



THE CITY OF SAN DIEGO  
**REPORT TO THE CITY COUNCIL**

DATE ISSUED: May 29, 2015

REPORT NO: 15-039

ATTENTION: Honorable Council President Lightner and City Councilmembers

SUBJECT: Facilities Condition Assessment Update and Proposed Service Level for City-Occupied (Non-Leased) General Fund Facilities/Buildings

REQUESTED ACTION:

Accept the report and support proposed Service Level for City-Occupied (Non-Leased) General Fund Facilities.

STAFF RECOMMENDATION:

Staff recommends a Service Level of "Good Condition" for public and semi-public facilities and "Fair Condition" for city offices and work yards.

BACKGROUND:

In December 2013, City Council authorized (Resolution No. 308581) the award of three Facilities Condition Assessment (FCA) consultant agreements for the purpose of assessing the condition of the City's facilities. Each of the three agreements was authorized for a maximum of \$5 million and up to 5 years for a total capacity of \$15 million over 5 years (FY14 to FY18) for facilities condition assessments.

STATUS UPDATE:

The three Facilities Condition Assessment (FCA) consultants were selected in early 2014:

- Alpha Facilities Solutions
- Kitchell CEM
- AECOM

Each of the three FCA consultants started performing assessments last fiscal year (FY14). The table below summarizes the scope of services and status of the three FCA efforts (General Fund Buildings, Developed Parks\* and buildings owned by the Public Utilities Department (PUD) known as PUD Buildings.

*\*The Developed Parks Assessment includes only the developed areas of the parks.*

Asset Class	Consultant	FY14 Scope/Status	FY15 Scope/Status	FY16 Scope/Projections
General Fund <sup>1</sup> Buildings (approx. 700)	Alpha Facilities Solutions, LLC	<ul style="list-style-type: none"> <li>✓ 349 Buildings Assessed</li> <li>  <ul style="list-style-type: none"> <li>✓ 274 City-Occupied</li> <li>✓ 75 Leased</li> </ul> </li> <li>✓ 123 Accessibility Surveys</li> <li>✓ 57 Solar Assessments</li> </ul>	<ul style="list-style-type: none"> <li>❖ 328 Buildings</li> <li>  <ul style="list-style-type: none"> <li>❖ 259 City-Occupied</li> <li>❖ 69 Leased</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ ≈74 Buildings</li> <li>  <ul style="list-style-type: none"> <li>▪ 51 City-Occupied</li> <li>▪ 23 Leased</li> </ul> </li> </ul>
		<ul style="list-style-type: none"> <li>✓ Field data collected</li> <li>✓ Building reports reviewed</li> <li>✓ Data formatted</li> <li>✓ Data analyzed</li> <li>➤ Interim FY14 Report Attached</li> </ul>	<ul style="list-style-type: none"> <li>✓ Field data collected</li> <li>✓ Building reports reviewed</li> <li>❖ Data Formatting in progress</li> <li>▪ Interim Report July 2015 (FY14/FY15 data)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Final Report Jan 2016 (FY14/FY15/FY16)</li> <li>▪ Rotation FY17-FY20</li> </ul>
Developed Parks (approx. 300)	Kitchell CEM, Inc.	30 Parks Assessed	45 Parks	≈50 Parks
		<ul style="list-style-type: none"> <li>✓ Field data collected</li> <li>✓ Park reports reviewed</li> <li>❖ Data Formatting in progress</li> <li>▪ Interim FY14 Report July 2015</li> </ul>	<ul style="list-style-type: none"> <li>❖ Field data collection in progress</li> <li>▪ Interim Report Sept 2015 (FY14/FY15 data)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interim Report July 2016 (FY14/FY15/FY16)</li> <li>▪ Final Report FY19* *at current funding level</li> <li>▪ Rotation FY20-FY25</li> </ul>
Public Utilities Buildings (approx. 300)	AECOM	278 Buildings	31 Buildings	0 Buildings
		<ul style="list-style-type: none"> <li>✓ Field data collected</li> <li>❖ Report review in progress</li> <li>▪ Interim FY14 Report July 2015</li> </ul>	<ul style="list-style-type: none"> <li>❖ Task award in progress</li> <li>▪ Final Report Sept 2015 (FY14/FY15 data)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Rotation FY17-FY19</li> </ul>

- ✓ Activity completed
- ❖ Activity currently in progress
- Deliverable status
- Future Projection

*Note 1 - Special assessments for General Fund Buildings (accessibility and solar): Of the 349 General Fund buildings assessed in FY14, 123 buildings (92 City-Occupied/31 Leased) received an abbreviated accessibility assessment and 57 buildings (50 City-Occupied/7 Leased) received a solar energy feasibility assessment. Solar System installations are feasible for 56 of the 57 General Fund buildings that received the solar assessment. Environmental Services Department is managing solar system planning and estimating.*

**DISCUSSION OF FINDINGS:**

Condition Assessment data for the 349 General Fund buildings (274 City-Occupied/75 Leased) that were assessed in FY14 is summarized in the attached report entitled “FY14 Facility Condition Assessment: Interim Report for General Fund Facilities”. The 75 leased facilities are being evaluated by the Real Estate Assets and Park and Recreation Departments. This represents less than 50% of the leased building inventory. There are at least 92 more buildings to assess before a comprehensive report can be developed for assessments and recommendations.

For the content of this report, the following discussion of findings is based on the 274 City-Occupied (Non-Leased) General Fund facilities that were assessed in FY14.

As was outlined in the 2013 Facilities Condition Assessment presentation to Infrastructure Committee, the FCA program provides detailed information on the remaining useful life and cost of replacement or repair of the assets and their associated building subsystems. The building subsystems that have been assessed as part of the General Fund and Public Utilities Building assessments are included in the table below.

<b>Building Subsystems included in GF and PU Building Assessment</b>			
Electrical	Foundation	Floor Finishes	Partitions
Fire Protection	Basement	Plumbing (Fixtures, Rain Water)	Interior Doors
HVAC	Floor/Roof Structure	Equipment (Appliances, etc.)	Interior Fittings
Plumbing (water and sewer)	Walls, Windows, Doors	Structures (Awnings, etc.)	Stair Finishes
Site Utilities	Roofing	Site Earthwork	Wall Finishes
Conveying (Elevators)	Stairs	Site Roadways, Walkways	Ceiling Finishes
		Site Utilities (Water, Stormwater)	

As is the norm in the industry, the replacement costs along with the years that represent the end of each building subsystem's useful life are used to compile the maintenance and capital backlog and project capital renewal. The maintenance backlog is a summation of current repairs required for each building subsystem. The capital backlog is a summation of the assets and/or associated building subsystems that have reached the end of their useful life in 2014 or prior years. Capital renewal is a summation of the assets and/or associated subsystems that will reach the end of their useful life in years 2015 and beyond. The attached "FY14 Facility Condition Assessment: Interim Report for General Fund Facilities" provides the maintenance backlog, capital backlog, and capital renewal for the facilities assessed in FY14.

Asset Function Groupings:

For purposes of analysis, the General Fund Building types have been grouped into categories by function (Asset Function) as shown in the table below.

<b>Public</b>	<b>Semi-Public</b>	<b>City Offices/Work Yards/Operations</b>
Comfort Station	Fire Station	Blockhouse
Community Center	Guardhouse	Boat Dock
Dump Station	Lifeguard Station	Boat House
Elevator Building	Police Station	City Office/Work Yard
Kiosk	Police Storefront	Fire Training
Library		Guardhouse
Parking Garage (Public)		Nursery
Public Event Site		Parking Garage (City staff)
Recreation Center		Pilot Building
Senior Center		Police Training
Skate Park		Storm Water Pump Station
Swimming Pool		Vehicle Facility
Transit Facility		
Youth Center		

Condition Ratings and Facility Condition Index (FCI):

The Facility Condition Index (FCI) that has been implemented (starting with the FY2014 assessment) is a modified standard FCI which incorporates the cost of the maintenance backlog and capital backlog. The attached FY14 Interim FCA report includes details about how the FCI was developed for the General Fund Building portfolio. Prior assessments (eg. 2009 Parsons

Assessment) only included the cost of the maintenance backlog in the FCI calculations. The FY14 FCI formula is shown below:

$$\text{FCI} = \frac{(\text{Cost of Current Maintenance Backlog} + \text{Current Capital Backlog})}{\text{Plant Replacement Value (PRV)}}$$

The FCI Condition Ratings implemented (starting with the FY14 assessments) are comparable with other government agencies and as shown below:

FCI Condition Ratings		Examples:
Good	0% to 20%	Cesar Chavez Community Center Mid-City Division Police Station
Fair	21% to 29%	South Clairemont Recreation Center Southeastern Division Police Station
Poor	30% or higher	Development Review Center (DRC) City Administration Buildings (CAB) Western Division Police Station

FCI Summary (274 City-Occupied (Non-Leased) General Fund Buildings)

For these facilities, the average FCI for each asset function (Public, Semi-Public, City Office/Work Yard) are included in the table below. The average FCI Condition Rating is an average for the entire portfolio of buildings assessed; therefore, the FCI of individual buildings may vary from good to poor. An Average FCI of poor, for example, does not mean that every building in the portfolio is in poor condition. For example, the average FCI of the entire portfolio of Public Facilities is 25 which is rated fair condition; however, Cesar Chavez Recreation Center has an FCI of 12 – Good Condition and North Park Recreation Center has an FCI of 62 – Poor Condition.

Asset Function	No. Bldgs. Assessed in FY14	Square Footage Assessed in FY14	Average FCI <sup>2</sup>	Avg. FCI Condition Rating
Public Facilities	141	678,558	25	Fair
Semi-Public Facilities	31	245,101	28	Fair
City Office/Work Yard/Operations	102	841,238	51	Poor <sup>3</sup>
<b>Total City-Occupied</b>	<b>274</b>	<b>1,764,897</b>	<b>39</b>	<b>Poor <sup>4</sup></b>

*Note 2 – It is not Industry Best Management Practice or typical for agencies to improve facilities to an FCI of 0.*

*Note 3 – The average FCI of poor for the City Offices/Work Yards/Operations facilities does not indicate that all of these facilities are in poor condition. The individual offices and work yard buildings vary from good to poor condition.*

*Note 4 – The average FCI of poor for the 274 City-Occupied facilities does not indicate that all of these facilities are in poor condition. The individual City-Occupied facilities vary from good to poor condition.*

Reliability Levels:

The FCI condition rating of Fair for Public and Semi-Public Facilities and Poor for City Offices and Work Yards indicates that there are building subsystems that are in service past the end of their useful life. It is important to understand the type of systems that are in service past the end of their useful life so that an effective capital and maintenance program can be developed. Targeting funding strategically toward building subsystems that are critical to the operation of the buildings will ensure reliability of the building portfolio.

Building subsystems are not all equal in terms of their ability to provide a facility that is reliable (eg. electrical system vs. paint). Therefore, the building subsystems have been compiled and analyzed into three reliability levels based on their impact to building operations as shown in the table below. The three reliability levels are Level 1 Operations Impacts, Level 2 Deterioration, and Level 3 Appearance.

<b>Reliability Levels by Building Subsystem</b>			
<b>Level 1 Operations Impacts</b>	<b>Level 2 Deterioration</b>		<b>Level 3 Appearance</b>
Electrical	Foundation	Floor Finishes	Partitions
Fire Protection	Basement	Plumbing (Fixtures, Rain Water)	Interior Doors
HVAC	Floor/Roof Structure	Equipment (Appliances, etc.)	Interior Fittings
Plumbing (water and sewer)	Walls, Windows, Doors	Structures (Awnings, etc.)	Stair Finishes
Site Utilities	Roofing	Site Earthwork	Wall Finishes
Conveying (Elevators)	Stairs	Site Roadways, Walkways	Ceiling Finishes
		Site Utilities (Water, Stormwater)	

The definition of the three reliability levels is indicated below:

- Level 1 Operations Impacts represent the subsystems that can lead to partial or full shut-downs of the facility if the subsystems are allowed to exceed the end of their useful life or are not properly maintained (e.g. electrical, HVAC, plumbing).
- Level 2 Deterioration represents subsystems that will shorten the life of the asset and cause deterioration to other subsystems if allowed to exceed the end of their useful life or are not properly maintained (e.g. roofing, windows, doors, walls).
- Level 3 Appearance represents subsystems that provide the appearance and quality of the facility (e.g. interior wall finishes, built-in furnishings, cabinets, interior doors).

It is important to first address the Level 1 Operations Impacts followed by Level 2 Deterioration subsystems to ensure reliability of the City-Occupied (Non-Leased) General Fund Facilities.

The table below summarizes the estimated backlog (repairs and building subsystems in service past the end of their useful life) by Reliability Level for each Asset Function.

<b>Asset Function</b>	<b>No. Bldgs. Assessed in FY14</b>	<b>Square Footage Assessed in FY14</b>	<b>Level 1 Operations Impacts</b>	<b>Level 2 Deterioration</b>	<b>Level 3 Appearance</b>
Public Facilities	141	678,558	\$39,922,900	\$33,352,880	\$20,226,319
Semi-Public Facilities	31	245,101	\$21,277,586	\$13,869,547	\$8,775,088
City Office/Work Yard/Operations	102	841,238	\$116,044,988	\$94,484,547	\$57,132,882
<b>Total City-Occupied</b>	<b>274</b>	<b>1,764,897</b>	<b>\$177,245,474</b>	<b>\$141,706,974</b>	<b>\$86,134,289</b>

The table above only includes the backlog (building subsystems that have already exceeded the end of their useful life). Building subsystems that will be reaching the end of their useful life in 2015 and beyond (called Capital Renewal) are summarized in the attached report "FY14 Facility Condition Assessment: Interim Report for General Fund Facilities". This council report focuses on the backlog of building subsystems in service past the end of their useful life due to the higher risk of failure of these building subsystems. Every year that a system is in service past the end of its useful life, the risk of failure and potential for operational impacts increases.

Service Level Discussion:

Past facility condition assessments were used by numerous groups to generate lists of projects and repairs based on available funding and inconsistent priorities. The reason for this disjointed approach is due to the fact that the City has not established a unified asset management approach or Service Level Standard for the General Fund Building portfolio. The result is a large variation in condition among the buildings in the portfolio and lack of knowledge of key metrics regarding the portfolio as a whole (reliability, safety, code compliance, aesthetics, etc).

This disjointed approach to the General Fund Building portfolio became very evident as staff attempted to compile the General Fund Building needs for the Consolidated Multi-Year Capital Planning Report. The General Fund Building needs that were submitted by the various groups were conflicting and duplicative. Also, staff has not been able to identify a City-approved Service Level Standard for the General Fund Building portfolio.

Proposed Service Level:

The FY14 Alpha FCA data has been analyzed by staff to develop a proposed Service Level Standard based on attaining certain goals that relate to the city's mission such as providing services that are reliable, safe, code compliant, and aesthetically appealing.

The FY14 FCA data and various Service Level Options were presented to the Capital Improvement Program Review and Advisory Committee (CIPRAC) in October and December 2014. The CIPRAC Committee members supported the Service Level detailed in the table below which, if implemented, would improve the condition of the Public and Semi-Public buildings to Good condition and the City Offices to Fair condition.

Proposed Service Level - Public & Semi-Public - Good/City Office - Fair					
Asset Function	No. Bldgs. Assessed in FY14	Square Footage Assessed in FY14	Avg. <u>ACTUAL</u> FCI	Avg. <u>GOAL</u> FCI	Proposed Reinvestment
Public Facilities	141	678,558	25 Fair	15 Good	\$39,922,900
Semi-Public Facilities	31	245,101	28 Fair	15 Good	\$21,277,586
City Office/Work Yard/Operations	102	841,238	51 Poor	29 Fair	\$116,044,988
<b>Total City-Occupied</b>	<b>274</b>	<b>1,764,897</b>	<b>39 Poor</b>	<b>22 Fair</b>	<b>\$177,245,474</b>

The CIPRAC members chose this proposed Service Level due to the establishment of a service level (condition) of "Good" for public and semi-public facilities and "Fair" for city offices and work yards while targeting funding in a fiscally responsible way to assure reliability of the facilities. This Service Level requires an estimated \$177M to fund the backlog of building

subsystems that are currently in service past the end of their useful life. An additional \$50M is estimated for capital renewal through 2020 (building subsystems that will reach the end of their useful life in 2015 through 2020). **Therefore, the projected funding requirement through 2020 for this Service Level is estimated at \$227M (\$177M for the backlog and \$50M for capital renewal).**

SUMMARY:

It is important for the City to establish a Service Level for the City-Occupied (Non-Leased) General Fund Facilities, to develop a long-term funding plan, and a capital program.

**City Staff recommends the following Service Level for the City-Occupied (Non-Leased) General Fund Facilities:**

**Goals:**

<b>Public &amp; Semi Public Facilities:</b>	<b>FCI Goal 15 - Good Condition</b>
<b>City Office/Work Yard/Operations:</b>	<b>FCI Goal 29 - Fair Condition</b>

FISCAL CONSIDERATIONS: The proposed Service Level outlined in this report requires approximately \$227M through 2020 for the 274 City-Occupied (Non-Leased) General Fund Facilities assessed in FY14. As future assessments are completed, projected funding requirements will be revised.

EQUAL OPPORTUNITY CONTRACTING INFORMATION (if applicable): N/A

PREVIOUS COUNCIL and/or COMMITTEE ACTIONS:

City Council 12/9/2013 Resolution 308581

Infrastructure Committee 1/21/2015 FY 2016 – 2020 Consolidated Multi-Year Capital Planning Report

COMMUNITY PARTICIPATION AND OUTREACH EFFORTS: N/A

KEY STAKEHOLDERS AND PROJECTED IMPACTS: N/A

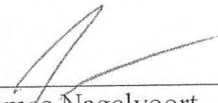
STRATEGIC PLAN RELATED SECTIONS:

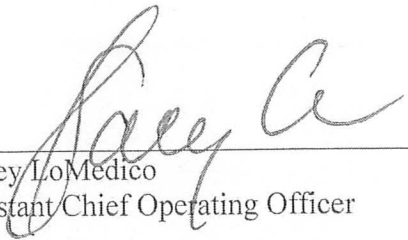
Goal 2 #1 Protect lives, property, and the environment through timely and effective response in all communities

Goal 2 #3 Invest in Infrastructure

Goal 2 #4 Foster services that improve quality of life

Goal 3 #1 Create dynamic neighborhoods that incorporate mobility, connectivity and sustainability

  
\_\_\_\_\_  
James Nagelvoort  
Director and City Engineer  
Public Works Department

  
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Stacey LoMedico  
Assistant Chief Operating Officer

Attachments(s): 1. FY14 Facility Condition Assessment: Interim Report for General Fund Facilities