## CHAMBER ACTION

<u>Senate</u> <u>House</u>

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Remove everything after the enacting clause and insert:

255.249 Department of Management Services; responsibility;

(2)(a) The department shall have the responsibility and

Section 1. Subsections (2), (3), and (4) of section

255.249, Florida Statutes, are amended, and subsection (6) is

Representative Benson offered the following:

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## Amendment (with title amendment)

added to said section, to read:

department rules. --

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15 16 authority to procure and manage all leases of privately owned buildings on behalf of any executive agency, except as set forth in s. 255.248. All cost savings resulting from leases negotiated or renegotiated by the department shall be deposited in escrow for tenant improvements to the leased space or deposited in the General Revenue Fund. require any state agency planning to

- terminate a lease for the purpose of occupying space in a new state-owned office building, the funds for which are appropriated after June 30, 2000, to state why the proposed relocation is in the best interest of the state.
- (b) Information on the costs and benefits of any lease that has been negotiated or renegotiated by the department shall be provided to the chair and vice chair of the Legislative Budget Commission if the annualized cost of the new or renegotiated lease is in excess of \$1 million and if it represents a greater than 10 percent change in the annualized cost of the department's or other executive agency's original lease. The head of the department or an executive agency that provides information under this subparagraph may be requested to make a presentation at a future Legislative Budget Commission meeting.
- (c) This subsection does not apply to the Department of
  Legal Affairs, the Department of Financial Services, or the
  Department of Agriculture and Consumer Services unless the
  cabinet officer requests that the department perform the
  service, or part thereof, for the cabinet officer's agency.
- into space vacated by another executive agency. The executive agency that requested space may reject the department's transfer of the executive agency into the vacated space based on excessive cost, unfavorable lease terms or conditions, negative impact on employee productivity, security concerns, poor location, poor building quality, insufficient parking, excessive moving costs, or difficult access for persons served by the

executive agency. In order to reject the transfer, the agency head of the executive agency must state in writing the specific reason or reasons for rejecting the vacated space shall, to the extent feasible, coordinate the vacation of privately owned leased space with the expiration of the lease on that space and, when a lease is terminated before expiration of its base term, will make a reasonable effort to place another state agency in the space vacated. Any state agency may lease the space in any building that was subject to a lease terminated by a state agency for a period of time equal to the remainder of the base term without the requirement of competitive bidding.

- (4) The department shall promulgate rules <del>pursuant to</del> <del>chapter 120</del> providing:
- (a) Methods for accomplishing the duties outlined in subsections subsection (1), (2), and (3).
- (b) Procedures requiring the competitive solicitation of, and procedures for, evaluating and accepting responses to competitive solicitations for soliciting and accepting competitive proposals for, leased space of 5,000 square feet or more in privately owned buildings., for evaluating the proposals received, for exemption from competitive bidding requirements of any However, a lease the purpose of which is to provide the provision of care and living space for persons, or a lease for emergency space needs as provided in s. 255.25(6), is exempt from the competitive solicitation requirement 255.25(10), and for the securing of at least three documented quotes for a lease that is not required to be competitively bid. The procedures may be simplified for a solicitation of less than 5,000 square feet.

- (c) Adoption of a standard method for determining square footage or any other measurement used as the basis for lease payments, or other charges.
- (d) Methods of allocating space in both state-owned office buildings and privately owned buildings leased by the state based on use, personnel, and office equipment
- (e) Acceptable terms and conditions for inclusion in lease agreements.
- (f) Maximum rental rates, by geographic areas or by county, for leasing privately owned space.
- (g) A standard method for the assessment of rent to state agencies and other authorized occupants of state-owned office space, notwithstanding the source of funds.
- (h) For full disclosure of the names and the extent of interest of the owners holding a 4-percent or more interest in any privately owned property leased to the state or in the entity holding title to the property, for exemption from such disclosure of any beneficial interest which is represented by stock in any corporation registered with the Securities and Exchange Commission or registered pursuant to chapter 517, which stock is for sale to the general public, and for exemption from such disclosure of any leasehold interest in property located outside the territorial boundaries of the United States.
- (i) For full disclosure of the names of all public officials, agents, or employees holding any interest in any privately owned property leased to the state or in the entity holding title to the property, and the nature and extent of their interest, for exemption from such disclosure of any

beneficial interest which is represented by stock in any corporation registered with the Securities and Exchange Commission or registered pursuant to chapter 517, which stock is for sale to the general public, and for exemption from such disclosure of any leasehold interest in property located outside the territorial boundaries of the United States.

- (j) A method for reporting leases for nominal or no consideration.
- Association Metropolitan Base Building Classification, or equivalent, as a standard method for rating the quality of privately owned buildings. When practical, A or B class space according to Building Owners and Managers Association standards must be used For a lease of less than 5,000 square feet, a method for certification by the agency head or the agency head's designated representative that all criteria for leasing have been fully complied with and for the filing of a copy of such lease and all supporting documents with the department for its review and approval as to technical sufficiency.
- (6) On or before January 1, 2005, and annually thereafter, the Department of Management Services shall submit a report to the presiding officers of the Legislature which sets forth the department's enterprise plan for the next 5 years for the use of state-owned and state-leased space and for any acquisition, financing, refinancing, or disposition of state real property and improvements that the department is permitted by law to execute. If the department intends to deviate from the enterprise plan after submission of the annual report, the

- department must provide notice to the presiding officers of the
  Legislature at least 30 days prior to the execution of any
  deviation.
- Section 2. Section 255.25, Florida Statutes, is amended to read:
  - 255.25 <u>Leasing</u> Approval required prior to construction or lease of buildings.--
  - (1)(a) No state agency may lease space in a private building that is to be constructed for state use unless prior approval of the architectural design and preliminary construction plans is first obtained from the department of Management Services.
  - (b) During the term of existing leases, each agency shall monitor market conditions and shall initiate negotiations for each lease held in the private sector to effect the best overall lease terms reasonably available to that agency. Amendments to leases may be permitted to modify any lease provisions or any other terms or conditions, except to the extent specifically prohibited by this chapter. The Department of Management Services shall serve as a mediator in lease renegotiations if the agency and the lessor are unable to reach a compromise within 6 months of renegotiation and if either the agency or lessor requests the Department of Management Services' intervention.
  - (c) When specifically authorized by the Appropriations Act and in accordance with s. 255.2501, if applicable, the department of Management Services may approve a lease-purchase, sale-leaseback, or tax-exempt leveraged lease contract or other

financing technique for the acquisition, renovation, or construction of a state fixed capital outlay project when it is in the best interest of the state.

- (d) The Department of Management Services in order to seek economies of scale and the opportunity to colocate executive agencies, may competitively negotiate to procure new leases, renegotiate existing leases, or otherwise consolidate existing leases into a large scale lease or leases covering one or more privately owned buildings. The department may promulgate rules establishing procedures to procure and manage large-scale and provide a method for allocating lease costs among executive agencies.
- (2)(a) Except as provided in s. 255.2501, no state agency may lease a building or any part thereof unless prior approval of the lease conditions and of the need therefor is first obtained from the department of Management Services. Any approved lease may include an option to purchase or an option to renew the lease, or both, upon such terms and conditions as are established by the department subject to final approval by the head of the Department of Management Services and s. 255.2502.
- The Department of Management Services and an executive agency allowed to directly procure a The approval of the Department of Management Services, except for technical sufficiency, need not be obtained for the lease or an extension of a lease must comply of less than 5,000 square feet of space within a privately owned building, provided the agency head or the agency head's designated representative has certified compliance with applicable leasing criteria as may be provided

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pursuant to this section and s. 255.249(4)(k) and shall determine that has determined such lease is to be in the best interest of the state. Such a lease which is for a term extending beyond the end of a fiscal year is subject to the provisions of ss. 216.311, 255.2502, and 255.2503.

- (c) The Department of Management Services shall adopt as a rule uniform leasing procedures for use by each state agency other than the Department of Transportation. Each state agency shall ensure that the leasing practices of that agency are in substantial compliance with the uniform leasing rules adopted under this section and ss. 255.249, 255.2502, and 255.2503.
- agency shall enter into a lease as lessee for the use of 5,000 square feet or more of space in a privately owned building except upon advertisement for and receipt of competitive bids and award to the lowest and best bidder. The Department of Management Services shall have the authority to approve a lease for 5,000 square feet or more of space that covers more than 1 fiscal year, subject to the provisions of ss. 216.311, 255.2501, 255.2502, and 255.2503, if such lease is, in the judgment of the department, in the best interests of the state. This paragraph does not apply to buildings or facilities of any size leased for the purpose of providing care and living space for persons.
- (b) The Department of Management Services, or an executive agency that may procure its own space, may negotiate with the owner of a privately owned building to enter into an extension approve extensions of an existing lease of 5,000 square feet or more of space if such extension is extensions are determined to

be in the best interests of the state. , but in no case shall the total of such extensions exceed 11 months. If at the end of the 11th month an agency still needs that space, it shall be procured by competitive bid in accordance with s. 255.249(4)(b). However, an agency that determines that it is in its best interest to remain in the space it currently occupies may negotiate a replacement lease with the lessor if an When determining the best interests of the state, the department or agency must use an independent comparative market analysis to show demonstrates that the negotiated lease rate for the extension is rates offered are within market rates for comparable the space, that and the cost of the extension new lease does not exceed the cost of a comparable space lease plus documented moving costs, and that the space will adequately serve the public. A present-value analysis and the consumer price index shall be used in the calculation of lease costs. The term of the replacement lease may not exceed the base term of the expiring lease.

(b)(c) Any person who files an action protesting a decision or intended decision pertaining to a competitive bid for space to be leased by the agency pursuant to s. 120.57(3)(b) shall post with the state agency at the time of filing the formal written protest a bond payable to the agency in an amount equal to 1 percent of the estimated total rental of the basic lease period or \$5,000, whichever is greater, which bond shall be conditioned upon the payment of all costs which may be adjudged against him or her in the administrative hearing in which the action is brought and in any subsequent appellate

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court proceeding. If the agency prevails after completion of the administrative hearing process and any appellate court proceedings, it shall recover all costs and charges which shall be included in the final order or judgment, excluding attorney's fees. Upon payment of such costs and charges by the person protesting the award, the bond shall be returned to him or her. If the person protesting the award prevails, the bond shall be returned to that person and he or she shall recover from the agency all costs and charges which shall be included in the final order of judgment, excluding attorney's fees.

(c)(d) The agency and the lessor, when entering into a lease for 5,000 or more square feet of a privately owned building, shall, before the effective date of the lease, agree upon and separately state the cost of tenant improvements which may qualify for reimbursement if the lease is terminated before the expiration of its base term. The department shall serve as mediator if the agency and the lessor are unable to agree. The amount agreed upon and stated shall, if appropriated, be amortized over the original base term of the lease on a straight-line basis.

(d)(e) The unamortized portion of tenant improvements, if appropriated, will be paid in equal monthly installments over the remaining term of the lease. If any portion of the original leased premises is occupied after termination but during the original term by a tenant that does not require material changes to the premises, the repayment of the cost of tenant improvements applicable to the occupied but unchanged portion shall be abated during occupancy. The portion of the repayment

to be abated shall be based on the ratio of leased space to unleased space.

- (4)(a) The department of Management Services shall not authorize any state agency to enter into a lease agreement for space in a privately owned building when suitable space is available in a state-owned building located in the same geographic region, except upon presentation to the department of sufficient written justification, acceptable to the department, that a separate space is required in order to fulfill the statutory duties of the agency making such request. The term "state-owned building" as used in this subsection means any state-owned facility regardless of use or control.
- (b) State agencies shall cooperate with local governmental units by using suitable, existing publicly owned facilities, subject to the provisions of ss. 255.2501, 255.2502, and 255.2503. Agencies may utilize unexpended funds appropriated for lease payments to÷
  - 1. Pay their proportion of operating costs.
  - 2. Renovate applicable spaces.
- (5) Before construction or renovation of any state-owned building or state-leased space is commenced, the Department of Management Services shall ascertain, by submission of proposed plans to the Division of State Fire Marshal for review, that the proposed construction or renovation plan complies with the uniform firesafety standards required by the Division of State Fire Marshal. The review of construction or renovation plans for state-leased space shall be completed within 10 calendar days of receipt of the plans by the Division of State Fire Marshal. The

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review of construction or renovation plans for a state-owned building shall be completed within 30 calendar days of receipt of the plans by the Division of State Fire Marshal. The responsibility for submission and retrieval of the plans called for in this subsection shall not be imposed on the design architect or engineer, but shall be the responsibility of the two agencies. Whenever the Division of State Fire Marshal determines that a construction or renovation plan is not in compliance with such uniform firesafety standards, the Division of State Fire Marshal may issue an order to cease all construction or renovation activities until compliance is obtained, except those activities required to achieve such compliance. The Department of Management Services shall withhold approval of any proposed lease until the construction or renovation plan complies with the uniform firesafety standards of the Division of State Fire Marshal. The cost of all modifications or renovations made for the purpose of bringing leased property into compliance with the uniform firesafety standards shall be borne by the lessor.

(6) Before construction or substantial improvement of any state-owned building is commenced, the Department of Management Services must ascertain that the proposed construction or substantial improvement complies with the flood plain management criteria for mitigation of flood hazards, as prescribed in the October 1, 1986, rules and regulations of the Federal Emergency Management Agency, and the department shall monitor the project to assure compliance with the criteria. In accordance with chapter 120, the Department of Management Services shall adopt

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any necessary rules to ensure that all such proposed state construction and substantial improvement of state buildings in designated flood-prone areas complies with the flood plain management criteria. Whenever the department determines that a construction or substantial improvement project is not in compliance with the established flood plain management criteria, the department may issue an order to cease all construction or improvement activities until compliance is obtained, except those activities required to achieve such compliance.

- (7) This section does not apply to any lease having a term of less than 120 consecutive days for the purpose of securing the one-time special use of the leased property. This section does not apply to any lease for nominal or no consideration.
- (8) No executive agency may shall enter into more than one lease for space in a the same privately owned building if such building was in the Florida Facilities Pool at any time in the 3 years prior to the commencement of the lease facility or complex within any 12-month period except upon the solicitation of competitive bids.
- (9) Specialized educational facilities, excluding classrooms, shall be exempt from the competitive bid requirements for leasing pursuant to this section if the executive head of any state agency certifies in writing that said facility is available from a single source and that the competitive bid requirements would be detrimental to the state. Such certification shall include documentation of evidence of steps taken to determine sole-source status.

- The Department of Management Services may approve emergency acquisition of space without competitive bids if existing state-owned or state-leased space is destroyed or rendered uninhabitable by an act of God, fire, malicious destruction, or structural failure, or by legal action, if the chief administrator of the state agency or the chief administrator's designated representative certifies in writing that no other agency-controlled space is available to meet this emergency need, but in no case shall the lease for such space exceed 11 months. If the lessor elects not to replace or renovate the destroyed or uninhabitable facility, the agency shall procure the needed space by competitive bid in accordance with s. 255.249(4)(b). If the lessor elects to replace or renovate the destroyed or uninhabitable facility and the construction or renovations will not be complete at the end of the 11-month lease, the agency may modify the lease to extend it on a month-to-month basis for an additional 6 months to allow completion of such construction or renovations.
- (11) In any leasing of space that is accomplished without competition, the individuals taking part in the development or selection of criteria for evaluation, in the evaluation, and in the award processes shall attest in writing that they are independent of, and have no conflict of interest in, the entities evaluated and selected.
- Section 3. <u>Section 270.27, Florida Statutes, is repealed.</u>
  Section 4. Section 215.3215, Florida Statutes, is created to read:

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215.3215 Charges by agencies or contractors.--Specific statutory authority authorizing the maximum amount of a fee, tax, or other charge shall be required for an agency, as defined in s. 287.012(1), or contractor with such agency to levy or impose upon a person who is not a party to the contract a fee, tax, or other charge which funds the contract or provides payment to the contractor, regardless of whether the levy or imposition is direct or indirect or is mandatory or optional.

Section 5. Subsections (17) and (23) of section 287.057, Florida Statutes, are amended, and a new subsection (25) is added to said section, to read:

287.057 Procurement of commodities or contractual services.--

- (17) For a contract in excess of the threshold amount provided in s. 287.017 for CATEGORY FOUR, the agency head shall appoint:
- (a) At least three persons to evaluate proposals and replies who collectively have experience and knowledge in the program areas and service requirements for which commodities or contractual services are sought.
- (b) At least three persons to conduct negotiations during a competitive sealed reply procurement who collectively have experience and knowledge in negotiating contracts, contract procurement, and the program areas and service requirements for which commodities or contractual services are sought. As of January 1, 2005, when the contract is in excess of \$1 million, at least one of the persons conducting negotiations must be a certified negotiator as established by the department. The

department shall, by rule, establish the experience, knowledge, and training required to be a certified negotiator.

- (23)(a) The department, in consultation with the <u>Chief</u>

  <u>Financial Officer</u> State Technology Office and the Comptroller,
  shall develop a program for on-line procurement of commodities
  and contractual services. To enable the state to promote open
  competition and to leverage its buying power, agencies shall
  participate in the on-line procurement program, and eligible
  users <u>and cabinet agencies</u> may participate in the program. <del>Only vendors prequalified as meeting mandatory requirements and
  qualifications criteria shall be permitted to participate in online procurement.</del> The department, in consultation with the State

  <u>Technology Office</u>, may contract for equipment and services
  necessary to develop and implement on-line procurement.
- (b) The department, in consultation with the State Technology Office, shall adopt rules, pursuant to ss. 120.536(1) and 120.54, to administer the program for on-line procurement. The rules shall include, but not be limited to:
- 1. Determining the requirements and qualification criteria for prequalifying vendors.
- 2. Establishing the procedures for conducting on-line procurement.
- 3. Establishing the criteria for eligible commodities and contractual services.
- 4. Establishing the procedures for providing access to online procurement.
- 5. Determining the criteria warranting any exceptions to participation in the on-line procurement program.

The department may collect fees for the use of the online procurement program systems. Purchase of commodities and contractual services from vendors that are registered with the on-line procurement program may be considered use of the program. The fees may be imposed on an individual transaction basis or as a fixed percentage of the cost savings generated. At a minimum, the fees must be set in an amount sufficient to cover the projected costs of such services, including administrative and project service costs in accordance with the policies of the department; however, fees imposed on an individual transaction basis may not exceed 1 percent of the transaction amount. For the purposes of compensating the provider, the department may authorize the provider to collect and retain a portion of the fees. The providers may withhold the portion retained from the amount of fees to be remitted to the department. The department may negotiate the retainage as a percentage of such fees charged to users, as a flat amount, or as any other method the department deems feasible. All fees and surcharges collected under this paragraph shall be collected by the department and deposited in the Grants and Donation Trust Fund as provided by law.

(25)(a) Legal authority is required for contractual services procurements with a cost greater than \$10 million over the contract term which shift functions or responsibilities from agency staff to the private sector where the agency remains accountable while the private sector entity performs the function or responsibility. At least 60 days prior to the Legislative session, if the agency seeks authority by law to

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procure such contractual services, or 30 days prior to issuing a
solicitation, if the agency has legal authority to procure such
contractual services, upon issuance of a solicitation, and upon
execution of a contract, the agency shall provide to the
President of the Senate and the Speaker of the House of
Representatives current cost-benefit analyses, business case
analyses, plans for contract management, proposed performance
contracting procedures, detailed service comparisons, and
information about impacts to approved performance standards
regarding the proposed procurement. The contract for such
procurement shall include at a minimum a detailed scope of work
specifying services and deliverables; specific payment terms,
including incentive and penalty provisions; implementation
schedules; required performance measures; provisions for the
transfer of the function or responsibility if the contractor
ceases to perform; and requirements for access to public records
consistent with law. The department shall maintain a database
containing, for procurements subject to this subsection, the
agency name, the name and description of the contractual service
procured, and the names of the prime contractor and any
subcontractors; projected and actual completion dates by project
phase; a description of performance measures contained in the
contract, projected performance, and actual performance; and
projected costs and revenues, as applicable, and actual costs
and revenues.

(b) This subsection shall not apply to any procurement for which a contract was executed prior to July 1, 1994, for

contractual services substantially similar in nature and purpose to those to be procured in the proposed contract.

Section 6. Effective October 1, 2004, there is hereby appropriated from the Grants and Donation Trust Fund in the Department of Management Services \$5,000,000 in the Special Categories Contractual Services for the purpose of transferring funds to the on-line procurement program contractor, in accordance with s. 287.057, Florida Statutes.

Section 7. The amendment to section 287.057(23)(c), Florida Statutes, which removes authority for the provider to collect and retain fees and require the department to collect the fees, shall take effect October 1, 2004.

Section 8. Except as otherwise provided herein, this act shall take effect July 1, 2004.

An act relating to the Department of Management Services; amending s. 255.249, F.S.; removing a requirement regarding certain agencies planning to terminate a lease; providing that the Department of Management Services, rather than agencies acting on their own behalf, shall lease space for agencies; limiting scope of provisions to certain departments; providing for moving of agencies into vacated spaces; providing conditions under which an agency may reject a proposed move; providing for competitive solicitation of leases; providing bid procedures; providing conditions for space allocation; requiring

adoption of a quality standard; amending s. 255.25, F.S.; providing criteria for agencies to monitor market conditions and initiate negotiations; authorizing the department to negotiate to procure new leases for the colocation of agencies; providing conditions for lease procurement; changing the requirement for competitive bidding for leases of real property for agencies to a requirement for competitive solicitation; requiring a business case analysis for extension of a lease; providing that state agencies may not lease a privately owned building if such building was in the Florida Facilities Pool in the previous 3 years; repealing s. 270.27, F.S., relating to the sale of unused public lands; creating s. 215.3215, F.S.; authorizing agencies or contractors to levy or impose on certain noncontract parties certain fees, taxes, or charges only if authorized by law; amending s. 287.057, F.S.; requiring certified negotiators for certain procurements; revising provisions relating to on-line procurement programs; prohibiting agencies from procuring certain contractual services except as provided by law; requiring agencies to provide information to the Legislature regarding such procurements; requiring certain contract provisions for such procurements; requiring the department to establish a database; providing exceptions; providing an appropriation; providing effective dates.

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