



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: FEBRUARY 6, 2018**
FROM: GENERAL SERVICES DEPARTMENT **WARD: ALL**
SUBJECT: MEASURE Z - DEFERRED MAINTENANCE CAPITAL PROJECTS UPDATE

ISSUE:

Receive an update on Measure Z deferred maintenance capital projects.

RECOMMENDATIONS:

That the City Council receive an update on Measure Z deferred maintenance capital projects.

BACKGROUND:

On February 23, 2016, the General Services Department presented a Preliminary Facility Needs Assessment Report to the City Council outlining key issues including insufficient staffing levels and budget appropriations for maintenance of existing facilities and lack of an established funding source for major repairs, replacement and/or construction of new facilities. On April 5, 2016, the City Council received a budget update that implemented a more transparent and participatory community engagement process for the development of the FY 2016-18 two-year budget, within the context of a five-year financial plan.

Riverside voters approved Measure Z on November 8, 2016. Measure Z authorized a one-cent increase in the City's sales tax rate, which began on April 1, 2017. On January 31, 2017, City Council received a report on Proposed Measure Z spending priorities, provided comments and directed staff to work with the Budget Engagement Commission (BEC) to refine the five-year spending plan for Measure Z for a future City Council meeting.

The BEC met five times between February 23, 2017 and April 19, 2017 to develop recommendations on Measure Z spending. On May 4, 2017, the BEC finalized its recommendations to the City Council.

On May 16, 2017, the City Council approved a five-year spending plan for Measure Z, which included multi-year funding for deferred maintenance projects as follows: FY 2017-18 (\$1,000,000); FY 2018-19 (\$1,500,000); FY 2019-20 (\$250,000); and FY 2020-21 (\$1,450,000).

DISCUSSION:

As outlined in the General Services Preliminary Needs Assessment Report to the City Council on February 23, 2016, deferring maintenance has undesirable consequences, including the potential for more significant and costly repairs, reduced energy efficiency, and safety or environmental concerns from deteriorating facilities. In addition to the more obvious physical consequences, the Governmental Finance Officer Association (GFOA) cited in their October 19, 2017 newsletter a cautionary message by Moody's Investors Service, the agency that looks at U.S. Bureau of Economic Analysis. Specifically, Moody's cautioned that the large number of agencies postponing infrastructure investments could create credit problems for state and local governments. It is not uncommon for state and local government to postpone infrastructure spending to future years, which is creating an "ongoing buildup of deferred infrastructure maintenance." The continued deferral of fixed asset investments will lead to poor asset quality and generate greater demand for future investment, which will create debt competition with pension liabilities and other governmental obligations for funding. The Measure Z allocation will begin the process to reverse this practice in the City of Riverside.

To develop the Measure Z spending plan, General Services considered projects identified in the 2016 Preliminary Facility Needs Assessment for core City facilities including libraries, museum, police and fire stations, City Hall complex, City Corporation Yard, and miscellaneous outlying facilities. General Services also partnered with the Parks, Recreation & Community Services Department (PRCSD) to fund several of their critical facility needs with Measure Z funds in the current fiscal year (2017/18).

It is important to note that while the 2016 Preliminary Needs Assessment conducted by City staff provided important information to begin the capital planning / maintenance process, the depth of the analysis was restricted due to limited staff resources in General Services. Therefore, the Department is recommending a comprehensive facility condition assessment be completed at core City facilities for more informed capital planning decision making.

Pilot Condition Assessment and Work Order Solution

General Services surveyed 12 local agencies to determine if they had completed a facility condition assessment in the past 5-10 years. Agencies contacted include the County of Riverside, County of San Bernardino, University of California Riverside (UCR), California Baptist University (CBU), Kaiser Permanente, Moreno Valley Unified School District, Riverside Unified School District, Alvord Unified School District, and the cities of Concord, Corona, Ontario, and Rancho Cucamonga. Of the 12 agencies surveyed, seven had conducted a facility condition assessment within the past 5-10 years, two did not respond, and three had not conducted an assessment. Of the seven agencies that did do an assessment, four agencies (City of Rancho Cucamonga, CBU, Moreno Valley Unified School District and City of Concord) have, or are in the process of, retaining a consultant, and all agencies are using a facility maintenance work order system.

General Services and PRCSD staff evaluated five facility maintenance work order systems, with only one demonstrating expertise in conducting facility condition assessments as part of the solution. Based on those reviews, staff is recommending a 'proof of concept' pilot with Dude Solutions (DS) to test the solution at the following four key city facilities: City Hall complex, Marcy building, Magnolia Police Station, and the Orange Terrace Community Center. The cost to pilot the solution is \$49,000, which is below the requirement for City Council approval based on the current Purchasing Resolution.

According to International Facility Management Association (IFMA), critical elements of a facility condition assessment are:

- Inclusion of life cycle data
- Integration of the data into a facility management system
- Consistent collection system
- Use of data for benchmarking

DS system incorporates IFMA’s recommended elements, offers the most comprehensive and intuitive program for clients, technicians and administrators, and 25% of the agencies surveyed by City staff (listed above) use DS with positive reviews. DS also holds a Cooperative Purchasing Agreement with National Joint Powers Association. Should staff decide to implement DS as a citywide solution, staff will return to the City Council for approval to enter into an agreement and request appropriate spending authority.

Program Goals/Outcomes:

Staff will be evaluating the solution to ensure the following outcomes are met. Outcomes will be measured via the reporting functions of DS and by customer service feedback.

- Captures meaningful asset data to enable city staff to assess, prioritize and plan capital expenses;
- Improves the City’s ability to document and communicate for grants and regulatory agencies (i.e. cost recovery associated with declared emergencies);
- Increases transparency and customer service to clients and citizens;
- Helps field crews be more efficient and responsive; and
- Provides benchmark data for better informed decision making.

The City’s Chief Innovation Officer has reviewed the DS system and concurs that it meets the City’s cybersecurity and other requirements.

Measure Z Deferred Maintenance Projects

The following tables outline the proposed Measure Z deferred maintenance spending for Fiscal Years 2017/18 and 2018/19. Due to the nature of facilities maintenance, project priorities are subject to change and contingency funds have been set aside for unanticipated facility needs.

FY 2017-18 Proposed Projects

Project Name	Brief Description	Est. Measure Z
Facility Condition Assessment / Work Order System Pilot	Complete asset inventory on select City facilities as outlined above	\$49,000
Fire Station 8 Roof	Replace 40+ year old slate roof	\$70,000
La Sierra Library Roof	Replace 45+ year old metal roof	\$120,000
Orange Police Station Roof	Leak repairs to flat gravel roof, ongoing leaking	\$50,000
Arlanza Community Center HVAC	Installation of new HVAC	\$21,000
Dales HVAC	Installation of new HVAC	\$40,000

Cesar Chavez Community Center HVAC Replacement	Installation of new HVAC	\$75,000
City Hall Fan/HVAC Repair/ Replacement	Original fans 45+ years old, no longer made and support is limited	\$120,000
City Hall Security – Door retrofits	Replace exterior doors and add card access devices for improved security	\$50,000
Security Lighting – multi facilities	Enhance exterior lighting at City facilities for improved security	\$60,000
Pool Filter Replacements	Hunt and Shamel	\$120,000
Heritage House Porch Railing Replacement	Replace porch railing for improved safety	\$45,000
Convention Center	Courtyard Revision and LED Lighting Installation	\$25,000
Fleet Shop Modifications ¹	Modify retired paint booth at Fleet Main Shop to accommodate Police Vehicle Maintenance	\$100,000
Contingency/ Carryover	Unanticipated repairs or unforeseen conditions to planned projects	\$155,000
TOTAL		\$1,100,000

¹ \$100,000 funded through a separate Measure Z account for Fleet Facility Modifications for Police Vehicle Maintenance (2240009-421000)

FY 2018-19 Projects

Project Name	Brief Description	Est. Measure Z
City Hall Fire alarm Upgrade	Original fire/life safety system; propriety and outdated	\$200,000
Asset Inventory	Dependent upon pilot outcome, complete asset inventory and software development for remaining core City and Parks owned facilities	\$250,000
Critical Infrastructure	Contingency reserved for critical projects identified from Asset Inventory findings	\$595,000
Parking Lot Rehabs	City Hall and portions of City Corporation Yard	\$180,000
Fire Station Exhaust Fan Replacement	Stations 6, 13, and 14	\$105,000
Contingency	Unanticipated repairs or unforeseen conditions to planned projects	\$170,000
TOTAL		\$1,500,000

FY 2019-21 Projects

The Measure Z set aside for the final two years of the four year plan is as follows: FY 2019/20 \$250,000 and FY 2020/21 \$1,450,000. Staff anticipates using data collected from the Facility Condition Assessment and benchmarking information to develop a more precise preventive maintenance and capital plan during this time period.

FISCAL IMPACT:

There is no fiscal impact associated with the receipt of this update. During the FY 2016-2018 Budget process, staff will look at the funding level for deferred maintenance and determine if any funding increases can be achieved.

Prepared by: Carl Carey, General Services Director
Certified as to
availability of funds: Adam Raymond, Chief Financial Officer/City Treasurer
Approved by: Marianna Marysheva, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachment: Presentation