

VIA email; 8/27/14

## BOARD OF SUPERVISORS RESPONSE TO CONTRA COSTA COUNTY GRAND JURY REPORT 1407

### Deferred Maintenance

Fix it Now or Pay More Later

#### Findings

1. The FLIP report has not been updated, and is not on schedule to be updated as originally planned.

**Response:** The respondent partially disagrees with the finding. The original FLIP report was completed in 2007. The objective of the report was to deliver facilities condition assessment of county-owned buildings to provide a framework for developing a comprehensive deferred maintenance correction plan. Since that time:

- the Board of Supervisors reaffirmed the Board's plan to fund facility maintenance to end the deferred maintenance cycle and included a future maintenance objective. The future objective was to evaluate the feasibility of developing an Internal Services Fund for facilities maintenance to improve planning and paying for deferred maintenance and capital renewal of buildings. The Board adopted the addition of a factor to the occupancy costs paid by various departments to occupy County-owned buildings. The revenue raised from this occupancy cost factor will be used to fund future maintenance of real estate assets. The work done as part of the FLIP report will be used to refine the Internal Services Fund factor;
- the County Administer developed and implemented an Administrative Bulletin implementing Real Estate Asset Management Plan (RAMP) principles for the use and management of County-owned and leased assets, and to establish a centralized program to manage the space needs of County departments [Administrative Bulletin 526.0 (AB 526.0) became effective on April 9, 2013]; and
- the Board of Supervisors has engaged ISES to complete a new assessment of FLIP properties that is anticipated to be completed in September 2014. The FLIP report will be updated after the updated assessment of properties has been concluded.

2. The FLIP report prioritizes deferred maintenance needs and costs, but includes less than half of the total facilities owned and maintained by the County.

**Response:** The respondent agrees with the finding. Due to funding constraints and the need to address Finding number 4 below we are unable to assess all County owned and operated facilities. However, as part of the 2014 assessments we are focusing on buildings that were not included in the original 2007 FLIP report. We are also including the more critical buildings that were scored in the poorest conditions in the 2007 FLIP Report. This approach will allow the County to get new data on some facilities not included in the original report also reaffirm conditions of facilities that should be closely monitored because of their critical nature.

3. Funding allocations have not been adequate to meet the FLIP target goals that seek to tackle the backlog of deferred maintenance on county-owned facilities.

**Response:** The respondent partially agrees with the finding. As has been noted, an important aspect of deferred maintenance is to determine the condition and use of various buildings to determine the need to maintain, replace, or abandon (sell) the facility. Even if it were economically feasible, it would be unwise to simply allocate funds for all county-owned facilities including those that are surplus. A strategic, well thought out and vetted plan for tackling deferred maintenance needs must be part of an overall master facilities plan.

4. The Public Works Department does not have a database that integrates all existing information about county-owned facilities, which would more efficiently track and manage maintenance efforts.

**Response:** The respondent agrees with the finding.

#### Recommendations

1. The Board of Supervisors should annually update the FLIP report, starting with FY 2014-2015, until the backlog of deferred maintenance and repairs have been completed.

**Response:** The recommendation will not be implemented because it is not reasonable. Updating the report every year would require more staff time and funding than is available. The County intends to update the Facilities Life-cycle Investment Program (FLIP) report every 5 years. However, the County will continue to update the FLIP database annually based on work that is done on County facilities and monitor facility conditions.

2. The Board of Supervisors should expand the FLIP report to include all county-owned facilities.

**Response:** The recommendation has not yet been implemented but will be implemented in the future. The County has contracted with a company called ISES to complete a new assessment of FLIP properties that is anticipated to be completed by September 2014. The list was revised to include buildings not assessed in 2007, remove buildings no longer in the County inventory due to sale, and closely monitor those buildings most in need of attention due to their condition or critical nature.

3. The Public Works Department should identify funds to expedite integrating all existing databases related to county-owned facilities for coordinated tracking and reporting of all deferred maintenance needs, priorities, and completed tasks.

**Response:** The recommendation has been implemented. The County allocated \$167,000 in Venture Capital Funds to the Public Works Department in fiscal year 2013-14 to purchase and implement a comprehensive Asset Management software package. While this endeavor has proven to be more complex and difficult than initially thought the Public Works Department has engaged a consultant and identified an aggressive schedule to address many of the database issues facing the County.