

DATE ISSUED: October 24, 2002 REPORT NO. 02-249

ATTENTION: The Committee on Rules, Finance and Intergovernmental Relations

SUBJECT: Deferred Maintenance Reporting Procedures

REFERENCE: Blue Ribbon Committee Report on City of San Diego Finances of February 2002
Blue Ribbon Recommendations/Rules Committee Actions – Memo April 2002
Information Technology Strategic Plan Manager’s Report #02-002 – January 28, 2002

THIS IS AN INFORMATION ITEM ONLY. NO ACTION IS REQUIRED ON THE PART OF THE CITY COUNCIL.

BACKGROUND

In the Blue Ribbon Committee Report on City of San Diego Finances of February 2002 (Blue Ribbon Committee Report), it was recommended that the City Manager “establish a process so that all deferred maintenance and unfunded procurement information is developed, aggregated, consistent, complete, non-duplicative, rated for priority, and is available on call for budgetary decisions.” The Report further recommended that the City Manager “prepare and present a public report during the annual budget hearings identifying the cumulative deferred maintenance backlog and unfunded procurement needs, which includes asset descriptions, dollar requirements, and categorized by level of need with funding sources.”

Finally, the Blue Ribbon Committee Report recommended that “the City’s policy with respect to funding deferred maintenance and Information Technology procurement should be revised to increase expenditures in these crucial areas”.

While the Blue Ribbon Committee’s February report references information technology procurement, that issue is addressed in the Information Technology Strategic Plan (ITSP)

and is therefore not included in this report. The ITSP was approved by the City Council on January 28, 2002 (Manager's Report #02-002, Resolution R-296015).

DISCUSSION

To ensure all City departments comply with the recommendations of the Blue Ribbon Committee, we have retained Non-Profit Management Solutions to work with City departments. Their familiarity with City operations from years of experience with the Zero Based Management Review Program was a significant factor in the selection of this non-profit organization. Non-Profit Management Solutions' primary tasks are:

- Research to determine what data collection system is currently in place in City departments to track deferred maintenance and unfunded procurement.
- Research to identify "best practices" relative to systems utilized for this purpose in other cities.
- Development of consistent classifications of Deferred Maintenance and Procurement, including how each category will be classified for an integrated and uniform system approach.
- Development of characteristics to determine priority levels within each classification.
- Development of protocol for regular and ongoing collection and input of appropriate data.
- Work with the Blue Ribbon Task Force to ensure the recommended protocols and procedures appropriately address the Task Force recommendations.
- Drafting and editing of report
- Presentation of report and recommendations

Concurrently, the departments responsible for the maintenance, repair and replacement of City assets are in the process of developing procedures that will specify the types of information to be captured and reported on, as well as reporting frequencies and timelines. These efforts will be coordinated with the work being done and recommendations being made by Non-Profit Management Solutions.

These new procedures will address deferred replacement and maintenance reporting processes for the following types of City assets:

- Facilities
- Motive Equipment
- Streets, Alleys and Sidewalks

Facilities

Consistent with current practices, the Facilities Division of the General Services Department will conduct a comprehensive, facility-by-facility assessment of the condition and needs of all City-owned facilities every three (3) years in cooperation with the Fire and Police Departments, who maintain their own facilities. The first such report was compiled and presented to City Council on April 26, 2002.

In order to provide annual input for budgetary considerations, the triennial report will be updated and provided to the City Council each February to reflect deferred maintenance needs which have been identified during the preceding year and to summarize what maintenance projects have been completed during that same period. The annual report shall have two major components:

Current Deferred Maintenance Assessment

- Listing of facilities or facility components in service beyond their expected lifespan, to include:
 - Description of facility or facility component in need of replacement
 - Prioritization of replacement based on facility/component condition, potential safety considerations, and possible collateral damage to facility contents or other components
 - Estimated cost of facility/component repair or replacement in current year dollars

Completed Deferred Maintenance

- Listing of maintenance, repair or replacement activities that have been performed on City-owned facilities or facility components to include:
 - Description of facility or facility component
 - Description of required repair or maintenance activity
 - Actual cost of facility/component maintenance or repair

Both of the above report components will be sorted and presented by Council District and the City operating department responsible for operation of that facility.

Motive Equipment

The City's non-public safety fleet is maintained and managed by the Equipment Division of the General Services Department. The Police Department and Fire Department maintain their respective fleets independently. Therefore, the Equipment Division will work in cooperation with the fleet managers for the Police and Fire Departments to develop an annual report on the condition of City-owned motive equipment. The report, to be delivered in February of each year, will be used to develop the Proposed Budget for the upcoming fiscal year.

The annual reports shall have two major components:

Deferred Vehicle Replacement

- Listing of over-age vehicles that remain in service due to unavailability of replacement funding, to include:
 - Description of vehicles in need of replacement
 - Prioritization of vehicle replacement based on vehicle condition and repair history/expense
 - Estimated cost to replace vehicles – by vehicle, by department, and grand total

Deferred Vehicle Replacement Operations Expense

- Listing of repair and maintenance activities performed on over-age vehicles, including expense incurred for these activities

The above reports will have aggregated costs in current year dollars.

The Equipment Division, as well as the Fire and Police Department fleet managers, currently capture and compile all aspects of the above information. However, the two separate report components will clearly distinguish between the cost to replace vehicles in service beyond their expected lifespan, and the annual expenditures necessitated to maintain these vehicles.

Streets, Sidewalks and Alleys

The Street Division of the Transportation Department will report annually on the condition of City streets, sidewalks and alleys. The annual report will provide updates on performed maintenance and will be distributed in February of each year. These reports are consistent with previous reports, which have been presented to Council Committees in prior years. The reports shall contain the following:

- A listing of streets, sidewalks, and alleys whose condition warrants placement on a deferred maintenance listing, to include:
 - A comprehensive report on the overall condition of City streets, which includes prioritization criteria for resurfacing and slurry contracts
 - An estimate of the number of miles of resurfacing to be performed in the upcoming fiscal year compared to previous fiscal year
 - An estimate of the number of miles of slurry to be performed in the upcoming fiscal year compared to previous fiscal year
 - The backlog* notifications for sidewalk repair and prioritization criteria for making those repairs
 - The backlog* notifications for alley repair

**The backlog notifications are based on the number of service notifications received by Street Division from the public.*

The above report will have aggregated costs in current year dollars, and will have the capability to be sorted and presented by Council District.

CONCLUSION

While we anticipate there may be changes, additions and enhancements to the aforementioned procedures as a result of Non-Profit Management Solutions' involvement, these serve as the basis of the City's current efforts to quantify, manage and provide regular reports to the Mayor and City Council regarding deferred maintenance.

Upon completion of Non-Profit Management Solutions' work on this subject, we will provide a final report and recommendations to the Mayor and City Council.

Respectfully submitted,

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LOVELAND/MJK