralizing these common non-core activities. Potential efficiencies could allow for the transfer of FTE's from non-core processes to core activities of the District.

RECOMMENDATIONS:

1. **Going forward, designate a current manager or office that will be responsible for the creation of a framework for making outsourcing decisions and overseeing implementation.**

   Management Response: Management agrees with the recommendation. Management proposes that the Office of Strategic Planning and Program Evaluation will assume this responsibility.

   Responsible Department: Office of Strategic Planning
   and Program Evaluation

   Estimated Completion Date: October 1, 2002

2. **Design analytical tools in order to help develop the framework within which the outsourcing decisions will be made. Using these outsourcing tools, perform cost/benefit analyses for selected program activities identified as candidates for outsourcing. Where applicable, request bids for outsourcing consideration.**

   Management Response: Management agrees with the recommendation. The responsible office will collaborate with District departments to ensure a comprehensive and well thought out approach. The use of the pro-forma cost development worksheet, provided in the audit, will be considered in the development of the analytical tools and methodology that will be employed in outsourcing decisions.

   Outsourcing may be used not only when there is a significant financial benefit but also:

   - to provide expertise we do not have;
   - to perform non-core functions (to hold FTE count constant);
   - to augment staff (increased workload).

   Responsible Department: Office of Strategic Planning
   and Program Evaluation

   Estimated Completion Date: Preliminary work will begin in November 2002.

Auditor's Comment: As noted in the body of our report, we concur that outsourcing may be beneficial to the District for reasons in addition to cost savings. Particularly in delivering results in areas of new or expanded mandates.

3. **The Managers' Advisory Council should work with the Office of Strategic Planning and Program Evaluation to create a consistent approach for analyzing the District's activities, and develop an inventory of outsourcing candidates.**

   Management Response: Management agrees with the recommendation. Discussions between the Management Advisory Council and the Office of Strategic Planning and Program Evaluation will take place as part of the initial phase of this effort. Recommendations will be reviewed and approved at the DED level prior to implementation.

   Responsible Department: Office of Strategic Planning and Program Evaluation

   Estimated Completion Date: Will be initiated November 2002.

4. **Design an accounting/budget system to accumulate and record overhead costs by beneficial cost center. An internal charge back system should be employed that captures the cost as they are used by each function.**

   Management Response: Management disagrees with this recommendation. Under certain circumstances, there are merits to the design of "charge-back systems"—particularly in the case of enterprise funds or in cases where outside billing for certain governmental services is required. However, under these circumstances (i.e. making outsourcing decisions), management believes the cost and effort of designing, administering, and maintaining such systems for limited purposes or one-time decision-making, outweigh the benefits. Management believes the current methodology of estimating program costs by applying standard overhead rates for centralized services provides a sufficient and cost-effective basis to evaluate outsourcing decisions.

   Responsible Department: Finance and Administration Department

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Estimated Completion Date: N/A

Auditor's Comment: Management's response is shortsighted. The benefits that a more accurate accounting/charge back system would accrue to the District in real cost savings, not to speak of more accurate costing of programs, need to be more fully explored rather than be dismissed out of hand. We believe that program managers need to be more accountable for the full cost of their programs. A charge back system will impose a certain amount of cost control discipline at the source point where the costs are incurred.

This recommendation is not new; it was made by the District's previous Inspector General, but was never acted upon. Management is in the process of acquiring a new Enterprise Resource Management Information (accounting) System. To not more fully explore the benefits of a charge back system would be a missed opportunity. Accordingly, we reaffirm our recommendation.

5. **Consider consolidating centralized/ common functions.**

   Management Response: Management agrees that a review of common functions will allow the District to evaluate efficiency in the utilization of staff resources. This will have multiple benefits including:

   - conducting an analysis and establishment of base line staffing needs,
   - evaluate the centralization of certain functions in order to eliminate redundancy and duplication of effort, where they exist,
   - identifying and determining service needs that exceed base line staffing levels,
   - ability to better identify costs for evaluating outsourcing efforts.

   Responsible Department: Office of Strategic Planning
   and Program Evaluation
   Human Resources Department

   Estimated Completion Date: Base-line   staffing   needs determined by February 2003.   Remaining analysis and implementation ongoing based on current needs.

Program A: **LAND MANAGEMENT AND MITIGATION**

Program Manager: Pam MacKie

Core Activities: Land Stewardship
                        Interim Property Management
                        Wetlands Mitigation

Mandate: Chapter 373

$ 10.2 Million

Label	
☐	51-PERSONAL/SERVICES
■	53-CONTRACTS
☐	54-OPERATING
☐	56-CAPITAL/CONSTRUCTION
■	56-CAPITAL/LAND
■	56-CAPITAL/OPERATING

9% 6% 7% 3% 47% 28%
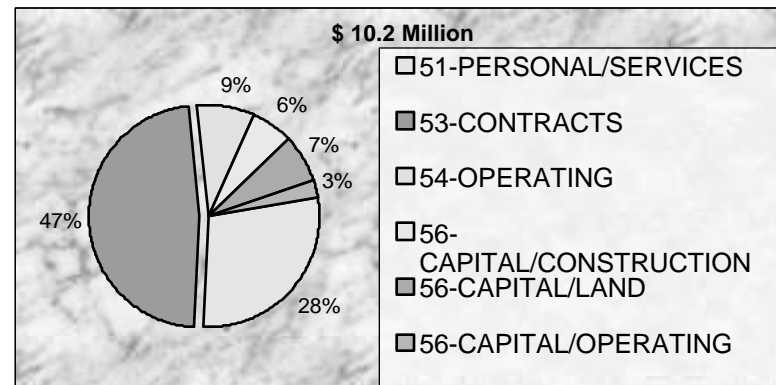
Personnel:

FTE's	Leased
42	0

Professional	Tech /Admin
27	15

Risk of Outsourcing:

Land Stewardship   Low

Interim Property Management   Low

Wetlands Mitigation   Low

Program A: Overview

Management believes there are many opportunities for outsourcing in the area of land stewardship, interim property management and mitigation. In the area of land stewardship, the District has numerous contracts with governmental agencies to manage the restoration and maintenance of natural lands.

Interim property management has a unique program where agricultural companies lease property from the District for low intensity agriculture. This activity reduces exotic plant infestation until the property is ready for construction activity.

Mitigation contracts with the private sector to restore (primarily exotic plant removal) lands purchased with mitigation fees collected through permit regulation. Additionally, the District has two public/private partnerships for construction of mitigation banks.

Program B: EVERGLADES CONSTRUCTION PROJECT

Program Manager: John Maloy

Core Activities: Everglades Construction Project
ECP Research and Data
Collection
Operations and Maintenance of
ECP

Mandate: Chapter 373

$80.2 Million

- 51-PERSONAL/SERVICES
- 53-CONTRACTS
- 54-OPERATING
- 56-CAPITAL/CONSTRUCTION
- 56-CAPITAL/LAND
- 56-CAPITAL/OPERATING

Personnel:	
FTE's	Leased
80	5

Professional	Tech /Admin
68	17
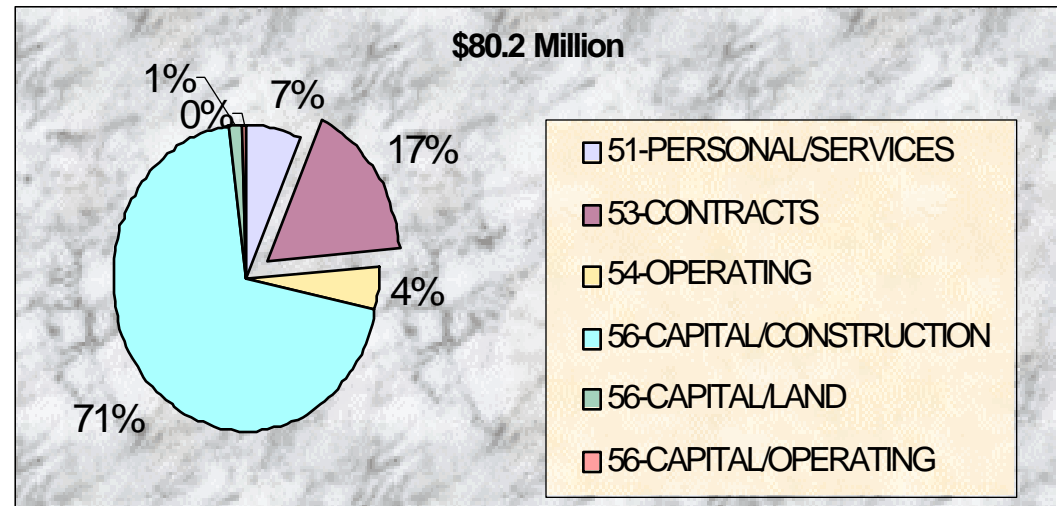
Risk of Outsourcing:

Everglades Construction Project	Medium
ECP Research and Data Collection	Medium
Operations and Maintenance of ECP	Medium

Program B: Overview

The Everglades Construction Project has relied heavily on the private sector to design and construct the Storm Water Treatment areas and pump stations. The District has retained control over the ECP project contracts and desires to retain control over the operations and maintenance of the ECP infrastructure.

The completion of the STA and future CERP infrastructure will increase the workload of the Operations and Maintenance Department. See further discussion at Program C.

Program C: **O & M OF REGIONAL FLOOD CONTROL SYSTEMS**

Program Manager: George Horne

Core Activities: Water Control & Structure Operations Maintenance
Canal/Levee Maintenance and Exotic/Aquatic Plant Control
Telemetry System Control and Maintenance

Mandate: Chapter 369, 373, CFR 33

Pie chart: $ 110.4 Million
- 15% OPERATING
- 15% CAPITAL/CONSTRUCTION
- 14% CAPITAL/LAND
- 27% PERSONAL/SERVICES
- 29% CONTRACTS

Legend:
- PERSONAL/SERVICES
- CONTRACTS
- OPERATING
- CAPITAL/CONSTRUCTION
- CAPITAL/LAND
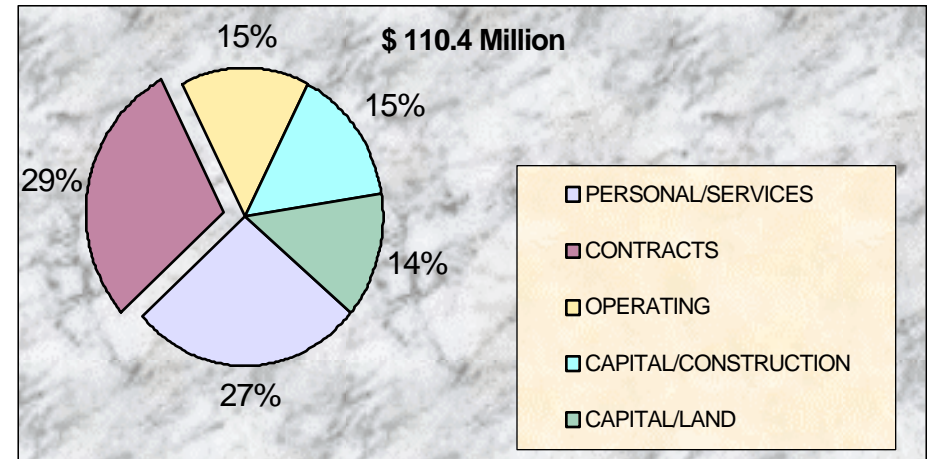
Personnel:

FTE's	Leased
507	0

Professional	Tech /Admin
81	426

Risk of Outsourcing:

Water Control & Structure Operations Maintenance	Medium
Canal/Levee Maintenance and Exotic Plants Control	Low
Telemetry System Control and Maintenance	Medium
Right-of-Way Management	Low

Program C: Overview

Operations and Maintenance Department (OMD) management is limited by their existing budget. Management states that contracting out/ outsourcing can be more expensive but it is the best alternative if the District wants to avoid adding employees. Since 1994, OMD has reduced its staff by 105 employees as the result of contracting functions that were performed internally.

OMD expects to continue to move non-critical services to the private sector and concentrate on critical water control activities. However, downsizing can jeopardize emergency response and reduce the level of service for operations if funds from the reduction of FTE's are not retained in the OMD budget. Management stated that, through cross training employees, it has overcome a 25% reduction in force without reducing the level of service.

Fleet operations (at the field stations) have outsourced most mechanical operations except for cyclical maintenance activities and repair of breakdowns. Oil changes for heavy equipment have been outsourced. The contractor performs the function at the site (after hours). Terrestrial vegetation management is being outsourced as a pilot program at the Homestead Field Station.

OMD's strategic approach is to retain core competencies and to outsource non - core competencies if it is cost beneficial. They list their core competencies as the major components for moving water – pump stations, water control structures and canals. OMD does not support the idea of outsourcing the operation of these major components of the flood control system.

For the 2003 budget OMD will require additional staffing (12 FTE's) for the new STA pump stations that are coming on line. With the expected increase in FTE requirements for the STA and CERP pump stations, OMD expects to continue to shed non-critical services to the private sector.   Although management does not support outsourcing the operation of water control structures, program management should consider outsourcing the repair and maintenance of new STA and CERP infrastructure under the guidance of District managers.

Program C: Overview

A large investment has been made in heavy equipment (bulldozers, cranes, front-end loader, etc.) used primarily for field station operations. Management should compare the hours of operation for this equipment to private sector benchmarks to determine if use of the equipment justifies the investment. Prior to future heavy equipment purchases, management should consider leasing this equipment or contracting heavy equipment activities.

In the future, OMD will need to perform full overhauls of the water control structures and pump stations. This could entail building new water structures downstream or total reconditioning of the current structures. OMD does not consider this a core competency and expects to outsource these efforts.

Program D: **WATER MANAGEMENT PLANNING AND IMPLEMENTATION**

Program Manager: Ken Ammon

Core Activities: Sub-regional modeling
                  Hydrologic Modeling
                  AWS Cooperative
                  Hydrologic Management

Mandate: Numerous Chapter 373 References

$ 17.9 Million

Pie chart: PERSONAL/SERVICES 30%, CONTRACTS 67%, OPERATING 1%, CAPITAL/OPERATING 2%

Personnel:

FTE's	Leased	Contract
81	1	0

Professional	Tech /Admin
67	15
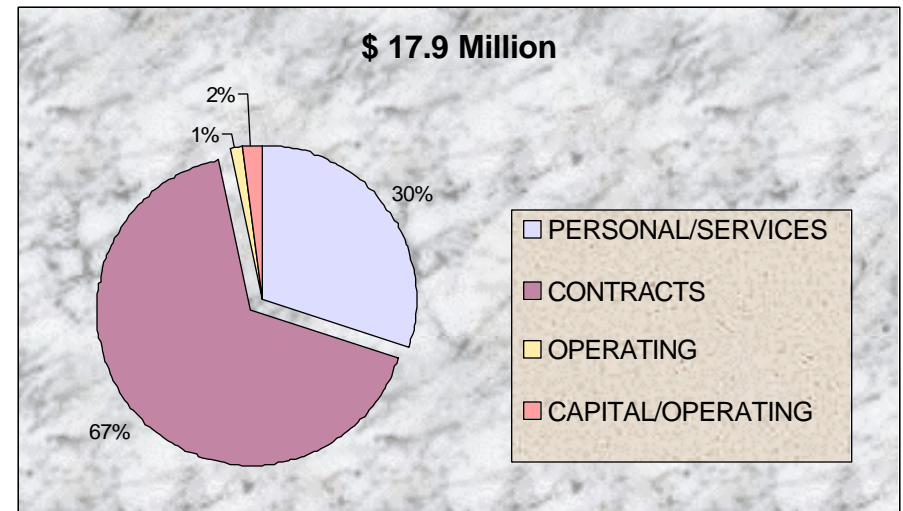
Risk of Outsourcing:

Sub-regional Modeling	Medium
Hydrologic Modeling	High
AWS Cooperative	Low
Hydrologic Management	High

Program D: Overview

Water Supply management is planning to use the private sector to implement water supply plan recommendations comprising both design and construction activity.

The design phase includes water-modeling requirements that can be outsourced to private firms with the capacity to perform sub-regional ground and surface water modeling. Regional water modeling is performed using District software and this service is not readily outsourced to consulting firms due to the technical complexity of the software. Sub-regional and local models are created with software applications that are more commonly in use by private firms, and therefore, can be readily outsourced.

Aquifer storage and recovery (ASR) will also rely heavily on the private and non-District public sector for accomplishment of design and construction. Approximately 90% of ASR will be handled by local utilities with the remaining 10% for regional storage completed through CERP and likely outsourced.

Program E: **EVERGLADES & FLORIDA BAY WATERSHED MANAGEMENT**

Program Manager: Dean Powell

Core Activities: Research and Data Collection
Interim Operating Plan
Everglades Works of the District
Permitting
Everglades Stormwater permitting
C-111 Project Implementation

Mandate: Chapter 369, 373

$ 11.9 Million

- 10%
- 2%
- 40%
- 48%

- ☐ 51-PERSONAL/SERVICES
- ■ 53-CONTRACTS
- ☐ 54-OPERATING
- ■ 56-CAPITAL/OPERATING
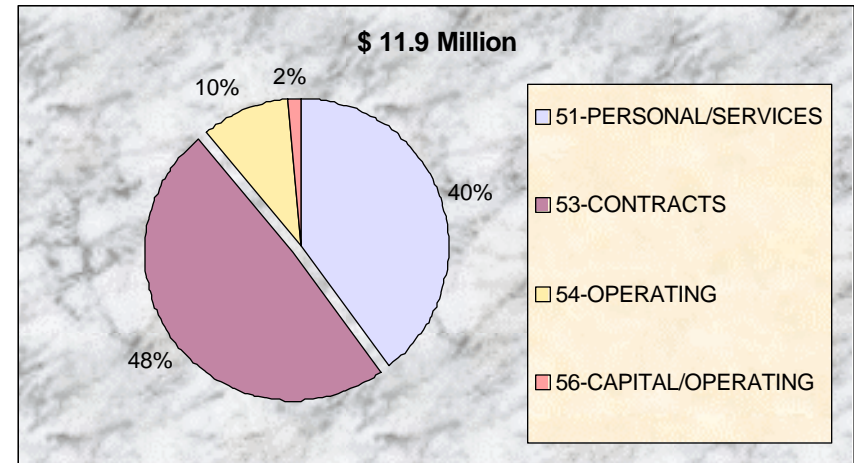
Personnel:

FTE's	Leased
66	15

Professional	Tech /Admin
70	11

Risk of Outsourcing:

Research and Data Collection	Low
Interim Operating Plan	Medium
Everglades Works of the District Permitting	High
Everglades Stormwater Permitting	High
C-111 Project Implementation	Medium

Program E: Overview

The majority of research for this program is outsourced to the private sector through contracts that are managed by District employees. Management expects to continue/increase the trend of maintaining policy decisions and scope control in house while contracting the research projects.

Program Management informed us that a research panel put in place to review research methodology concluded that 90-95% of research at the District is outsourced. Of this percentage, 75% is through contracts with Florida Universities. These contracts are generally project specific for modeling efforts. On-going research and data collection is handled by the Environmental Monitoring and Assessment Department.

Regulation activities (Everglades Works Of The District and Everglades Stormwater Permitting) are maintained in house due to the need for independence, a steep learning curve and the complex technical nature of the work.

Program Management believes that successful outsourcing requires District project managers with excellent technical knowledge of the subject. They must be able to write the scope, monitor the progress of the contract, and review the deliverables. Another key to outsourcing research is collaboration between the lead scientists and the contracted scientists. The lead scientist needs to continue to have an ownership stake in the team and not just be a contract administrator.

Program F: **KISSIMMEE BASIN RESTORATION**

Program Manager: Vacant

Core Activities: Kissimmee River Restoration:
                      Evaluation
                      Engineering
                      Project Management
                      Land Acquisition

                Kissimmee Upper Basin Water
                Resources Implementation Project

                Kissimmee Basin Water Resources
                Management

Mandate: Chapter 373

Personnel:

FTE's	Leased
48	4

Professional	Tech /Admin
47	5

$ 51.9 Million

- 7%
- 34%
- 10%
- 0%
- 49%

- ☐ 51-PERSONAL/SERVICES
- ☐ 53-CONTRACTS
- ☐ 54-OPERATING
- ☐ 56-CAPITAL/OPERATING
- ☐ 56-CAPITAL/LAND
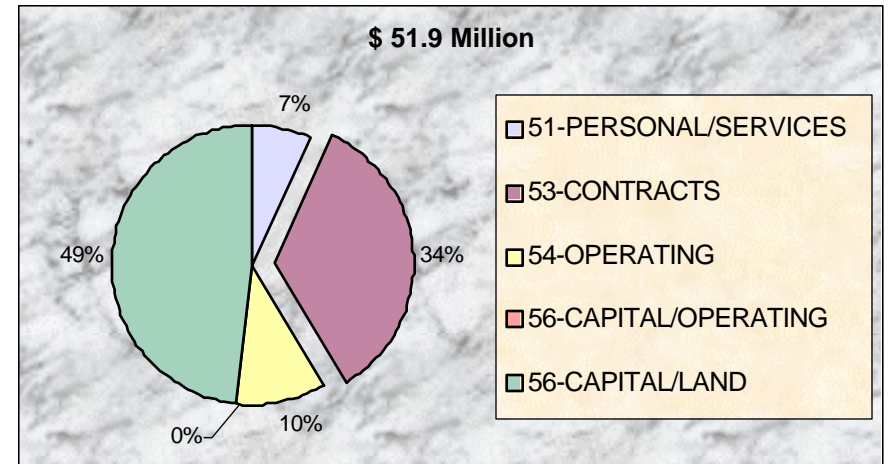
Risk of Outsourcing:

Kissimmee River Restoration:
    Evaluation   High
    Engineering   Medium
    Project Management   Medium
    Land Acquisition   Medium

Kissimmee Upper Basin Water
Resources Implementation Project   Medium

Kissimmee Basin Water Resources
Management   High

Program F: Overview

Program management states that successful outsourcing requires District project managers with excellent technical knowledge of the subject. They must be able to write the scope, monitor the progress of the contract, and review the deliverables. At the beginning of the Kissimmee River Restoration, experts were hired in the areas of fisheries, aviaries, invertebrates and vegetation. These experts designed the required projects and hired contractors to complete the projects under their supervision.

Program G: **GOVERNMENT & EXTERNAL AFFAIRS**

Program Manager: Kathy Copeland

Core Activities: Governing Board Operations

Government Affairs

Mandate: Florida Statues Section 373.079(7)

$ 1.9 Million

22%

4%

74%

- 51-PERSONAL/SERVICES
- 54-OPERATING
- 53-CONTRACTS
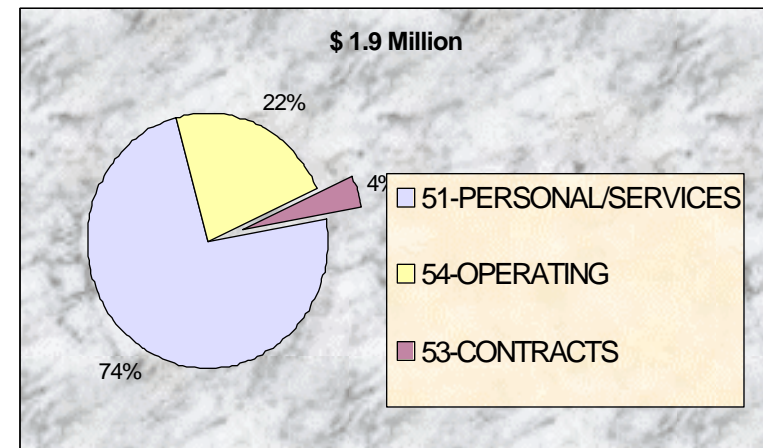
Personnel:

FTE's	Leased
18	0

Professional	Tech /Admin
16	2

Risk of Outsourcing:

Governing Board Operations   High

Government Affairs   High

Program G: Overview

Governing Board Operations (GBO) serves as the liaison for the District Governing Board to staff and customers. GBO administers the Governing Board Agenda preparation and documentation.

Legislative Affairs focuses on creating and maintaining good working relationships between the District and other governing bodies to achieve a shared stewardship of land and water resources. The District is not allowed to hire lobbying firms and all of the District's relationship building is performed with in-house resources.

Other than contracting for special projects, little opportunity exists for outsourcing in this program.

Program H :   **ENVIRONMENTAL RESOURCE REGULATION**

Program Manager: Terrie Bates

Core Activities: Environmental Resource Permitting
Water Use Permitting
Criteria Development Support
Program Support

Mandate: Chapter 373 (numerous)

$16 million

- 51-PERSONAL/SERVICES
- 53-CONTRACTS
- 54-OPERATING
- 56-CAPITAL/OPERATING

2% 1% 26% 71%
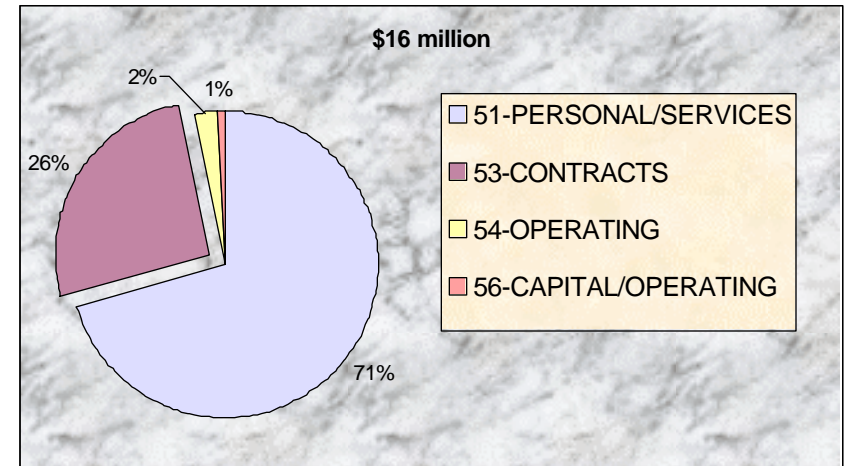
Personnel:	
FTE's	Leased
182	0

Professional	Tech/Admin
141	41

Risk of Outsourcing

Environmental Resource Permitting	High
Water Use Permitting	High
Criteria Development Support	Medium
Program Support	Medium

Program H: Overview

Both permitting programs are state mandated requiring review of permit applications and compliance activities for issued permits. The Program Manager does not believe the review of larger individual permits can be outsourced due to possible independence problems, expertise required to review these permits, and their impact on regional water supplies. However, the Program Manager does see opportunities for outsourcing through delegation to local governments[7], and/or supplementing the current staff for the review of smaller General permits.

The Program Manager also envisions opportunities for outsourcing in the area of inspection and compliance for permits. The current compliance staff could be supplemented with outsourcing, particularly, in areas where the District does not have a water use compliance presence.

Program support includes the regulatory information system that is primarily developed and maintained in-house. Opportunities may exist to supplement maintenance through outsourcing. Future projects to update or develop major new modules for the regulatory system are primary candidates for outsourcing.

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[7] In addition to contracts, local governments also use other governments as a means of delivering municipal services most commonly in the areas of public works, transportation, health and human services.

Program I: **LAKE OKEECHOBEE RESTORATION**

Program Manager: Susan Gray

Core Activities: Lake Restoration
                  Watershed Management
                  Exotics Control
                  Lake Okeechobee Restoration Project

Mandate: Chapter 369

$22.3 Million

Pie chart:
- 0%
- 1%
- 11%
- 13%
- 14%
- 61%

Legend:
- 51-PERSONAL/SERVICES
- 53-CONTRACTS
- 54-OPERATING
- 56-CAPITAL/OPERATING
- 56-CAPITAL/LAND
- 56-CAPITAL/CONSTRUCTION
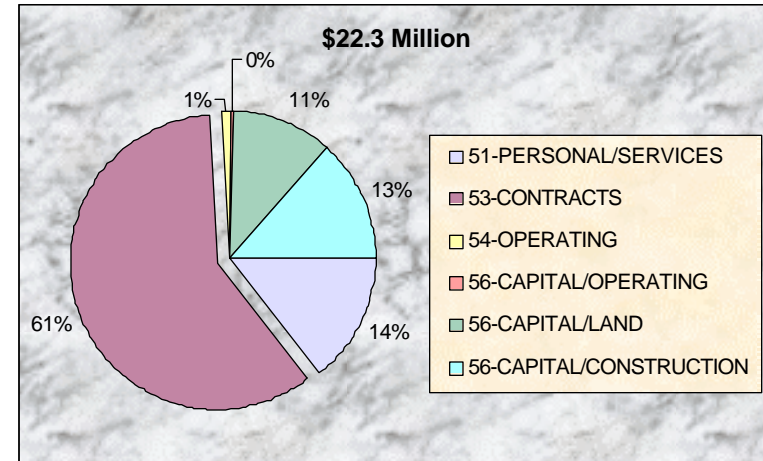
Personnel:

FTE's	Leased
51	4

Professional	Tech/Admin
51	4

Risk of Outsourcing

Lake Restoration	Medium
Watershed Management	Medium
Exotics Control	Low
Lake Okeechobee Restoration	Medium

Overview:

The majority of research for this program has been outsourced to the private sector through contracts that are managed by District employees. Management expects to continue to maintain decision and scope control in house, while contracting research projects.

Program J: **COASTAL ECOSYSTEMS RESTORATION**

Program Manager: Shawn Sculley

Core Activities: Indian River Lagoon
Loxahatchee River
Lake Worth Lagoon
Biscayne Bay
Florida Keys
Estero Bay

Mandate: Chapter 373

$12 Million

- 51-PERSONAL/SERVICES
- 53-CONTRACTS
- 54-OPERATING
- 56-CAPITAL/OPERATING

18% 1% 1% 80%
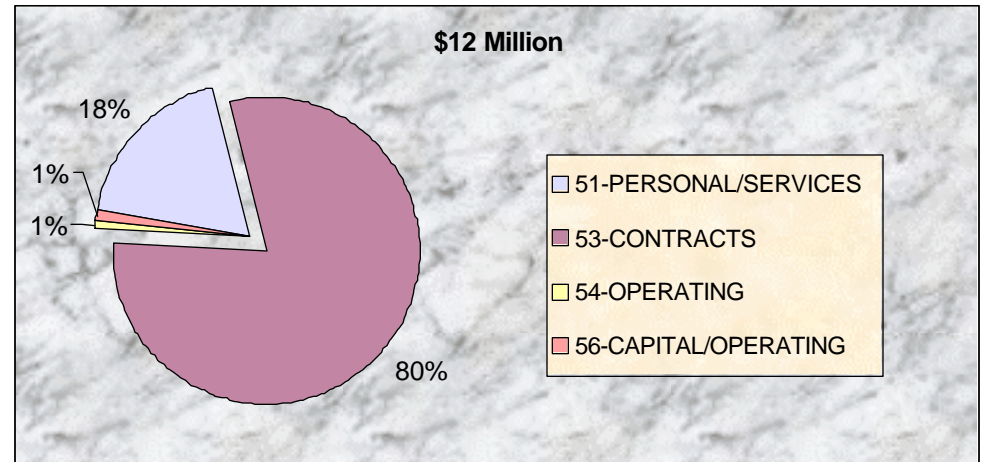
Personnel:

FTE's	Leased
31	1

Professional	Tech/Admin
28	4

Risk of Outsourcing

Indian River Lagoon	Medium
Loxahatchee River	Medium
Lake Worth Lagoon	Medium
Biscayne Bay	Medium
Florida Keys	Medium
Estero Bay	Medium

Overview

The majority of research for this program is outsourced to the private sector through contracts that are managed by District employees. Program Managers expect to continue to maintain policy making decisions and scope control in house while contracting research project.

Program K: **ENVIRONMENTAL MONITORING AND ASSESSMENT**

Program Manager: Naomi Duerr

Core Activities: Hydrologic Monitoring
Water Quality Monitoring
Environmental Monitoring
Data Assessment

Mandate: F.S. 373.4592, 373.4593

$13.2 Million

☐	51-PERSONAL/SERVICES
■	53-CONTRACTS
☐	54-OPERATING
■	56-CAPITAL/OPERATING
■	61-SELF INSURANCE

1%
4%
7%
51%
37%
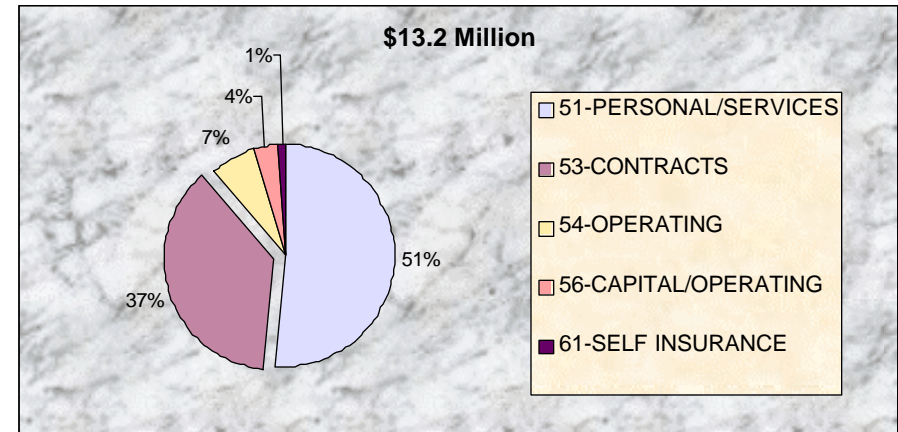
Personnel:

FTE's	Leased
92	16

Professional	Tech /Admin
60	48

Risk of Outsourcing:

Hydrologic Monitoring	High
Water Quality Monitoring	Medium
Environmental Monitoring	High
Data Analysis	Medium

Program K: Overview

EMA collects and analyses critical hydro, environmental, and water quality data for support of District programs such as CERP, Operations and Water Supply. EMA has outsourced routine collection and analysis of data while retaining the most critical data collection and analysis in-house.

Data collection is the most critical process at EMA. A bad sample or bad data point can lead to improper decisions. As an example, the District has a National Discharge Pollution Permit from the Federal EPA that carries a $10,000 per day fine for non-compliance. The data collection and analysis for this permit reporting requirements is not outsourced.

Data collection is contracted to universities, while lab work is contracted to both private and governmental labs. EMA is replacing vacant chemist positions with quality assurance positions to serve as contract managers for outsourced lab work.

Program L: **DEPARTMENT OF PUBLIC INFORMATION**

Program Manager: JoAnn Hires

Core Activities: Planning & Coordination
                       Public Information Activities
                       District-wide Public Outreach
                       Community Events
                       Program Support

Mandate: 373.536, 373.0695

$4.4 Million

- 51-PERSONAL/SERVICES
- 53-CONTRACTS
- 54-OPERATING
- 56-CAPITAL/OPERATING

1%
3%
41%
55%
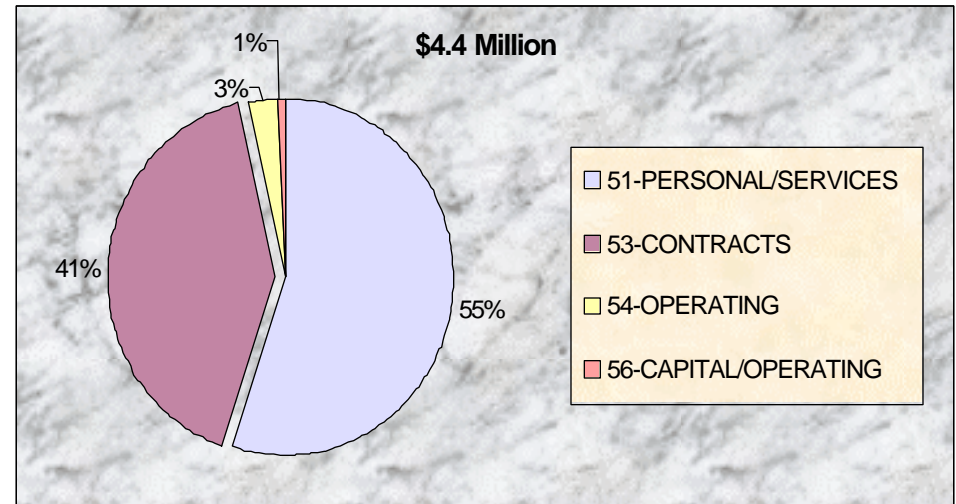
Personnel:

FTE's	Leased
44	0

Professional	Tech /Admin
33	11

Risk of Outsourcing:

Planning & Coordination	Medium
Public Information Activities	Low
District-wide Public Outreach	Medium
Community Events	Medium
Program Support	Low

Program L: Overview

The Program Manager stated that they currently outsource items such as photography layouts, brochures, and special projects where they don't have full-time staff with expertise.

The Department is also currently reviewing other services that could be outsourced because of their increasing workload and inability to increase FTE's. These increasing duties include coordinating outreach events, meeting support services and media services.

Many Program L activities (public information, media services, outreach and community events) could be performed by a public relations firm. Management should consider outsourcing some of these activities on a trial basis.

Program M: **EMERGENCY MANAGEMENT**

Program Manager: Olivia McLean

Core Activities: Emergency Management

                      Emergency Response

                      Emergency Recovery

Mandate: Chapter 252

$ 360 Thousand

19%	3%
18%	
	60%

- 53-CONTRACTS
- 54-OPERATING
- 56-CAPITAL/OPERATING
- 51-PERSONAL/SERVICES
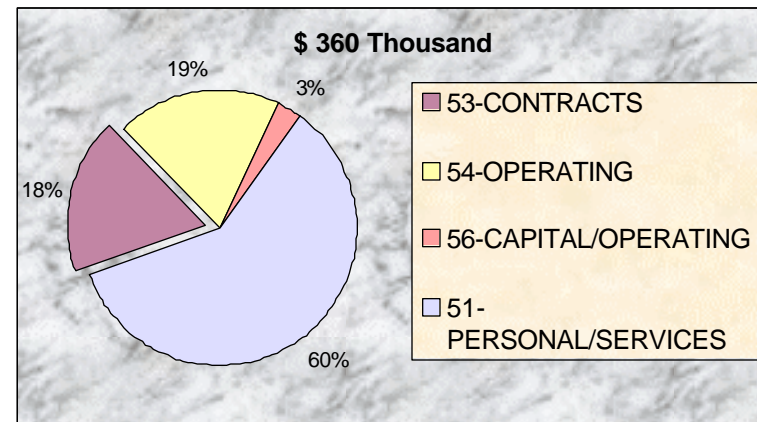
Personnel:

FTE's	Leased
3	0

Professional	Tech /Admin
3	0

Risk of Outsourcing:

Emergency Management   **High**

Emergency Response   **High**

Emergency Recovery   **High**

Overview

Emergency management is a core mission activity should not be outsourced. Management does contract projects on an as needed basis.

Program N: **BIG CYPRESS BASIN**

Program Manager: Clarence Tears

Core Activities: Management of Basin Affairs
Construction of Basin Projects
Water Resource Projects
Hydrologic & Water Quality Monitoring
Operations & Maintenance
Watershed Management Planning

Mandate: Chapter 373

$ 13.1 Million

☐	51-PERSONAL/SERVICES
■	53-CONTRACTS
☐	54-OPERATING
■	56-CAPITAL/OPERATING
■	56-CAPITAL/LAND

11%
13%
5%
0%
71%
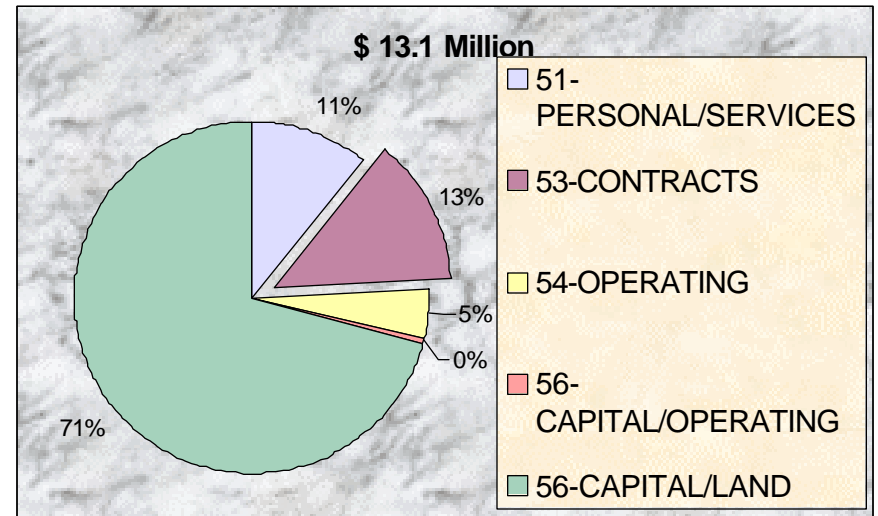
Personnel:

FTE's	Leased
28	0

Professional	Tech /Admin
6	22

Risk of Outsourcing:

Management of Basin Affairs	High
Construction of Basin Projects	Medium
Water Resource Projects	Medium
Hydrologic & Water Quality Monitoring	Medium
Operations & Maintenance	Low
Watershed Management Planning	High

Program N: Overview

Outsourcing activities at the Big Cypress Basin generally follow the District's model of outsourcing the design and construction of major projects while maintaining planning and contract oversight duties in-house. Aspects of the operations and maintenance of the BCB system, such as vegetation management and maintenance of the canal system, are candidates for further outsourcing.
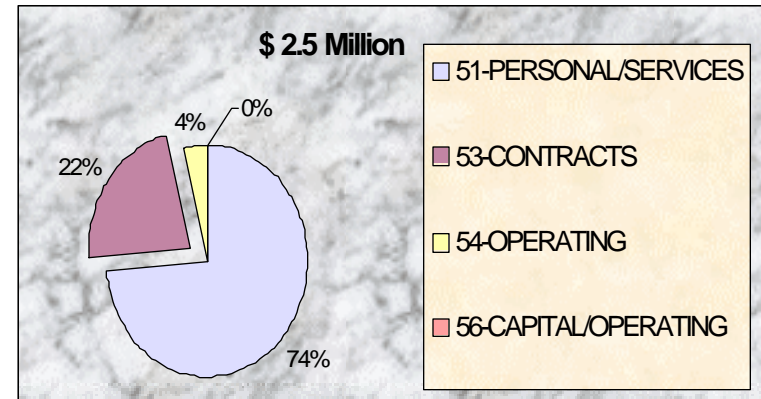
Program O: **PROCUREMENT**

Program Manager: Frank Hayden

Core Activities: Equity in Contracting
                       Purchasing / Contract Administration

Mandate: Chapter 287, 373

Personnel:	
FTE's	Leased
36	2

Professional	Tech /Admin
23	15

$ 2.5 Million

- 51-PERSONAL/SERVICES
- 53-CONTRACTS
- 54-OPERATING
- 56-CAPITAL/OPERATING

0%
4%
22%
74%

Risk of Outsourcing:

Equity in Contracting   Medium

Purchasing / Contract Administration   Medium

Overview

Procurement duties have been substantially decentralized throughout the District with the purchasing P-card. The P-card gives more control to workers who will use the products purchased and reduces Procurement's workload. However, internal controls and limitations are still maintained over the purchases. Opportunities may exist to redirect staff in other departments to the Procurement Department that ostensibly perform procurement duties.
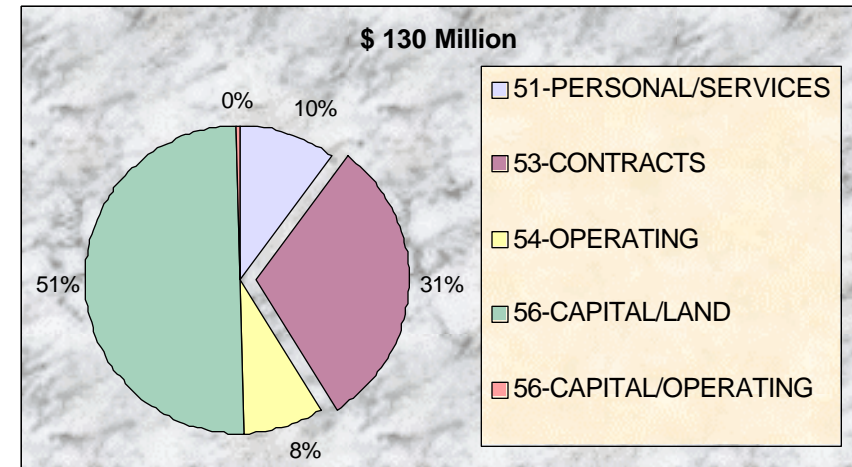
Management is in the process of hiring contractors' to monitor the participation and performance of minority contractors in contracts with MBE goals.

Program P: **COMPREHENSIVE EVERGLADES RESTORATION PROJECT**

Program Manager: John Maloy

Core Activities: CERP Project Activities
CERP Program Activities
Reconnaissance, Feasibility and
Planning Studies
Critical Restoration Projects
CERP Project Support & Reserves
Program Support

Mandate: Chapter 373

$ 130 Million

- ☐ 51-PERSONAL/SERVICES
- ■ 53-CONTRACTS
- ☐ 54-OPERATING
- ■ 56-CAPITAL/LAND
- ■ 56-CAPITAL/OPERATING

Personnel:	
FTE's	Leased
182	0

Professional	Tech /Admin
131	51

Risk of Outsourcing:

CERP Project Activities	Medium
CERP Program Activities	Medium
Reconnaissance, Feasibility and Planning	High
Critical Restoration Projects	Medium
CERP Project Support	Medium
Program Support	Low

Program P: Overview

Management states that CERP cannot be completed without substantial help from the private sector.

Many items are being outsourced in CERP – examples include Design and Engineering, Surveying, Modeling, Geotech systems, and construction. There is an in-house focus on management of the CERP projects with the contractor being part of the team. Each project must have a conceptual design and a detailed design prior to starting construction.
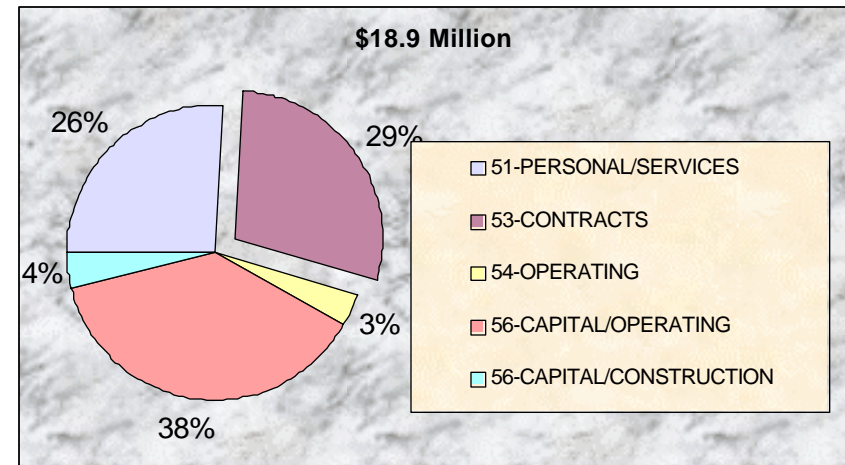
The Project Management contract with Jacobs and MW is an example of CERP management looking to the private sector to supplement District activities and complete project deliverables. Thus, performing core mission functions, which otherwise would have been performed by staff.

Program R: **BUSINESS & FINANCIAL MANAGEMENT**

Program Manager: Paul Dumars

Core Activities: Business Operations
Budget Development
Financial Management
Facilities
Program Support

Mandate: Chapter 186, 200, 373

$18.9 Million

26% 29%
4%
3%
38%

- 51-PERSONAL/SERVICES
- 53-CONTRACTS
- 54-OPERATING
- 56-CAPITAL/OPERATING
- 56-CAPITAL/CONSTRUCTION

Personnel:

FTE's	Leased
72	1

Professional	Tech /Admin
39	34

Risk of Outsourcing:

Business Operations	Medium
Budget Development	High
Financial Management	High
Facilities	Low
Program Support	Low

Program R: Overview

Budget development and financial management are critical elements operating in a complex environment that are not readily outsourced. However, repetitive transactional processes can be outsourced. Facility management already contracts much of their activity under the supervision of District personnel. This model can be followed for all facility management activities. The print shop could be an outsourcing candidate in the future. A previous cost analysis of the print shop indicated that it was beneficial to keep it in-house but that was several years ago and technology has moved forward. Before significant new capital is invested, a new cost/benefit review should be performed.

Program S: **EXECUTIVE MANAGEMENT**

Program Manager: Henry Dean

Core Activities: Executive Management
                       Ombudsman
                       General Counsel
                       Inspector General
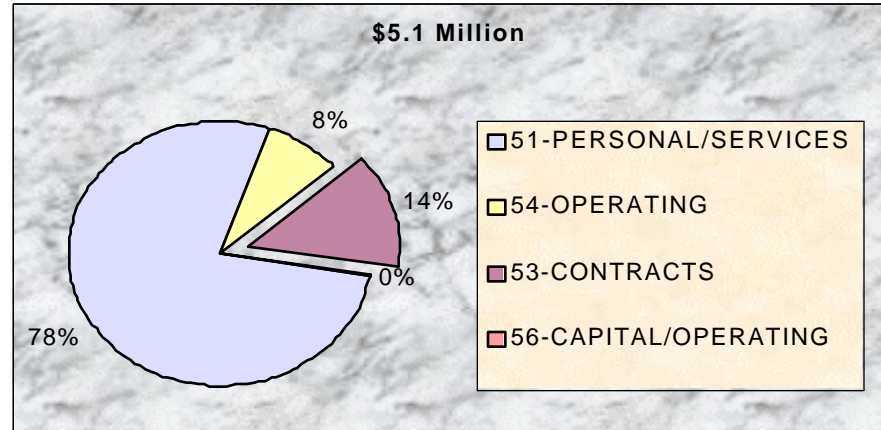   Program Support

Mandate: Chapter 373

Personnel:

FTE's	Leased
60	0

Professional	Tech /Admin
43	17

$5.1 Million

- 51-PERSONAL/SERVICES
- 54-OPERATING
- 53-CONTRACTS
- 56-CAPITAL/OPERATING

8%
14%
0%
78%

Risk of Outsourcing:

Executive Management	High
Ombudsman	High
General Counsel	High
Inspector General	High

Overview

The activities of executive management are critical to the District's operation, providing significant policy input that can not be outsourced. However, aspects of each executive management component can be contracted out under the supervision of experienced project managers. For example, Office of Counsel uses contracts with outside legal firms to handle routine condemnation cases.

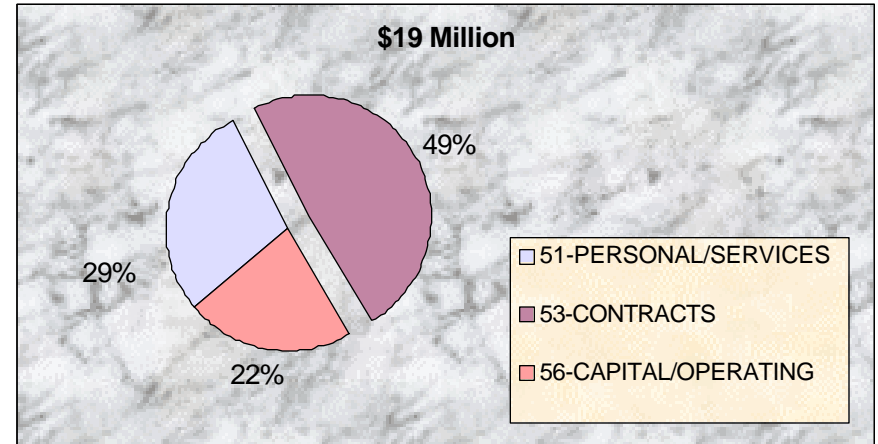**Program U:**   **INFORMATION TECHNOLOGY**

Program Managers: Bob Brown/Richard Morgan

Core Activities: IT Management & Support
                  IT Infrastructure Services
                  IT Planning & Administration

                  Information Application Support
                  Program Support

Mandate: Numerous Statutory References

$19 Million

- 51-PERSONAL/SERVICES
- 53-CONTRACTS
- 56-CAPITAL/OPERATING

49%
29%
22%

Personnel:

FTE's	Leased	Contract
83	0	60

Professional	Tech/Admin
106	37

Risk of Outsourcing:

Mgmt & Support	**High**
Infrastructure Services	**Medium**
Planning & Admin	**High**
Application Support	**Medium**
Program Support	**Low**

Program U: Overview

IT has outsourced many areas (help desk, computer maintenance and repair) through contracts where the contractor provides the personnel and some parts to perform the activity. The vendor used most often for these contracts is Akibia, an IT support company. The Program Managers would like to expand this effort through contracting on an as needed basis to oversee District IT initiatives such as computer upgrades and software upgrades. Other areas that could be viable candidates for outsourcing include: CERP zone website, data management, test labs, and telemetry installation and maintenance.

In addition to their departmental budget, there is over $20 million budgeted at other District programs primarily for hardware and software. In addition to the personnel listed above, there are 39 positions budgeted at other programs for the electronic support and data acquisition division that was recently transferred to IT. ESDA implements and maintains the hydrologic, hydrogeologic, meteorological, and supervisory control and data acquisition infrastructure throughout the District. Technological improvements are reducing the FTE requirements for maintenance of this system.

Program W: **GENERAL SUPPORT OPERATIONS**

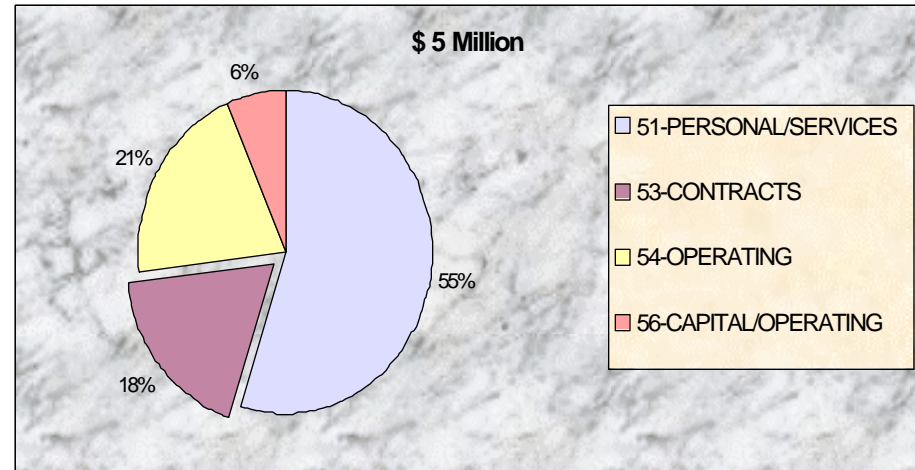**Program Manager:** Paul Dumars

Core Activities: Risk Management
                  Flight Operations
                  Security Management
                  Strategic Planning & Continuous
                  Improvement

Mandate: Chapter 440

$ 5 Million

- 51-PERSONAL/SERVICES
- 53-CONTRACTS
- 54-OPERATING
- 56-CAPITAL/OPERATING

6%, 21%, 55%, 18%

Personnel:

FTE's	Leased
14	0

Professional	Tech /Admin
11	3

Risk of Outsourcing:

Risk Management	Medium
Flight Operations	Low
Security Management	Low
Strategic Planning	High

Program W: Overview

General Support is composed of elements that serve to support the other programs at the District. Risk management identifies risks and seeks the most efficient way to mitigate these risks through self insurance and third party insurance carriers. Risk management also provides an on-site occupational health nurse and occupational safety officer. All of these activities are available through private industry and a cost/benefit analysis of these activities is recommended.

Security management provides security to the District's many office locations through the management of contracts with private security firms.

To date, the District has made the decision to keep flight operations in-house. This decision should be revisited, before any major capital purchases, through comparison to the cost of leasing aircraft or using commercial carriers.

Strategic planning is a small office (2 FTE's) that contracts with consultants on an as needed basis to supplement their mission to efficiently develop and implement continual process improvement and performance management.

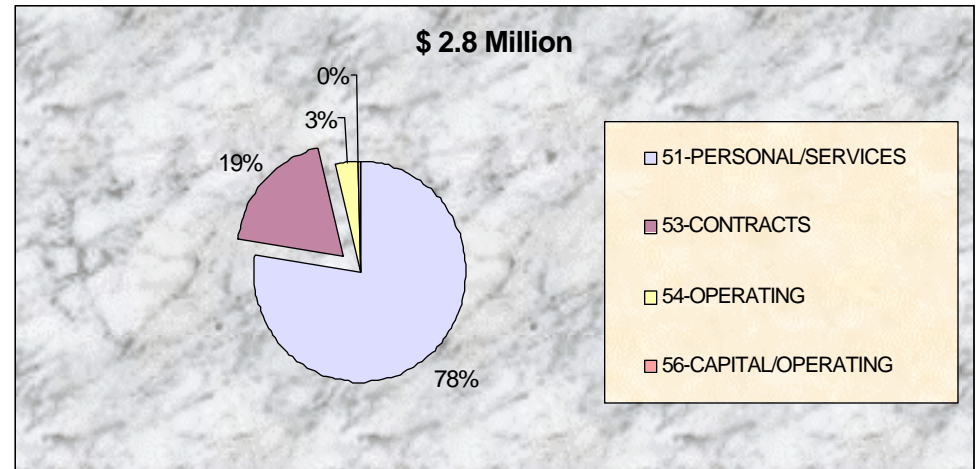**Program X:**   **HUMAN RESOURCE MANAGEMENT**

Program Manager: Sandra Turnquest

Core Activities: Human Resource Management

                     Program Support

Mandate: Numerous State and Federal Laws

$ 2.8 Million

Pie chart	
78%	51-PERSONAL/SERVICES
19%	53-CONTRACTS
3%	54-OPERATING
0%	56-CAPITAL/OPERATING

Personnel:

FTE's	Leased
26	0

Professional	Tech /Admin
21	5

Risk of Outsourcing:

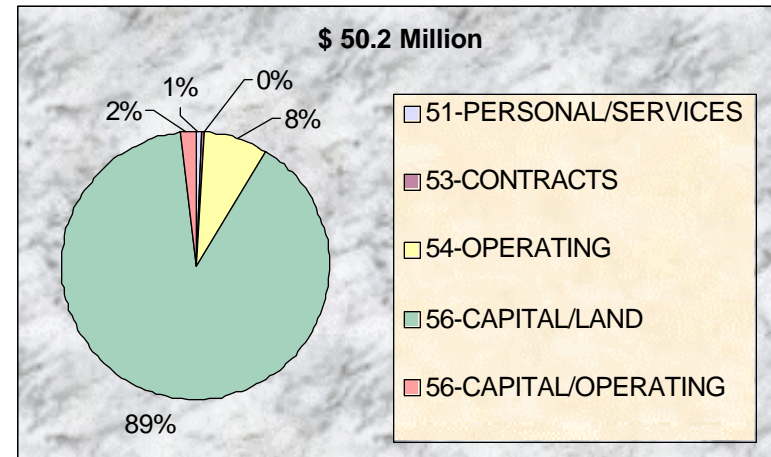|	
Human Resource Management	Medium
Program Support	Low

Overview

Human resource activities were previously audited by the Office of Inspector General. The audit report included a recommendation to consider outsourcing many human resource activities. Based upon this analysis, Human Resource management has issued an RFP to study outsourcing of non-critical human resource activities.

Program Z: **GENERAL LAND ACQUISITION**

Program Manager: Pam MacKie

Core Activities: General Land Acquisition
                     CREW Mitigation
                     Dupuis Mitigation for Pal Mar
                     Pennsuco Mitigation
                     Shingle Creek Mitigation
                     Program Support

Mandate: Chapter 259, 373

$ 50.2 Million

- 51-PERSONAL/SERVICES
- 53-CONTRACTS
- 54-OPERATING
- 56-CAPITAL/LAND
- 56-CAPITAL/OPERATING

(Pie chart: 89%, 8%, 2%, 1%, 0%)

Personnel:

FTE's	Leased
4	0

Professional	Tech /Admin
3	1

Risk of Outsourcing:

General Land Acquisition	Medium
Mitigation Projects	Low

Program Z: Overview

Land acquisition is the most critical component of CERP. Land acquisition management is starting a pilot program to outsource acquisition of targeted lands in Miami-Dade County to private real estate firms. However, there are concerns that it may cause bottlenecks in the environmental assessment and appraisal phases. Environmental assessment and appraisal functions are already contracted, but it may be necessary to contract for additional reviewers to supplement District staff review of reports.

Mitigation has historically been performed by contractors under the supervision of District personnel.

SFWMD - Budgeted and Actual Contractual Services

Program	Name	02 Budget	Actual 7/11/02	Preliminary 03 Budget
A	Land Management & Mitigation	$ 4,834,346.00	$ 2,283,017.87	$9,828,589.00
B	Everglades Construction Project	13,907,162.00	31,822,809.55	9,006,151.00
C	O & M of Regional Flood Control System	32,276,295.00	16,037,656.94	12,429,333.00
D	Water Management Planning and Imp	11,921,899.00	13,295,923.14	13,672,775.00
E	Everglades and Florida Bay Watershed Mgmt	5,825,816.00	2,389,439.58	4,803,513.00
F	Kissimmee Basin Restoration	17,845,707.00	2,871,090.75	18,140,908.00
G	Government & External Affairs	78,722.00	-	71,345.00
H	Regulation	4,239,836.00	72,957.37	2,310,249.00
I	Lake Okeechobee Restoration	13,290,063.00	12,452,266.19	8,974,680.00
J	Coastal Ecosystems Restoration	9,572,860.00	8,090,603.53	7,952,944.00
K	Environmental Monitoring and Assessment	4,968,947.00	2,646,073.09	4,872,494.00
L	Public Information & Outreach	1,811,850.00	747,557.94	984,379.00
M	Emergency Management	65,626.00	191,162.94	30,900.00
N	Big Cypress Basin Activities	1,722,790.00	3,723,247.31	3,045,430.00
O	Procurement	617,399.00	750.00	43,430.00
P	Comprehensive Everglades Restoration Plan	40,293,071.00	8,590,665.97	55,443,449.00
R	Business & Financial Management	5,431,403.00	2,476,856.04	5,690,727.00
S	Executive Management	851,012.00	664,002.38	970,375.00
U	Information Technology	9,295,238.00	4,769,600.02	5,274,457.00
W	General Support Operations/Activities	903,016.00	146,618.82	1,398,688.00
X	Human Resources Management	540,684.00	170,628.42	931,538.00
Z	General Land Acquisition	184,780.00	442,784.00	185,400.00
Total		$180,478,522	$113,885,712	$166,061,754

Sources: FY 02 Budget, LGFS, and FY03 Preliminary Budget