



KING COUNTY AUDITOR'S OFFICE

December 28, 2017

Second Follow-up on Facilities Management Division Major Maintenance Reserve Fund

TO:

Metropolitan
King County
Councilmembers

FROM:

Kymber Waltnunson,
County Auditor

The Facilities Management Division (FMD) has completed implementation of our final three audit recommendations, thereby enhancing transparency and communication about facility major maintenance. Its efforts provided decision-makers with clearer information on the impacts of Major Maintenance Reserve Fund (MMRF) levels on the condition of King County facilities. According to FMD, if funding continues along its current trend, facility conditions will deteriorate further and be more expensive to correct. FMD data produced in response to our recommendations is shown in Appendix 1 and 2.

Our 2014 MMRF audit included six recommendations, of which FMD previously completed three. Of the three remaining audit recommendations:



3
DONE

Fully implemented

Auditor will no longer monitor.



0
PROGRESS

Partially implemented

Auditor will continue to monitor.



0
OPEN

Remain unresolved

Auditor will continue to monitor.

Please see below for details on the implementation status of these recommendations.



King County



Recommendation 2

DONE 

The Facilities Management Division should work with the County Executive and County Council to set a target condition level for each building the division manages using the Facility Condition Index.

STATUS UPDATE: In a December 2017 presentation to the Executive's Real Estate Major Project Oversight Committee (REMPOC), FMD communicated the target condition as "good," as indicated by a Facility Condition Index (FCI) score of less than 10 percent deficiency.

This target level was set in the 2014 Real Property Asset Management Plan. According to FMD, the across-the-board target condition level was accepted by executive and legislative branch leaders. FMD's 2017 report provided clear information for county leaders on facility conditions. It showed facilities varying from 2.7 percent deficient at Goat Hill Garage to almost 30 percent deficient at the Police Barclay Dean Evidence Office. (See Appendix 2.) The report indicates that FMD prioritizes maintenance based primarily on the scheduled replacement year and level of criticality of each building component or system. Building deficiency level is also factored in to maintenance prioritization to a small degree.

Recommendation 3

DONE 

The Facilities Management Division should strengthen communication with decision-makers to enable them to make strategic decisions about major maintenance funding. Specifically, it should describe the current condition and total major maintenance needs of buildings under the fund, separate the needs into critical and non-critical categories, and describe the financial implications of deferring maintenance.

STATUS UPDATE: FMD produced a facility condition report in December 2017 that it presented to executive staff. The Office of Performance, Strategy and Budget (PSB) and FMD are scheduled to present the same material to council staff in January 2018.

FMD reported that only 40 percent of county facilities are in "good" condition, and MMRF managers project a widening gap between necessary maintenance and appropriated budget. (See Appendix 1.) They stated that the current trend will result in a majority of county buildings declining to "poor" condition in the near future. (See Appendix 2.)

FMD will update the report with its spring round of facility condition assessments and submit it to the Executive and Council as part of the budget process in June 2018.

By implementing this recommendation, FMD strengthened communication with decision-makers and provided information to help them make strategic decisions about major maintenance funding.

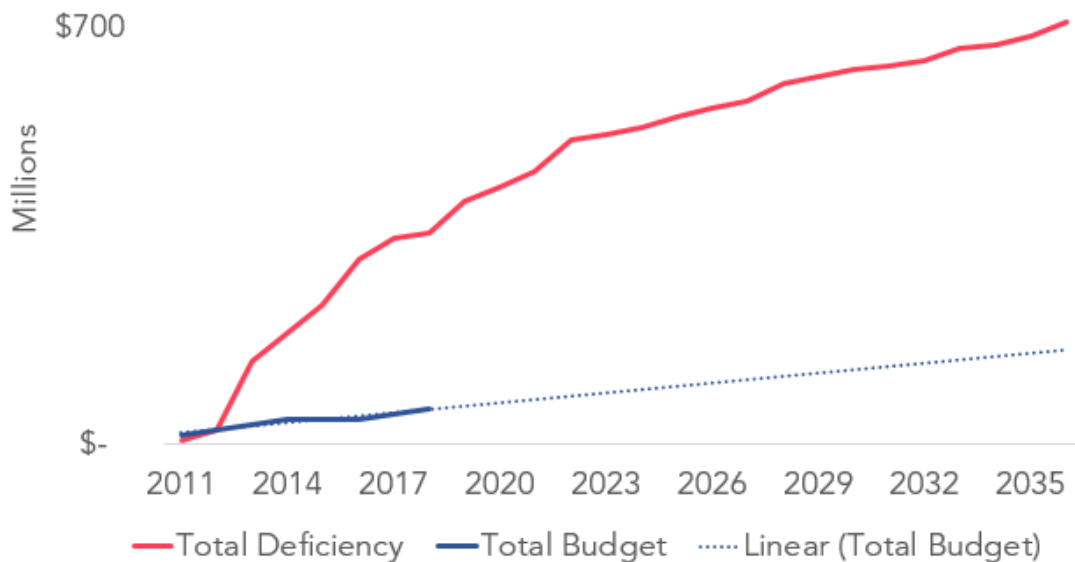
Recommendation 6

DONE 

The Facilities Management Division should measure and report on the performance of the Major Maintenance Reserve Fund by comparing Facility Condition Index scores based on current building condition data to established targets.

STATUS UPDATE: FMD presented its facility condition report showing trends in FCI scores measuring building deficiencies and how they compare to building targets. Managers provided narrative, graphical, and numerical forms of communication, enhancing communication, and transparency.

APPENDIX 1: **FMD reported that total facility deficiencies are growing faster than the MMRF budget.**



Source: Auditor's Office presentation of FMD graphic

APPENDIX 2: **FMD reported that the condition of county facilities has declined in the past five years.**

| Facility | FCI - 2012 | FCI - 2017 | Change | Category |
|--|------------|------------|--------|----------------|
| Police Barclay Dean Evidence Office | 13.7% | 29.8% | 16.1% | Poor Condition |
| Archives Building | 22.0% | 26.8% | 4.8% | |
| Black River Office Building | 22.7% | 24.6% | 1.9% | |
| 420 4th Ave Building | 1.0% | 24.4% | 23.4% | |
| District Court N.E. | 9.2% | 23.7% | 14.5% | |
| Records Building | 17.0% | 22.6% | 5.6% | |
| Administration Building | 17.8% | 22.0% | 4.2% | |
| Police Precinct #4 Burien | 4.1% | 22.0% | 17.9% | |
| Kent Animal Shelter Office | 16.5% | 17.3% | 0.8% | Fair Condition |
| District Court S.W. Burien | 3.0% | 16.1% | 13.1% | |
| King County Courthouse | 15.1% | 15.4% | 0.3% | |
| Kent Animal Shelter - Kennel | 14.5% | 14.9% | 0.4% | |
| Youth Service Center-Alder | 14.6% | 14.6% | 0.0% | |
| Police Prec. #3 Hicks Rayburn Building | 11.5% | 14.6% | 3.1% | |
| Police KC Shooting Sports Pk. | 13.6% | 13.6% | 0.0% | |
| Yesler Building | 11.5% | 13.2% | 1.7% | |
| Police Barclay Dean Evidence Whse | 11.9% | 11.9% | 0.0% | |
| MRJC Detention | 15.5% | 11.2% | -4.3% | |
| MRJC Courthouse | 11.4% | 10.1% | -1.3% | |
| KC Correctional Facility | 4.2% | 8.8% | 4.6% | Good Condition |
| Regional Communications ECC | 6.9% | 7.8% | 0.9% | |
| Chinook Building | 3.6% | 6.4% | 2.8% | |
| District Court Shoreline | 2.9% | 6.3% | 3.4% | |
| King Street Center Building | 4.6% | 5.6% | 1.0% | |
| KC Elections Building (Earlington) | 3.0% | 5.4% | 2.4% | |
| Public Health Center Federal Way | 12.5% | 5.0% | -7.5% | |
| Youth Service Center-Spruce | 3.8% | 4.2% | 0.4% | |
| Public Health Center Eastgate | 4.5% | 3.1% | -1.4% | |
| District Court Issaquah | 11.2% | 2.8% | -8.4% | |
| Orcas Building | 2.8% | 2.8% | 0.0% | |
| Goat Hill Garage | 2.7% | 2.7% | 0.0% | |

Source: Auditor's Office graphic of FMD data

Laina Poon, Principal Management Auditor, conducted this review. Please contact Laina at 206-477-1045 if you have any questions about the issues discussed in this letter.

cc: Dow Constantine, King County Executive
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