Sunset Advisory Commission

Staff Report

Texas Facilities Commission

November 2014

Sunset Advisory Commission

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Cover Photo: The Texas State Capitol was completed in 1888. With the Goddess of Liberty atop the dome, the Texas State Capitol Building is 19 feet taller than the U.S. Capitol Building in Washington, D.C. The photo shows the north facade of the Capitol. The gardens in the foreground sit atop a 667,000 square foot underground structure, the Capitol Extension, which houses many legislators' offices and committee rooms. Photo Credit: Janet Wood

Texas Facilities Commission

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Summary

Summary

This limited scope review of the Texas Facilities Commission (TFC) follows up on the full Sunset review of the agency conducted in the 2012–2013 biennium. At that time, the Sunset Commission adopted and forwarded recommendations on TFC to the 83rd Legislature to provide greater transparency, stakeholder involvement, and external oversight of the agency. The Sunset Commission's statutory recommendations were incorporated into Senate Bill 211, which ultimately passed, continuing TFC for eight years. In House Bill 1675, the Legislature shortened TFC's Sunset date to two years, continuing the agency until 2015, and focused this current Sunset staff review on evaluating the ongoing appropriateness of the original recommendations adopted by the Sunset Commission.

The current Sunset staff review focuses on the ongoing appropriateness of the Sunset Commission's 2013 recommendations.

Sunset staff has concluded that all of the Sunset Commission's previous statutory and management recommendations remain appropriate. However, staff recommends continuing TFC for six years instead of the originally recommended eight years to keep TFC's Sunset review aligned with the Sunset reviews of the Department of Information Resources and Comptroller of Public Account's Texas Procurement and Support Services Division, the other state agencies that provide administrative support services. In addition, Sunset staff evaluated TFC's progress in implementing provisions the Legislature added to the TFC Sunset bill. The current status of each of the recommendations and bill provisions is shown in the chart, *Status of 2013 Sunset Commission Recommendations and Sunset Bill Provisions on the Texas Facilities Commissio*n, beginning on page 3 of this report.

The following material summarizes the one recommendation contained in this report. For additional information on the previous Sunset review of TFC, please see the *Final Report with Legislative Action on the Texas Facilities Commission*, published in July 2013 and available on the Sunset Commission's website. The 2013 report contains detailed information on the original Sunset staff recommendations, Sunset Commission decisions, and legislative action on TFC.

Issue and Recommendation

Issue 1

Texas Has a Continuing Need for the Texas Facilities Commission.

The State continues to need an agency with the expertise to manage and preserve the value of the building, office, parking, and associated infrastructure that support state government operations. By centralizing facilities-related duties within TFC, state agencies can focus on carrying out their respective missions, at less cost to the state, precluding these agencies from performing duplicative functions.

Key Recommendation

- Continue the Texas Facilities Commission for six years.

Fiscal Implication Summary

If the Legislature continues TFC, an annual appropriation of about $57.5 million in general revenue would be needed for its operations.

Status of 2013 Sunset Commission Recommendations and Bill Provisions

Status of 2013 Sunset Commission Recommendations and Sunset Bill Provisions on the Texas Facilities Commission

2013 Recommendation	Status
Issue 1 – The State Lacks a Coordinated, Transparent Approach to Planning Future Development of the Capitol Complex.	
Change in Statute	
1.1 Requires TFC to develop and formally adopt a Capitol Complex Master Plan by April 1, 2016 to guide decision making on the Capitol Complex's future development.	**In progress.** The final Capitol Complex Master Plan is not due until April 1, 2016. In August 2013, TFC hired architecture and design firm Page Southerland Page to produce a preliminary plan, and after several stakeholder meetings, completed a Capitol Complex Preliminary Master Plan in May 2014. The preliminary plan lacks some of the statutory requirements, such as detailed, site-specific proposals and full analysis of infrastructure needs. As part of its 2016-2017 Legislative Appropriations Request, TFC has included an exceptional item request for $1.7 million in fiscal year 2016 to complete a full-scale, comprehensive master plan. TFC has developed a tentative timeline for the final plan based on completion of parking and other infrastructure studies, additional stakeholder meetings, and receipt of appropriations.
1.2 Requires TFC to develop and adopt, in rule, a comprehensive planning process that guides and ensures more meaningful public and stakeholder input for its planning and development responsibilities.	**Implemented.** TFC adopted rules March 7, 2014. TFC did not receive any comments regarding the rules.
1.3 Requires TFC to submit the Capitol Complex Master Plan to the State Preservation Board for review, comment, and possible action.	**In progress.** The final Capitol Complex Master Plan is not due until April 1, 2016. TFC sought and received input from the State Preservation Board on its Capitol Complex Preliminary Master Plan.
1.4 Requires the State Preservation Board's long-range plan to conform to the Capitol Complex Master Plan.	**No action required by TFC.** The State Preservation Board also cannot take any action until the final Capitol Complex Master Plan is adopted, but has stated that its long-range plan will conform to it.
1.5 Requires TFC to submit the Capitol Complex Master Plan to the General Land Office for review and comment.	**In progress.** The final Capitol Complex Master Plan is not due until April 1, 2016. TFC sought input from the General Land Office on its Capitol Complex Preliminary Master Plan.
1.6 Exempts the Capitol Complex from state-owned properties the General Land Office is required to evaluate and make recommendations on regarding highest and best use, and possible sale.	**No action required by TFC.** The General Land Office's current Governor's Report contains no recommendations related to buildings in the Capitol Complex.

Status of 2013 Sunset Commission Recommendations and Sunset Bill Provisions on the Texas Facilities Commission

2013 Recommendation	Status
Management Action	
1.7 Directs TFC staff to present information to the Commission at least 30 days before the Commission votes on an item related to development of TFC property statewide.	**In progress.** TFC has not had any projects that meet this requirement but intends to follow it if the agency undertakes any such projects. Legislative action essentially placed this requirement in statute as described in item number 8 in the Provisions Added by the Legislature section of this chart.
Issue 2 – TFC's Current Approach to Public-Private Partnerships Needs Additional Safeguards to Avoid Exposing the State to Significant Risks.	
Change in Statute	
2.1 Requires TFC to include a complete and clearly documented process for evaluating P3 proposals in its P3 Guidelines, and make the evaluation results publicly available.	**In progress.** TFC staff has developed proposed P3 Guidelines and submitted them to the Partnership Advisory Committee (PAC) for review and approval on October 23, 2014.
2.2 Requires TFC to use a value for money analysis to ensure the agency determines the best approach for developing state assets and authorizes TFC to use an alternative analysis methodology if value for money is not appropriate for the specific proposal.	**In progress.** TFC's proposed P3 Guidelines include a value for money analysis.
2.3 Requires TFC to hold a public hearing on a P3 proposal before submitting it to the Partnership Advisory Commission, and to incorporate public comments into the proposal submission.	**In progress**. TFC has not received any P3 proposals since the adoption of this recommendation but plans to follow the requirements whenever a proposal is received.
2.4 Requires the commission's P3 Guidelines to include policies on acquiring needed professional expertise to evaluate, negotiate, and oversee P3 proposals and contracts.	**In progress.** TFC's proposed P3 Guidelines include these policies.
2.5 Requires TFC to submit each P3 contract to the comptroller's Contract Advisory Team for review and comment before adoption by the commission.	**In progress.** TFC's proposed P3 Guidelines require P3 contracts be submitted to the Contract Advisory Team for review and comment before adoption by the commission.
2.6 Specifically authorizes TFC to charge a reasonable proposal fee to recover the costs of processing, reviewing, and evaluating P3 proposals.	**In progress.** TFC's proposed P3 Guidelines allow TFC to charge a reasonable fee to process, review, and evaluate a P3 proposal.
2.7 Prohibits outside employment of TFC P3 program staff in fields or activities related to their responsibilities at the agency.	**Implemented.** TFC has updated its *Conflict of Interest: Outside Employment and Professional Activities* policy and created a conflict of interest attestation form for TFC staff that work on a P3 project.

Status of 2013 Sunset Commission Recommendations and Sunset Bill Provisions on the Texas Facilities Commission

2013 Recommendation	Status
Management Action	
2.8 Directs the commission to delay formal action on P3 proposals until after September 1, 2013.	**Implemented.** TFC did not take any formal action on a P3 proposal during the prohibited time frame.
2.9 Directs TFC to provide financial information and analysis related to any P3 revenues to the Legislative Budget Board.	**In progress.** TFC has not received any P3 proposals since the adoption of this recommendation but plans to provide this information to the Legislative Budget Board whenever a proposal is received and reviewed.
Issue 3 – TFC's Contracting Functions Lack Standard Elements Necessary to Improve Contract Transparency and Management.	
Management Action	
3.1 Directs the commission to formally adopt policies on contracting methods and indefinite delivery/indefinite quantity (IDIQ) contracts in a public meeting.	**Alternative implemented.** TFC adopted amendments to its policies for selecting project delivery methods and IDIQ contracts on May 15, 2013. TFC did not adopt the specific restrictions as laid out in the management recommendation. Instead, TFC amended its policies to address the Sunset Commission's concerns by lowering the maximum contract amount any single IDIQ contractor can be paid in one year from $1 million to $400,000 for electrical, plumbing, architectural, and engineering services and $250,000 for all other professional services. TFC staff must now also give justification for any IDIQ jobs assigned to contractors with a value of more than $100,000.
3.2 Directs TFC to revise its policy on the use of interagency contracts and develop a policy for bundled contracts.	**Partially implemented.** TFC developed guidelines and a separate worksheet on contract bundling but did not make any changes to its interagency contract policy. TFC believes that limiting interagency contracts to services under $100,000, except in emergencies, would severely hinder the agency's ability to deliver some services at best value, such as contracting with the Department of Public Safety for security services in some state office buildings.
3.3 TFC should improve its procedures for soliciting and awarding contracts, including performing risk and needs assessments and documenting needed information.	**Implemented.** All formal procurements now require a risk/needs assessment and statute now requires all state agencies to document which Contract Advisory Team recommendations they have implemented, which TFC has done. TFC hired an Insurance Specialist in January 2014 to assist with the review of insurance policies, requirements, and coverages, and TFC's procurement division is working with staff to better document contract negotiation and outcomes.

Status of 2013 Sunset Commission Recommendations and Sunset Bill Provisions on the Texas Facilities Commission

2013 Recommendation	Status
3.4 Directs TFC to apply certain contracting standards to better align its contract administration procedures with commonly accepted best practices.	**Partially implemented.** Administration plans. TFC has developed administration plan templates for the Facilities Design and Construction division and the Planning and Real Estate Management division. Close-out. The Procurement and Legal Services divisions have created a contract close-out form to be completed at the end of each contract. Training. TFC is still in the process of developing both a policy requiring all contract managers to receive in-house training and the curriculum for that training. TFC expects the policy to be completed by February 1, 2015. Monitoring. TFC's new administration plan templates include sections to describe general contract monitoring efforts. However, TFC is still working on making timely updates and documenting contract monitoring efforts. TFC believes it cannot fully implement this recommendation until it purchases a better project management system. Commissioning. TFC has started to implement the use of building commissioning and plans to adopt policies by January 31, 2015. These policies will include criteria to determine when commissioning is appropriate. Vendor oversight. TFC plans to implement these recommendations in the spring of 2015 after completing major renovations to the state childcare building and re-soliciting the childcare contract. Master files. TFC has not implemented the management recommendation to maintain centralized master contracting files that include all stages of the contracting process. TFC consolidates its contract files for archiving, as it did prior to Sunset review, but states that centralizing its contract files into a single master contract file is not feasible while contracts are still active.
3.5 TFC should develop a policy to apply contracting standards to P3 contracts when applicable.	**In progress.** TFC's proposed P3 Guidelines include applying contracting standards to P3 contracts, when appropriate.

Status of 2013 Sunset Commission Recommendations and Sunset Bill Provisions on the Texas Facilities Commission

2013 Recommendation	Status
Issue 4 – TFC Struggles to Effectively Plan for and Manage Its Deferred Maintenance Needs.	
Change in Statute	
4.1 Requires TFC to develop and regularly update a comprehensive plan for all of its maintenance and capital improvement needs.	**Implemented.** TFC has done extensive work to develop *Appendix K* of its 2014 Facilities Master Plan Report, which includes an updated assessment of all its deferred maintenance projects for each property in its inventory, a recommended timeline for completing these projects, as well as an emergency plan. TFC also now asks architectural and engineering firms to do an assessment of facility conditions before starting on deferred maintenance projects.
Management Action	
4.2 Directs TFC to better track and report management and performance data about its deferred maintenance program and the condition of its building systems.	**Implemented.** TFC now tracks deferred maintenance and the condition of building systems in several ways. First, the 2014 Facilities Master Plan Report includes *Appendix I*, which documents total estimated repair costs, actual spending on repairs, total estimated repair costs adjusted to reflect spending, and a revised Facility Condition Index adjusted to reflect spending for each building in the TFC inventory. Second, TFC reports progress for completing deferred maintenance projects through two performance measures.
Issue 5 – The Texas Facilities Commission's Statute Contains Inefficient Reporting Requirements and Does Not Reflect Standard Elements of Sunset Reviews.	
Change in Statute	
5.1 Continues all of TFC's reporting requirements, but aligns the due dates and recipients of selected reports to allow for report consolidation.	**No action required by TFC.**
5.2 Applies the standard Sunset across-the-board recommendation for the commission to develop a policy regarding negotiated rulemaking and alternative dispute resolution.	**Implemented.** The commission adopted the required rules for negotiated rulemaking on November 8, 2013, and alternative dispute resolution on August 1, 2014.
Issue 6 – The State Has a Continuing Need for the Texas Facilities Commission.	
Change in Statute	
6.1 Continues TFC for eight years to align its review with other state agencies that provide administrative support services in Texas.	**Not implemented; recommendation still needed.** See Issue 1 of this report.

Status of 2013 Sunset Commission Recommendations and Sunset Bill Provisions on the Texas Facilities Commission

2013 Recommendation	Status
Provisions Added by the Legislature	
1. Subjects the PAC to the Open Meetings Act. Requires the PAC, in a public hearing, to approve or disapprove P3 proposals submitted for review, and authorizes the PAC to provide findings and recommendations. Prohibits negotiation of an agreement for any detailed proposal disapproved by the Partnership Advisory Commission.	**No action required by TFC.**
2. Requires the PAC to approve or comment on the Capitol Complex Master Plan before review and potential action by the State Preservation Board.	**In progress.** TFC is revising its Capitol Complex Preliminary Master Plan to include the findings of a recently commissioned parking study. In addition, if appropriated additional funds in the 2016-2017 biennium, TFC plans to address shortcomings of the current master plan, which lacks detailed, site-specific proposals and full analysis of infrastructure needs. If the Legislature does not appropriate the funds, TFC still plans to submit its updated master plan to the PAC.
3. Requires legislative approval of P3 projects in the Capitol Complex. Prohibits TFC from leasing, selling, or disposing of real property or an interest in real property located in the Capitol Complex other than leasing space in state office buildings and parking garages.	**No action required by TFC.**
4. Requires an agency to submit its P3 Guidelines to the PAC for approval as well as drafts of any interim or comprehensive agreements. Requires the PAC to complete its review and submit its comments and recommendations no later than 60 days after receipt of the guidelines. Authorizes state entities intending to develop or operate a P3 project to create a development plan to conserve and enhance state property, which must address local land use ordinances, zoning, and other criteria.	**In progress.** TFC staff submitted its P3 Guidelines to the PAC for review and approval on October 23, 2014.
5. Requires TFC to provide facilities maintenance services for the physical facilities of the Texas School for the Blind and Visually Impaired and the Texas School for the Deaf, including facilities construction, reconfiguration, cabling, and any other services as provided by a memorandum of understanding between each school's board and TFC.	**Implemented.** The memoranda of understanding transferring the maintenance services for the schools to TFC became effective September 1, 2013.

Status of 2013 Sunset Commission Recommendations and Sunset Bill Provisions on the Texas Facilities Commission

2013 Recommendation	Status
6. Prohibits all political subdivisions and assistance organizations that obtain surplus property through a direct transfer from a state agency from disposing of the property for two years. Requires that a political subdivision or assistance organization that violates this prohibition remit to TFC any proceeds from the disposal, unless TFC authorizes the disposal. Authorizes an assistance organization to dispose of data processing equipment only by transferring the equipment to a school district.	**No action required by TFC.** TFC has not authorized any surplus property disposals or received any proceeds from such a disposal.
7. Specifies that an amount equal to the costs associated with the commercial lease of state parking lots and garages, including costs of trash collection and disposal, grounds and other property maintenance, and the remedying of any damage to state property, may be appropriated only to TFC to pay those costs.	**No action required by TFC.**
8. Not later than the 30th day before the date the commission is scheduled to meet and vote on a project to develop or improve state property in a municipality, TFC staff must place the project on the commission's meeting agenda to provide the public with notice of the meeting and an opportunity to comment; and present sufficient information to commission members to enable them to adequately prepare for the meeting and to address the members' questions and concerns.	**In progress.** TFC has not undertaken any development projects that fall under this requirement but intends to follow this requirement.
9. Requires TFC to provide professional service staff and the expertise of financial, technical, and other necessary advisors and consultants to support the Partnership Advisory Commission in its review and evaluation of P3 proposals on a cost-recovery basis. Requires TFC to assign staff and contracted advisors as needed to perform these duties.	**In progress.** TFC intends to provide any professional expertise requested by the PAC.
10. Specifies that Chapter 2166, Government Code, Building Construction and Acquisition and Disposition of Real Property, applies only to a building construction project of the state, the acquisition of real property for state purposes, and the disposition of real property owned by the state.	**No action required by TFC.**

Agency at a Glance

Agency at a Glance

The Texas Facilities Commission (TFC) manages the building construction, maintenance, and leasing needs of state agencies. TFC carries out the following key activities.

- Plans and provides office space for state agencies through the design and construction of facilities or through leasing services.
- Maintains state-owned facilities in a secure and cost-efficient manner.
- Provides various support services to state agencies, such as operating state and federal surplus property programs and coordinating the recycling program.

Key Facts

- **Policy Body**. A seven-member commission governs the agency. The commission consists of all public members, with five members appointed by the governor, including two members from nominees submitted by the speaker of the house; and two members appointed by the lieutenant governor.

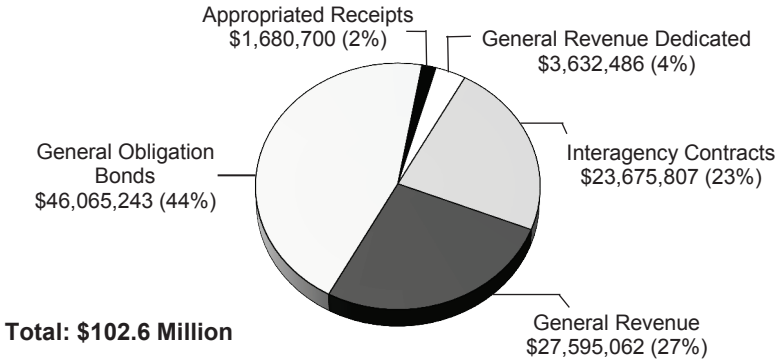
Texas Facilities Commission

Member	City	Term Expiration	Appointed by
The Honorable Betty Reinbeck, Chair	Sealy	2017	Governor
Virginia Hermosa, Vice Chair	Austin	2015	Governor
William D. Darby	Austin	2015	Governor*
Brant C. Ince	Dallas	2015	Governor
Mike Novak	San Antonio	2019	Governor*
Jack W. Perry	Sugar Land	2019	Lieutenant Governor
Alvin Shaw	Round Rock	2017	Lieutenant Governor

* From speaker nomination

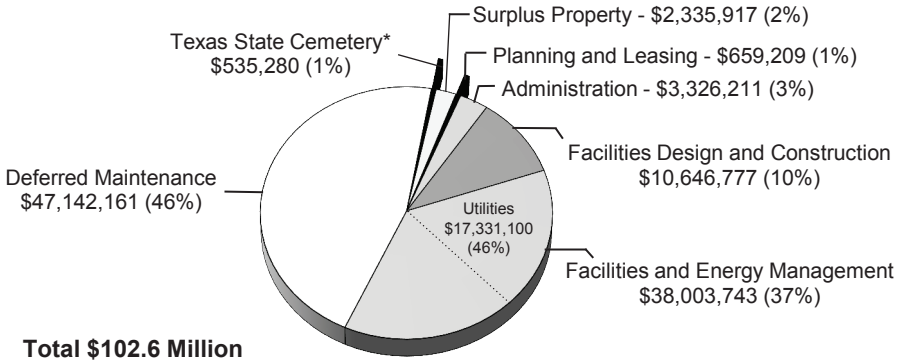
- **Staffing**. In fiscal year 2013, of TFC's 431 authorized positions, it employed 267 staff, including 99 contracted custodial and grounds maintenance staff. Most staff work in TFC's Austin facilities, however eight work in surplus property offices located in San Antonio and Fort Worth.
- **Funding**. TFC's budget totaled about $102.6 million for fiscal year 2013. As shown in the pie chart on the following page, *Texas Facilities Commission Revenues*, on the following page, about 50 percent of the agency's revenue came from general revenue and interagency contracts for construction and other TFC services. General obligation bonds accounted for another 44 percent of TFC revenues.

Texas Facilities Commission Revenues – FY 2013



The pie chart, *Texas Facilities Commission Expenditures*, provides a breakdown of TFC's spending for fiscal year 2013. Deferred maintenance projects accounted for 46 percent of the agency's total expenditures. Facilities and energy management, which included approximately $17.3 million for utility costs for state facilities, accounted for another 37 percent of TFC expenditures.

Texas Facilities Commission Expenditures – FY 2013



*Pass through funds for Texas State Cemetery operations and maintenance.

- **Planning and Leasing**. The agency carries out long-range planning activities that address the status, costs, and needs of TFC-owned and leased facilities. These activities include planning and analysis related to redevelopment of the Capitol Complex and other state properties to meet future space needs. TFC also manages more than 800 leases, providing 10.3 million square feet of office space for over 41,000 state employees in 253 Texas cities.[1]

- **Facilities Design and Construction**. While TFC contracts for construction services, the agency provides centralized project management and oversight of state agency construction projects and property improvements. Currently, TFC is managing about 100 projects with a total value of about $194 million. Of these projects, 61 address deferred maintenance needs — upgrades, repairs, or building system replacements necessary to maintain the integrity and safety of facilities. TFC estimates the state's deferred maintenance needs across all TFC managed facilities totals about $700 million.

- **Facilities Management**. TFC provides facilities management services for 129 state-owned buildings and facilities, mostly in Austin and Travis County. These properties provide about 14.9 million square feet of usable space, housing approximately 90 agencies and over 18,000 state employees.[2] TFC facilities management services include custodial, recycling, maintenance, repair, security, and minor construction services. TFC contracts out for many of these services and in fiscal year 2013, fulfilled nearly 36,000 work orders for client agencies. As shown in the textbox, *Buildings and Entities Exempt From TFC Management*, statute exempts certain agencies and facilities from using TFC services. While both the Texas School for the Blind and Visually Impaired and the Texas School for the Deaf are specifically exempted from TFC management, the 83rd Legislature transferred responsibility for limited facilities maintenance services from these schools to TFC. Agencies may also request that TFC delegate this authority to them, and any state agency may request services from TFC.[3]

Buildings and Entities Exempt From TFC Management

- Capitol Building and Extension
- Bob Bullock Texas State History Museum
- Buildings and museums on the Capitol grounds
- Credit Union Department Building
- Employees Retirement System of Texas Building*
- Finance Commission Building
- Governor's Mansion
- Institutions of higher education
- Military facilities
- State agency regional and field offices
- State parks facilities
- State residential facilities
- Teachers Retirement System of Texas Building*
- Texas Department of Criminal Justice
- Texas Department of Public Safety*
- Texas Department of Transportation
- Texas Historical Commission
- Texas Juvenile Justice Department
- Texas Workforce Commission*

* Agencies with TFC-delegated authority to manage their own facilities.

- **State and Federal Surplus Property Programs**. TFC manages the state surplus property program, which allows state agencies, political subdivisions, certain service organizations, and the general public to obtain surplus property at reduced prices. In fiscal year 2013, state surplus property sales totaled about $5.2 million, with more than $2.1 million returned to general revenue. The state surplus property program also sells items relinquished at major airports in Texas. TFC also administers the donation of federal surplus property in Texas, which allows state agencies and select organizations to receive federal surplus property for a nominal handling fee. TFC collects, sorts, and stores federal surplus property in warehouses in Fort Worth and San Antonio.

- **Texas State Cemetery**. The State Cemetery Committee oversees and manages the Texas State Cemetery, which is administratively attached to TFC. The committee consists of three voting governor appointees and three non-voting advisory members, one each appointed by the Texas Facilities Commission, the Texas Parks and Wildlife Department, and the Texas Historical Commission.

- **Energy Management**. TFC identifies areas within its building inventory where energy and utility savings can be realized while still maintaining a comfortable working environment for state employees. The agency works to negotiate lower cost energy contracts with utility providers, assesses and installs energy efficient equipment, and considers alternative energy solutions.

[1] Texas Facilities Commission, *Master Facilities Plan Report 2014* (Austin: Texas Facilities Commission, 2014), p. 17.

[2] Ibid., p. 15.

[3] Sections 2165.007(b) and 2165.056, Texas Government Code.

Issue

Issue 1

Texas Has a Continuing Need for the Texas Facilities Commission.

Background

The origins of the Texas Facilities Commission (TFC) date back to 1919 with the State Board of Control, which the Legislature created to consolidate many of the State's administrative functions such as purchase of supplies and construction of state office buildings. Since that time, the agency has gone through many changes, with TFC's mission and primary responsibilities now focused on state facilities planning and management. To carry out these responsibilities, TFC's key activities include:

- maintaining, operating, and managing state-owned buildings, grounds, and properties;
- managing state agency construction and deferred maintenance projects; and
- assisting state agencies with their office space needs by managing leases.

TFC manages 129 state-owned facilities and leases totaling 25.2 million square feet of space housing about 60,000 employees of 100 state agencies located throughout 253 Texas cities.[1] In Travis County, TFC manages 34 office buildings in the Capitol, North Austin, North Austin Park 35, and William P. Hobby complexes.

Finding

No significant changes have occurred to affect the 2013 Sunset Commission recommendation to continue TFC.

In 2013, the Sunset Commission recommended that the Legislature continue TFC and align its Sunset date with the dates for the Department of Information Resources (DIR) and the Comptroller of Public Account's Texas Procurement and Support Services Division (Division) to allow for a complete review of the State's overall approach to providing administrative services to state agencies. The recommendation is still appropriate. An ongoing need exists to manage the building, office, parking, and associated infrastructure that support state government operations. The State continues to need an agency with the expertise to manage and preserve the value of these assets. Also, as buildings and infrastructure age, the State must continue to ensure they remain safe, as well as mitigate the risks associated with aging electrical equipment, fire protection systems, and elevators. By centralizing facilities-related duties within TFC, state agencies can focus on carrying out their respective missions, at less cost to the state, precluding these agencies from performing duplicative functions.

By centralizing facilities-related duties within TFC, state agencies can focus on carrying out their respective missions.

No substantial benefits would result from merging TFC's functions with another agency, such as the State Preservation Board or the General Land Office. No other agency performs the extensive property management, construction, and deferred maintenance functions that TFC performs for the significant number and types of properties under its jurisdiction and for other client agencies.

In addition, no overlap or duplication of functions exists between the two other entities that provide administrative support services to state agencies, DIR and the Division. However, as several large agencies are exempt from TFC's jurisdiction and the State continues to use three agencies to provide administrative support services, further consideration of the State's approach to managing administrative support services is still needed.

Recommendation

Change in Statute

1.1 Continue the Texas Facilities Commission for six years to align its review with other state agencies that provide administrative support services in Texas.

This recommendation would continue the Texas Facilities Commission as an independent agency for six years, until 2021. Continuing TFC for six years rather than the standard 12-year Sunset review period would keep TFC's Sunset date aligned with the next Sunset review dates of DIR and the Division to allow for a comprehensive review of the State's overall approach to providing administrative support services.

Fiscal Implication

If the Legislature continues TFC, an annual appropriation of about $57.5 million in general revenue, general revenue dedicated funds, interagency contract revenues, and appropriated receipts would be needed for its operations.

[1] Texas Facilities Commission, *Facilities Master Plan Report 2014* (Austin: Texas Facilities Commission, 2014), pp. 15–17.

Sunset Staff Review of the *Texas Facilities Commission*

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