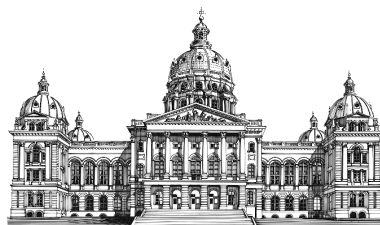

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Privatization Of Rest Area Maintenance

ISSUE

The Department of Transportation (DOT) has awarded a contract effective July 1, 1993, to DTH Contract Services of Dunn, North Carolina, to perform rest area maintenance along Iowa's interstates. Senate File 232 (Transportation and Safety Appropriations Bill), passed during the 1993 Legislative Session, prohibited the DOT from awarding a contract for rest area privatization until a feasibility study was completed on the issue. Additionally, SF 425 (Tenth Budget Bill) required the Legislative Council to establish an interim study committee related to the privatization of functions within State government. The Governor vetoed the language in SF 232 stating the DOT was already well underway in soliciting bids to be evaluated on the potential for cost savings and quality of service. The Governor also vetoed the language in SF 425 stating that the Legislative Council already has the authority to establish such a study committee and therefore the language was unnecessary.

AFFECTED AGENCIES

Department of Transportation

CODE AUTHORITY

Sections 307.10 and 307.12, Code of Iowa

BACKGROUND

The DOT maintains 47 rest areas (40 full-service and 7 parking only) with 39.0 FTE positions. Thirty-two of these positions are rest area attendants and 7 are supervisors and lead workers. Attachment A shows the historical cost of Iowa's rest area maintenance.

CURRENT SITUATION

The DOT awarded a contract to DTH Contract Services of Dunn, North Carolina, for the maintenance of all rest areas. The contract cost will average \$1.3 million per year for services including mowing, picking up trash, trimming trees, snow removal, and cleaning and maintenance of the buildings. The contract will become effective July 1, 1993 and DTH is expected to provide services equivalent to those provided in prior years by the DOT.

The seven rest area supervisors and lead workers will be retained to supervise the contract with DTH. Thirty-one of the 32 rest area attendants being replaced by private workers will be transferred to vacant positions in the DOT which were held open in anticipation of the of the rest area privatization. One rest area attendant will be retiring at the end of FY 1993. The DOT estimates the total cost savings for the privatization of rest area maintenance to be \$221,000 in FY 1994. In addition, the DOT owns rest area maintenance equipment valued at \$376,000. This equipment will either be sold at auction and/or transferred to district maintenance offices where needed.

ALTERNATIVES

This Issue Review is presented for informational purposes only.

BUDGET IMPACT

The following table shows a comparison between the cost of rest area maintenance performed under contract with DTH Contract Services and the cost assuming DOT were to continue to perform the maintenance.

FY 1994 BUDGET FOR DTH MAINTAINED SYSTEM	
DTH maintenance contract	\$ 1,323,812
Inspection cost	
7 DOT personnel with vehicles	272,000
Support (lodging, meals, office supplies)	50,000
Training, equipment, conference	10,000
Utility and telecommunication costs	238,000
Repair and maintenance (lighting and plumbing not included in	50,000
TOTAL FOR DTH MAINTAINED SYSTEM	<u>\$ 1,943,812</u>
FY 1994 DOT REST AREA BUDGET	\$ 2,165,229
Projected FY 1994 budget if maintained by DOT personnel	
FY 1994 OPERATING SAVINGS	
DOT maintained system	\$ 2,165,229
DTH maintained system	1,943,812
PROJECTED SAVINGS	<u>\$ 221,417</u>

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