

Performance Audit of Facility Maintenance

Why OCA Did This Study

The City of San Diego (City) owns more than 1,600 buildings and structures that cost tens of millions of dollars to maintain annually. Collectively, as of 2023, these libraries, recreation centers, museums, piers, lifeguard towers, and other facilities are worth more than \$7 billion. Failure to maintain these facilities can lead to greater costs in the long run and can have negative impacts on City services, worker morale, and visitors' and residents' overall impression of the City.

Therefore, we conducted a performance audit with three objectives:

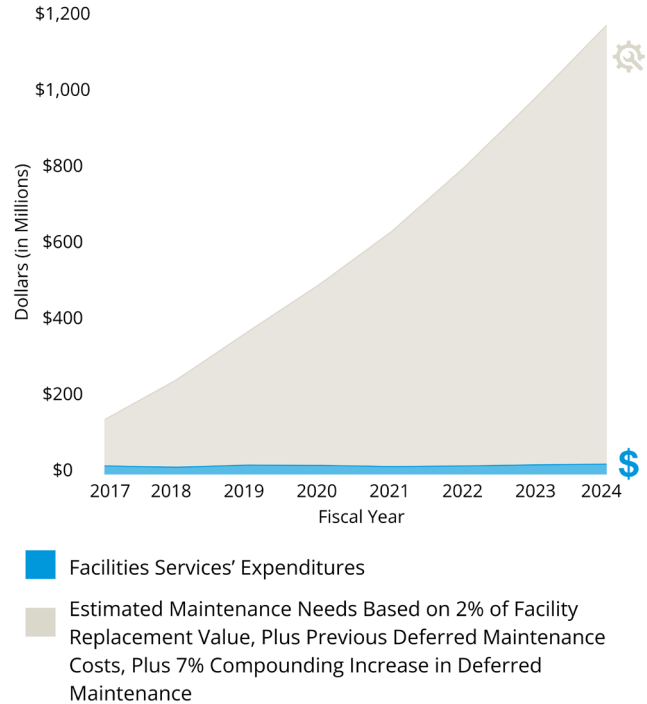
- (1) Determine whether the City efficiently funded maintenance needs of facilities;
- (2) Determine whether the City tracks and assesses the condition of facilities; and
- (3) Determine whether the City plans and conducts maintenance efficiently and effectively for facilities.

What OCA Found

Finding 1: The City has not been able to prioritize sufficient funding to maintain its facilities, which will cost the City more in the long term.

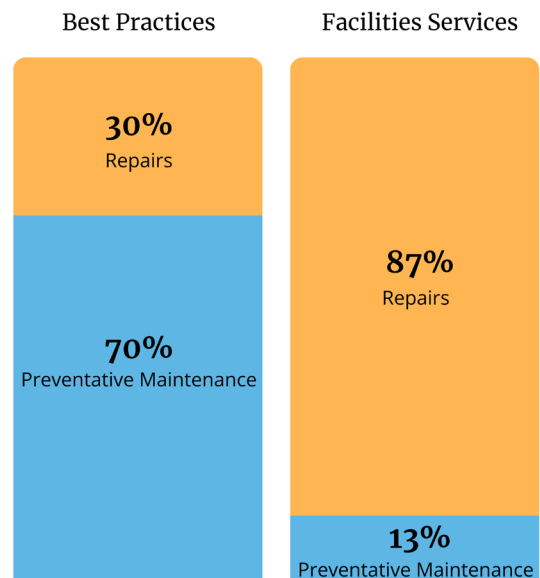
- The City budgeted about \$26 million for facility maintenance in FY2023, **far less than the \$143 million to \$287 million best practices recommend** budgeting annually for routine maintenance and repairs.
- With many urgent priorities competing for limited City funds, the City has deferred maintenance needs and underfunded facility maintenance for many years.
- Although deferring maintenance can save money in the short term, **deferring maintenance results in higher future costs** and can impact City services, worker morale, and the overall reputation of the City.
- Continuously underfunding facility maintenance has likely resulted in a significant backlog of maintenance needs. Combined, **annual maintenance and deferred maintenance needs exceeded \$1 billion in FY2024**, estimating conservatively.

Exhibit 9: The City Budgeted About \$27 Million for Facility Maintenance Needs in FY2024, But Due to Continued Deferred Maintenance, We Estimate Needs Exceeded \$1 Billion



Source: OCA generated based on City facility condition assessments, National Research Council, OpenGov, City budget documents, and the Consumer Price Index.

Exhibit 13: Just 13% of Facilities Services' Maintenance Activities Were Preventative Maintenance, Compared to 70% Recommended by Best Practices

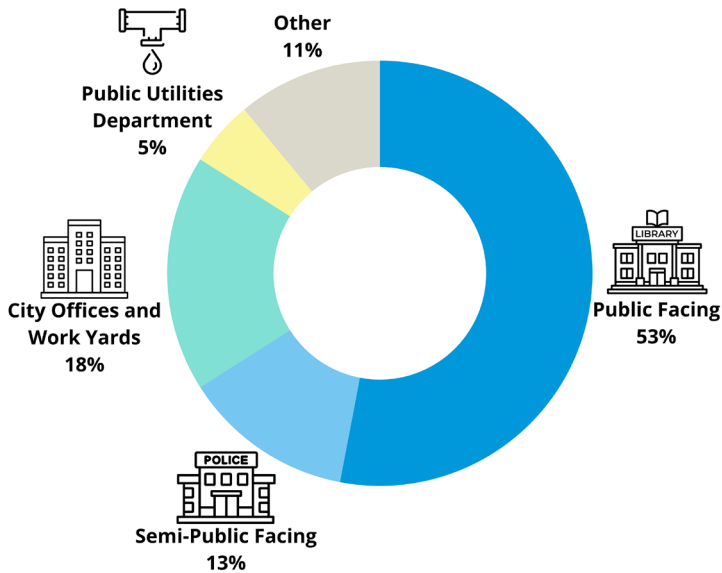


Source: OCA generated based on FY2023 key performance indicators and best practices.

Finding 2: With or without increased funding, the City needs a facility management plan to ensure it spends its limited maintenance funds efficiently.

- The City does not know the condition of its facilities or their maintenance needs.
- The City **does not have an asset management plan to maintain the condition of its \$7.2 billion facility portfolio.**
- Without an asset management plan, Facilities Services **does not clearly communicate facility maintenance needs** or the plan to address those needs to City Council.
- Facilities Services does not report how it spends its funding, but **we found most maintenance goes to facilities that are used by the public**, meaning maintenance benefits facilities commonly relied on by the public for City services.

Exhibit 17: We Estimate Most Facility Maintenance Funding Went to Public and Semi-Public Facing Facilities (FY2018–FY2023)

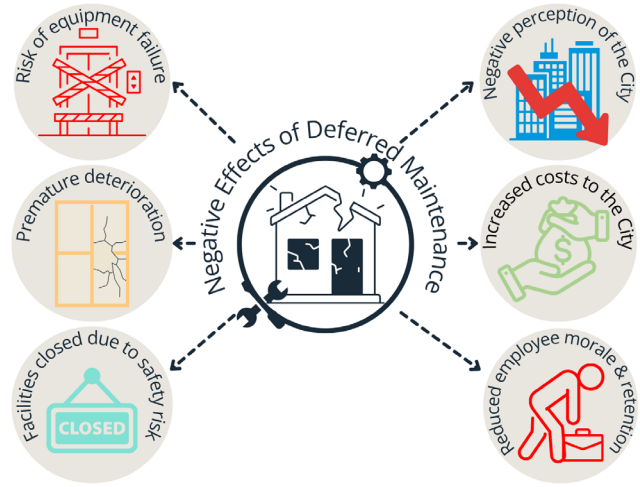


Source: OCA generated based data in EAM, from Facilities services, and the City’s facility condition assessments.

Finding 3: Departments have limited insight into the status of their repairs, resulting in unnecessary delays and unclear expectations.

- Facilities Services has not given department staff access to see the status of their maintenance request.
- Departments may believe they are still waiting on Facilities Services to address an issue when Facilities Services has already completed or canceled the request.

Exhibit 10: Inadequate Facility Maintenance Costs the City More and Negatively Impacts City Services, Worker Morale, and Residents’ and Visitors’ Overall Impression of the City



Source: OCA generated based on interviews with City staff and criteria from the Government Accountability Office and National Research Council.

What OCA Recommends

Key recommendations include:

- **Set a goal** for the percent of the facility replacement value the City intends to spend on facility maintenance;
- **Develop a long-term funding strategy** to address both annual maintenance needs and deferred maintenance;
- **Develop a facility management plan** to track and report prioritized facility maintenance needs, the plan to address those needs, the funding required, and the funding spent;
- **Update facility condition assessments** at least every 5 years;
- Include estimated cost of annual maintenance for existing and new facilities in City budget and planning documents; and
- Provide as self-service mechanism for departments to see the status of their maintenance requests.

City Management agreed with all 10 recommendations. However, Management indicated additional resources and staff would be needed for some recommendations.

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