

To: Board of Supervisors

From: David Twa, County Administrator

Date: July 10, 2012



Contra  
Costa  
County

Subject: Response To Grand Jury Report No. 1203, Entitled "Deferred Maintenance, How Much Longer Can It Be Deferred?"

**RECOMMENDATION(S):**

APPROVE response to Civil Grand Jury Report No. 1203, entitled "Deferred Maintenance, How Much Longer Can It Be Deferred?" in substantially the form set forth below, and DIRECT the Clerk of the Board to forward response to the Superior Court by July 22, 2012.

**FISCAL IMPACT:**

None.

**BACKGROUND:**

On April 23, 2012, the 2011/12 Civil Grand Jury filed the above-referenced report, which was reviewed by the Board of Supervisors and subsequently referred to the County Administrator who prepared the response set forth below that clearly specifies:

A. Whether a finding or recommendation is accepted or will be implemented;

APPROVE

OTHER

RECOMMENDATION OF CNTY ADMINISTRATOR

RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: 07/10/2012

APPROVED AS RECOMMENDED

OTHER

Clerks Notes:

**VOTE OF SUPERVISORS**

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

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AYES	<input type="text" value="5"/>	NOES	<input type="text"/>
ABSENT	<input type="text"/>	ABSTAIN	<input type="text"/>
RECUSE	<input type="text"/>		

ATTESTED: July 10, 2012

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

Contact: Lisa Driscoll, County Finance Director (925) 335-1023

cc: Julia Bueren, Public Works Director

## **BACKGROUND: (CONT'D)**

- If a recommendation is accepted, a statement as to who will be responsible for implementation and by what definite target date;
- A delineation of the constraints if a recommendation is accepted but cannot be implemented within a six-month period; and
- The reason for not accepting or adopting a finding or recommendation.

### **BOARD OF SUPERVISORS RESPONSE TO CIVIL GRAND JURY REPORT NO. 1203: Deferred Maintenance, How Much Longer Can It Be Deferred**

#### **FINDINGS**

1. To date, four years after the FLIP report was completed and primarily because of budget constraints, very little progress in program implementation has occurred and the magnitude of the deferred maintenance problem has not been reduced.

**Response:** Agree. Although little progress has been made in reducing the estimated \$251 million deferred maintenance and no specific appropriations of general purpose revenues were available for the last several years, significant progress has been made in strategic planning. Additionally, during the last few years of extreme budget constraint, the County was able to complete \$7.4 million in projects. Attachment 1 lists projects that have not yet been completed and Attachment 2 lists completed projects, including approximately \$147,000 of Priority Class 1, \$1.4 million of Class 2, \$4.8 million of Class 3, and \$1.0 million of Class 4.

2. Most of the actions included in the RAMP document have not been taken and few of the objectives and goals of the plan have been achieved.

**Response:** Agree. As noted by the Grand Jury Report, the FLIP/RAMP planning and reports came out at the beginning of a period of extreme fiscal constraint. The fiscal hardship being faced required significant cuts to the County budget and did not support the additional appropriations needed to begin to address the deferred maintenance issue; however, the County Administrator continued to report on the issue and present an annual public report of funding needs and constraints as part of his Budget Message. The project has not been dropped nor ignored. The planning process, which has very little fiscal cost, has continued.

3. Fewer than half of the health and safety related needs identified in the FLIP report have been addressed.

**Response:** Agree.

4. There is a lack of direction being provided by the Board concerning what actions should be taken to address the lack of progress on completing needed maintenance that has been deferred.

**Response:** Disagree. As noted by the Grand Jury, the initial plan was launched during extreme budget constraint. Annually the Board has received an update as part of the Budget process. Additionally, infrastructure needs has been a topic of discussion during the annual Board Retreat. Other than choosing to reallocate resources by laying-off staff and further reducing public safety and County services to the indigent during the last few years, there has been very little the Board could accomplish in regards to the deferred maintenance problem. Clearly the problem has been a lack of resources, not lack of Board direction.

5. The County has made little progress addressing the issue of deferred maintenance and the citizens have not been clearly informed regarding the status and magnitude of the problem.

**Response:** Disagree. As has been acknowledged, little progress has been made on the issue of deferred maintenance; however, the citizens have been clearly informed regarding the status and magnitude of the problem. The printed/published annual budget message has included a detailed description of not only the

issue but the size of the deferred maintenance in the County, the annual presentation during Budget Hearings has included specific attention to the issue, and the annual Board Retreat has also addressed the issue and its magnitude. Not only have all of these reports been presented in open session, but are and have also been available on the County's web-site.

## **RECOMMENDATIONS**

The 2011-2012 Contra Costa County Grand Jury recommends that the BOS do the following:

1. The County should determine a way to measure progress of the implementation of the RAMP directives and use that measure annually as a quantitative way of advising the citizens of the progress achieved.

**Response:** This recommendation has been implemented. An annual report to the Finance Committee and Board of Supervisors has been prepared with a status of the key objectives of the RAMP program. Measurements of progress is reported as 1) the square footage of County owned vacant office space filled during the year, 2) the square footage of County owned office space vacated during the year, 3) dollars saved through leasing activities during the year, 4) the percent of County owned office space that is vacant (vacancy rate), 5) the cost of deferred maintenance completed, and 6) an estimated cost of deferred maintenance that remains to be done. The information on leased office space will be available in the near future with the completion of the real estate inventory. Each year's numbers will be compared to prior years to show how much progress has been made. The real estate inventory is estimated to be completed at the end of the year, so the first annual report that can include the full information on leased and vacant office space described above would be in January 2013. The first report exclusive of the real estate inventory will be presented at the next meeting of the Finance Committee.

2. The County should consider acknowledging the growing magnitude of the deferred maintenance issue, review the RAMP objectives and actions, and develop a realistic approach.

**Response:** The recommendation has been implemented. The County has acknowledged the magnitude of deferred maintenance and has budgeted \$5 million this year, FY 2012-13, to complete much needed repairs and improvements. See recommendation three below for more detailed information on deferred maintenance. The County intends to budget funding each year to reduce the backlog of deferred maintenance projects. In addition, to prevent future deferred maintenance items, the County is looking at establishing an increase in the occupancy costs for County owned buildings that would be set aside to pay for building maintenance as the need arises. This fund will be established by the end of this year and will be implemented in early 2013 when occupancy rates are adjusted each year with the annual budget process. The RAMP objectives and actions have been reviewed and revised to include a more realistic approach to solving this long-term problem. This review of ramp objectives will be reported to the Finance Committee at its next meeting. As a result of this review, modification to some RAMP objectives will be recommended to the Finance Committee.

3. Beginning with the FY 2012-13 Budget Summary, the County should consider providing citizens a complete and accurate update of its progress in addressing deferred maintenance and include disclosure of near-term plans, especially with respect to the critical and highest priority needs.

**Response:** The recommendation has been implemented. It should be noted that the Budget Summary for FY 2012-13 had already been presented to the public and adopted by the Board prior to issuance of the Grand Jury's report.

- In the FY 2011-2012, Budget Message the County stated that it had accrued substantial deferred maintenance. The County stated that facility maintenance analysis, completed in FY 2007-08, included comprehensive building condition assessments of 93 facilities and a total of 2.9 million square feet of

building space, and identified a total of \$251.2 million in deferred facilities maintenance needs and capital renewal requirements. The County further stated that due to significant fiscal constraints, the FY 2009-10, FY 2010-11, and FY 2011-12 Recommended Budgets included no appropriations for deferred maintenance or capital improvements/expenditures.

- In the FY 2012-2013, Budget Message the County provided its citizens an update when it stated that it had accrued substantial deferred maintenance and capital renewal needs totaling \$265.4 million and that due to significant fiscal constraints, the FY 2008-09 through 2011-12 fiscal years budgets included no appropriations for deferred facilities maintenance and capital renewal from the general fund. The Message further provided a complete and accurate update of its progress in addressing deferred maintenance when it stated emergency funds were spent as critical equipment failed and needed to be replaced. Further, that in 2009, \$1.0 million was appropriated from the Criminal Justice Construction Fund and allocated for Criminal Justice Facilities only; and in FY 2011-12 Land Development funds were used for a large \$12 million dollar renovation of 30 and 40 Muir Road in Martinez; and approximately \$5.5 million of identified deferred maintenance were completed during this renovation. The Message went on to disclose near term plans when it stated that for FY 2012-13, \$5,000,000 was recommended for appropriation for deferred facilities maintenance and capital renewal and that a new Capital Fund would be established for the administration of the County's Infrastructure and Facilities Maintenance Program. The Message stated that the objective is to begin to strategically fund deferred facilities maintenance and capital renewal on a yearly basis. Projects identified to be completed for FY 2012-13 were listed and it further stated that there will be an emphasis on priority 1 projects.
- With the proposed revisions to the policy described above, which will be presented to Finance this summer, the County will be able to track and provide more detail than has been provided in the past and will include these statistics in the Budget Message as well as the annual RAMP report.

**CONSEQUENCE OF NEGATIVE ACTION:**

None.

**CHILDREN'S IMPACT STATEMENT:**

None.