



THE CITY OF SAN DIEGO

Report to the City Council

DATE ISSUED: March 10, 2016

REPORT NO: 16-014

ATTENTION: Honorable Council President Lightner and 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 approve the proposed Service Level for City-Occupied (Non-Leased) General Fund Facilities.

STAFF RECOMMENDATION:

Staff recommends a Service Level of "Good Condition – Goal Facility Condition Index (FCI) 15" for public and semi-public facilities and "Good Condition - Goal FCI 20" for city offices and work yards.

EXECUTIVE SUMMARY OF ITEM 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 condition of the City's facilities. Each of the three agreements was authorized for a maximum contract value 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.

In July 2015, City staff presented to City Council partial FCA data and a proposed service level for 274 city-occupied general fund facilities which represented approximately half of the 560 City-occupied facilities. The average FCI for the initial group of 274 facilities was 39 (Poor): 25 (Fair) for Public Facilities, 28 Fair for Semi-Public Facilities, and 51 (Poor) for City Offices/Work Yards. The Service Level proposed to City Council in July 2015 was to improve Public and Semi-Public Facilities to an average FCI of 15 (Good) and City Offices/Work Yards to an average FCI of 29 (Fair). Since the FY14 Proposed Service Level was presented, all 560 City-occupied facilities have been assessed. The average FCI has improved from 39 (Poor) for the initial 274 buildings to 25 (Fair) for the entire inventory of 560 buildings; therefore, a revised service level is being proposed for FY16.

STATUS UPDATE:

The three FCA consultants were selected in early 2014:

- Alpha Facilities Solutions
- Kitchell CEM
- AECOM

Each of the three FCA consultants started performing assessments in fiscal year 2014 (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).

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

Asset Class	Consultant	FY14 to FY16 Scope/Projections
General Fund ¹ Buildings (approx. 700)	Alpha Facilities Solutions, LLC	<ul style="list-style-type: none"> ✓ 703 Buildings ✓ 559 City-Occupied ❖ 144 Leased
		<ul style="list-style-type: none"> ✓ FY14-FY16 City-Occupied General Fund Comprehensive Report ➤ Available now! ▪ FY14-FY16 Leased General Fund Comprehensive Report ▪ Assessment Rotation FY17-FY20
Developed Parks (approx. 300)	Kitchell CEM, Inc.	<ul style="list-style-type: none"> ✓ 76 Parks
		<ul style="list-style-type: none"> ✓ FY14-FY16 Interim Park Report ▪ FY14-FY19 Comprehensive Park Report ▪ Assessment Rotation FY20-FY25
Public Utilities Buildings (approx. 300)	AECOM	<ul style="list-style-type: none"> ✓ 306 Buildings ✓ 276 City-Occupied ✓ 30 Leased
		<ul style="list-style-type: none"> ✓ FY14 Water & Wastewater Facility Comprehensive Report ▪ FY15 PUD San Pasqual Valley Comprehensive Report ▪ Assessment Rotation FY17-FY19

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

Note 1 – Special assessments for General Fund Buildings (accessibility and solar): Of the 559 City-Occupied General Fund buildings assessed in FY14 through FY16, 294 buildings received an abbreviated accessibility assessment and 171 buildings received a solar energy feasibility assessment. Solar System installations are feasible for 117 of the 171 city-occupied General Fund buildings that received the solar assessment. Environmental Services Department is managing solar system planning and implementation.

DISCUSSION OF FINDINGS:

Condition Assessment data for the 560 city-occupied General Fund buildings that were assessed in FY14 through FY16 is summarized in the attached report entitled “Facilities Condition Assessment: Comprehensive Report for City-Occupied General Fund Facilities FY14 to FY16”. Approximately 150 leased facilities are being assessed and further evaluated by the Real Estate Assets and Park and Recreation Departments and is expected to be completed Fall 2016.

The following discussion of findings is based on the entire inventory of City-Occupied (Non-Leased) General Fund facilities (560 facilities) that were assessed in FY14 through FY16.

As was outlined in the 2013 and 2015 Facilities Condition Assessment presentations to Infrastructure Committee and City Council, the FCA program provides detailed information on the remaining useful life and cost of replacement or repair of the assets and their

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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.

Building Subsystems included in GF Building Assessment			
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, 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 industry, replacement costs along with the years that represent the end of each building subsystem useful life are used to compile the maintenance and capital backlog and to project future 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 are currently operating and have reached the end of their useful life in 2016 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 2017 and beyond. The attached "Facilities Condition Assessment: Comprehensive Report for City-Occupied General Fund Facilities FY14 to FY16" provides the total maintenance backlog, capital backlog, and capital renewal to bring the facilities assessed in FY14 through FY16 to an FCI of zero (0). Rehabilitating existing facilities to an FCI of zero (0) by completing all of the backlog is not industry Best Management Practice and is not a recommended service level.

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.

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

Condition Ratings and FCI:

The 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 to FY16 Comprehensive report includes details about how the FCI was developed for the General Fund Building portfolio. Prior assessments (e.g., 2009 Parsons Assessment) only included the cost of the maintenance backlog in the FCI calculations. The FCI formula used for the FY14 through FY16 assessments is shown below:

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

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	City Operations Buildings (COB aka Development Review Center) City Administration Buildings (CAB) Western Division Police Station

FCI Summary (560 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 Fair, for example, does not mean that every building in the portfolio is in Fair condition. For example, the average FCI of the entire portfolio of City-Occupied General Fund Facilities is 25 which is rated Fair condition; however, Cesar Chavez Recreation Center has an FCI of 12 – Good Condition while the La Jolla Cove Comfort Station has an FCI of 64 – Poor Condition.

Asset Function	No. Bldgs. Assessed FY14-FY16	Square Footage Assessed FY14-FY16	Average FCI ¹	Avg. FCI Condition Rating
Public Facilities	350	2.3M	19	Good
Semi-Public Facilities	63	0.9M	19	Good
City Office/Work Yard/Operations	147	1.5M	38	Poor ²
Total City-Occupied	560	4.7M	25	Fair³
Total City-Occupied minus CAB/COB	558	4.3M	21	Fair³

Note 1 – It is not Industry Best Management Practice or typical for agencies to improve facilities to an FCI of 0.

Note 2 – 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 3 – The average FCI of Fair for the 560 City-occupied facilities does not indicate that all of these facilities are in Fair condition. The individual City-occupied facilities vary from Good to Poor condition.

Reliability Levels:

The average FCI of 25 (Fair) for the City-occupied General Fund Building inventory indicates that there are building subsystems that are operating but will eventually need to be replaced. It is important to understand the type of systems that will need to be replaced 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 (e.g., electrical system vs. paint). Therefore, the building subsystems have been

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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.

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

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, sewer/water 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 by Reliability Level for each Asset Function. Completing all of the backlog for existing facilities indicated in the table below is not industry Best Management Practice and is not a recommended service level. The purpose of this table is to characterize the backlog so that a service level can be established that addresses the most critical systems to maintain safety and operations.

Asset Function	No. Bldgs. Assessed FY14-16	Square Footage Assessed FY14-16	Level 1 Operations Impacts	Level 2 Deterioration	Level 3 Appearance
Public Facilities	350	2.3M	\$130M	\$ 92M	\$ 52M
Semi-Public Facilities	63	0.9M	\$ 57M	\$ 47M	\$ 34M
City Office/Work Yard/ Operations Facilities	147	1.5M	\$157M	\$138M	\$ 71M
Total City-Occupied	560	4.7M	\$344M	\$277M	\$157M
Total City-Occupied minus CAB/COB	558	4.3M	\$265M	\$206M	\$109M

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Proposed Service Level:

Asset management is critical to building an efficient capital program. To effectively plan for the future, it is important to establish program goals and this is achieved through the development of Service Level Standards. The City-occupied Building FCA data has been analyzed by staff to develop a proposed Service Level Standard.

Partial City-occupied Building FCA data and various Service Level Options were presented to the Capital Improvement Program Review and Advisory Committee (CIPRAC) in October 2014 and December 2014. The CIPRAC Committee members supported the Service Level detailed in the table below with the goal of improving the condition of the Public and Semi-Public buildings to Good condition and the City Offices to Fair condition.

FY14 Proposed Service Level - Public & Semi-Public - Good/City Office - Fair					
Asset Function	No. Bldgs. Assessed FY14	Square Footage Assessed FY14	Avg. ACTUAL FCI	Avg. GOAL FCI	Proposed Reinvestment
Public Facilities	141	0.7M	25 Fair	15 Good	\$ 40M
Semi-Public Facilities	31	0.2M	28 Fair	15 Good	\$ 21M
City Office/Work Yards/ Operations Facilities	102	0.9M	51 Poor	29 Fair	\$116M
Total City-Occupied	274	1.8M	39 Poor	22 Fair	\$177M

The CIPRAC members chose this proposed Service Level due to the establishment of a 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 required an estimated \$177M for 274 buildings to improve the FCI from 39 to 22.

FY16 Proposed Service Level - Public & Semi-Public - Good/City Office - Good					
Asset Function	No. Bldgs. Assessed in FY14-16	Square Footage Assessed in FY14-16	Avg. ACTUAL FCI	Max. ⁴ GOAL FCI	Proposed Reinvestment ⁴
Public Facilities	350	2.3M	19 Good	15 Good	\$147M
Semi-Public Facilities	63	0.9M	19 Good	15 Good	\$ 43M
City Office/Work Yard/ Operations Facilities	147	1.5M	38 Poor	20 Good	\$213M ⁵
Total City-Occupied	560	4.7M	25 Fair	12 Good⁶	\$403M⁵
Total City-Occupied minus COB/CAB	558	4.3M	21 Fair	11 Good⁶	\$270M

Note 4 -- Proposed Reinvestments are based on improving the FCI of each facility within the Asset Function to the Maximum Goal FCI.

Note 5 -- Includes \$133M for CAB and COB.

Note 6 -- This FCI is an average FCI for the inventory.

Due to the average FCI's of the various Asset Functions improving as condition assessment data was received, City staff has refined the proposed Service Level for the City's 560 City-occupied Buildings which includes the 274 buildings from the FY14 Proposed Service Level. To summarize the change in average FCI, the average FCI of the public facilities improved from 25 (Fair) for 141 facilities assessed in FY14 to 19 (Good) for all 350 Public Facilities

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assessed in FY14 through FY16. Similarly, the average FCI for Semi-Public Facilities improved from 28 (Fair) for 31 facilities to 19 Good for all 63 Semi-Public Facilities. The average FCI for City Offices and Work Yards has also improved from 51 (Poor) for 102 facilities to 38 (Poor) for 147 total facilities.

This FY16 Proposed Service Level establishes a condition of "Good" for public and semi-public facilities and "Good" for City offices while still targeting funding in a fiscally responsible way to assure reliability of the facilities. This FY16 Proposed Service Level for 560 buildings includes the 274 buildings from the previous FY14 Service Level.

This Service Level requires an estimated \$403M for the 560 city-occupied general fund buildings to improve the average FCI from 25 Fair to 12 Good with a maximum FCI for each building of 15 for public/semi-public and 20 for City offices/work yards/operations facilities. It is important to note that the average FCI's reported are for 2016 and that the FCI's change over time due to deterioration of the facilities. Therefore, additional funding may be required to maintain the goal FCI's over time.

It is important to note that CAB and COB together total approximately \$133M which is 33% of the \$403M Proposed Reinvestment amount.

SUMMARY:

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

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

Goals:

Public & Semi Public Facilities:

FCI Goal 15 - Good Condition

City Office/Work Yard/Operations:

FCI Goal 20 - Good Condition

CITY STRATEGIC PLAN GOAL(S)/OBJECTIVES:

Goal # 2:

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

Objective #3: Invest in Infrastructure

Objective #4: Foster services that improve quality of life

Goal # 3:

Objective #1: Create dynamic neighborhoods that incorporate mobility, connectivity and sustainability

FISCAL CONSIDERATIONS: The proposed Service Level outlined in this report requires approximately \$403M for the 560 City-Occupied (Non-Leased) General Fund Facilities assessed in FY14 through F16. Two buildings in the City Concourse, CAB and COB, make up \$133M which is 33% of the proposed reinvestment amount. As future assessments are completed, projected funding requirements will be revised. The FY14 Proposed Service Level of \$177M for 274 facilities is included in the FY16 Proposed Reinvestment amounts and was included in the FY16 to FY20 and the FY17 to FY21 Five-Year CIP Outlook as unfunded needs.

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

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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


Infrastructure Committee 6/3/2015 FY14 Facilities Condition Assessment Update

City Council 7/13/2015 FY14 Facilities Condition Assessment Update


COMMUNITY PARTICIPATION AND OUTREACH EFFORTS: N/A

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

City of San Diego residents and employees. Impacts include improving facilities condition of City facilities.



James Nagelvoort, PE
Director and City Engineer
Public Works Department



Paz Gomez, PE, CEM, GBE
Deputy Chief Operating Officer
Infrastructure and Public Works

Attachment: 1. Facilities Condition Assessment: Comprehensive Report for City-Occupied General Fund Facilities FY14 to FY16