

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: November 19, 2012

To: Supervisor Willie Johnson, Jr., Co-Chair, Committee on Finance, Personnel & Audit
Supervisor David Cullen, Co-Chair, Committee on Finance, Personnel & Audit
Supervisor Michael Mayo, Chair, Committee on Transportation, Public Works & Transit

From: Jerome J. Heer, Director of Audits

Subject: Status Report – Audit of County Preventive Maintenance Program (File No. 10-389)

At its meeting on October 28, 2010, the Committee on Finance and Audit passed a motion to refer our audit report “Milwaukee County Needs to Commit to a Preventive Repair & Maintenance Program to Ensure Public Safety,” to the Committee on Transportation, Public Works and Transit to “read the response from Public Works and develop a plan to move forward.”

At the Committee on Transportation, Public Works and Transit meeting on January 19, 2011, a motion to receive and place the report on file was approved. Additionally, the Committee Chair directed that a report be brought back in six months on the progress of the inspections, recommendations for the 2012 budget, and a list of all 902 County buildings. In response to this directive, the Department of Transportation and Public Works (DTPW) submitted a report dated August 22, 2011, to your respective committees.

Subsequently, two status reports noting the progress made toward implementation of our audit recommendations were submitted to the Committees. Dates the status reports were presented to the Committees, along with any action taken are listed below.

- 09/14/11:** TPW&T Committee – Informational, no action taken.
- 09/22/11:** F&A Committee – Informational, no action taken. However, it was noted that the Audit Department will provide a status report in the March 2012 committee cycle.
- 02/29/12:** TPW&T Committee – Informational, motion passed to receive and place on file.
- 03/08/12:** F&A Committee – Informational, no action taken.

DAS management describes its recent efforts and plans to implement the outstanding recommendations in the current status report, attached for your review. As noted in the report, additional progress will be made regarding the majority of the recommendations with resources made available in the 2013 adopted budget.

However, at this point only one of the seven recommendations has been implemented. Based on our discussions with DAS management, it was expected that the assessment and inspection team initially included in the 2011 Adopted Budget would be tasked with addressing the remaining six recommendations. Creation of this team has been delayed due to fiscal restraints until 2013.

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However, the existence of this team is not necessary to address all open recommendations. For example, work could be done currently to address Recommendation No. 6, which calls for all Preventive Maintenance Units to review all outstanding open deficiencies to ensure they are properly classified. Of particular concern at the time the report was issued over two years ago were the 308 deficiencies noted in the computer asset system's Life Safety category as Priority 1 – Currently Critical. This review has yet to be completed.

Given the potential consequences associated with continued delays in implementing this recommendation, we will request quarterly status reports from the Department of Administrative Services.

This status report is informational.



Jerome J. Heer

JJH/PAG/cah

Attachment

cc: Scott Manske, Milwaukee County Comptroller
Finance, Personnel & Audit Committee Members
Transportation, Public Works & Transit Committee Members
Chris Abele, Milwaukee County Executive
Patrick Farley, Director, Department of Administrative Services
Jim Burton, Director, Facilities Management, Dept. of Administrative Services
Greg High, Director, Arch. & Eng. Services, Dept. of Administrative Services
Julie Esch, Budget & Policy Administrator, Dept. of Administrative Services
Kelly Bablitch, Chief of Staff, County Board Staff
Steve Cady, Research Analyst, County Board Staff
Martin Weddle, Research Analyst, County Board Staff
Carol Mueller, Chief Committee Clerk
Jodi Mapp, Committee Clerk, County Board Staff

STATUS OF IMPLEMENTING DEPARTMENT OF AUDIT REPORT RECOMMENDATIONS

Audit Title: Milwaukee County Needs to Commit to a Preventive Maintenance Program to Ensure Public Safety **File no. of Audit Rpt: 10-389**

Audit Date: October 2010 **Status Report Date:** November 19, 2012 **Department:** Transportation & Public Works

Number & Recommendation	Deadlines Established		Deadlines Achieved		Implementation Status		Comments
	Yes	No	Yes	No	Completed	Further Action Required	
	<p>1. Draft a policy, for County Board consideration, establishing minimum standards for assessing, inspecting and maintaining proper building conditions.</p>	X				No	

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					<p>Concurrently, DTPW recognizes that PM Units will want to be proactive in confirming that the buildings they are responsible for maintaining are in compliance. In January of each year, all PM Units will be required to submit to the Director of DTPW a copy of an inspection checklist that they completed for each appropriate building and/or structure for which they are responsible. A listing of buildings will be established with and for each PM Unit. A similar process will be established for all County buildings leased, operated and maintained by third parties</p> <p>February 2012 Response:</p> <p>The policy required for establishing minimum standards for assessing, inspecting and maintaining proper building conditions is in place.</p> <p>In the February 2012 committee cycle, the County Board approved revisions to Chapters 44 and 56 of the Code of Ordinances as it pertains to contract of a public works nature based on the provisions of the 2012 Adopted Budget. As a result, based on existing County Ordinance Section 56.20, DAS-Facilities Management Division (DAS-FM) staff is developing a DAS Director mandated county-wide annual building inspection program for "maintaining structural integrity of all capital improvements and routine major maintenance."</p> <p>November 2012 Response</p> <p>Per the 2013 Adopted Budget for Milwaukee County, a Support Services Section is created in Facilities Management Division that includes the Facilities Assessment Team. The team includes 1.0 FTE Architect.</p>
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	2. Request sufficient funding to perform proactive, cyclical assessments and inspections of County-owned infrastructure assets.					Yes	

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							<p>DTPW is proposing an Inspection Unit identified earlier. This unit will inevitably refine the inspection and assessment process over time producing better cost estimating for such services. In the mean time, establishing a cost base line for cyclical assessments and inspections will be based on recent work performed by the façade inspections done county owned buildings. Costs for façade evaluations are expected to be \$350,000 to \$400,000 annually based on inspections required by City ordinances. Necessary repairs needed based on inspection findings are difficult to estimate given the variety of building materials and their costs and the extent of the needed repair.</p> <p>Interior evaluations could be performed for a cost of roughly \$150,000 to \$200,000 annually assuming 120 buildings would be inspected once every 5 years. This level of analysis would be done using the expertise of the inspection unit with necessary repair work being the responsibility of the owner department.</p> <p><u>February 2012 Response:</u></p> <p>ORGANIZATIONAL CHANGES BEING IMPLEMENTED</p> <p>In the 2011 Adopted Budget, 5 skilled trade positions (Inspection Unit) were created in the DTPW Director's Office but not funded for Building Inspections. In the 2012 Adopted Budget these positions remain unfunded in the budget of the Director of the Department of Transportation (DOT). These positions will be reallocated to DAS-Facilities Management Division in 2013. Also in the 2012 Adopted Budget certain significant organizational changes within DAS were approved that are currently being implemented. This involves filling newly created positions of the DAS-FM</p>
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							<p>Director of DAS-FM a copy of an inspection checklist that they completed for each appropriate building and/or structure for which they are responsible. A listing of buildings will be established with and for each PM Unit. A similar process will be established for all County buildings leased, operated and maintained by third parties.</p> <p>OUTCOME AND STATUS OF RECENT ASSESSMENTS AND INSPECTIONS OF COUNTY-OWNED INFRASTRUCTURE ASSETS</p> <p>The process of performing assessments and inspections is the first step in understanding the extent of building condition. From the inspection, a determination must be made regarding the severity of the structural condition and the immediacy of the repair. Therefore, in terms of establishing funding for assessments and inspections, the process must be broken down into three parts; building assessment and inspection, cost of repair and the timeframe for repair. This must be done for interior as well as exterior assessments.</p> <p><u>Building Inventory and Assessment Program (VFA)</u></p> <p>In 2010, DTPW requested and received funding of \$1.6 million in the adopted 2011 Capital Budget to assess the condition of all County facilities that had not yet been included in DTPW's existing Building Inventory and Assessment Program (VFA). \$1.2 million was provided from the UWM land sale revenue and \$400,000 was provided from various airport accounts for airport facilities. Building assessment tasks at the airports are ongoing. All other assessments have been delayed due to a delay in receipt of the funding revenue from land sales.</p>
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3. Draft a framework for consolidating all property management functions within DTPW to ensure focused, streamlined building management in a manner that ensures the safety of the public and County employees.	X				No	Yes	

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					<p>Dept. of Audit Comment: We reiterate our recommendation that a framework be drafted which consolidates all property management functions Countywide within DTPW to provide the benefits noted in our report.</p> <p><u>February 2012 Response:</u></p> <p>DAS agrees that consolidation of all county owned property should be under one property management function as proposed both by an earlier audit report as well as a previous budget request. As out-lined in the 2012 Adopted Budget and in subsequent informational reports to the County Board, DAS-FM has been created to ensure building management is streamlined and that maintenance of county owned property is prioritized in an unbiased manner with safety as the priority. The adopted budget action creating DAS-FM is the first step in consolidating all property management functions Countywide within DAS to provide the benefits noted in the 2010 Audit report. Subsequent budget initiatives to further consolidate all property management functions Countywide under DAS-FM are anticipated in 2013.</p> <p>On a related initiative, per the 2012 Adopted Budget, DAS-FM is in the process of negotiating a contract with consulting firm of CB Richard Ellis to deliver a Comprehensive Facilities Plan for County buildings and properties. This plan will provide a strategy, timeline and cost estimates to implement the Milwaukee County property management strategic plan.</p> <p><u>November 2012 Response</u></p>
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	4. Establish a protocol that ensures that data concerning repair and maintenance work completed to address identified deficiencies are input into VFA, and that completed work be archived as appropriate.		X			No	

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	5. Ensure that assessment results are discussed with PM units prior to entering the data into VFA. If disagreement exists, establish a procedure for arbitrating the disagreement, and for subsequently identifying such deficiencies within VFA.		X			No	

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	6. Require PM units to review all open deficiencies and update VFA to reflect their proper status, with emphasis directed toward Priority 1, Life Safety deficiencies initially.		X			No	

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							<p>appropriate natural extension of its corrective action.</p> <p>Until then, neither DAS involvement nor limitations with staff's knowledge of VFA functions should restrict PM units' ability to follow up on confirming the status of deficiencies noted as open in VFA as soon as practical.</p> <p>February Response:</p> <p>As a part of the DAS-FM Director mandated county-wide annual building inspection program being worked on by DAS_FM staff, the PM Units will be required to document their review of the VFA data.</p> <p>DAS-FM staff will work with all PM Units and DAS fiscal and budget staff to develop a process and procedure that requires PM Units to review all open deficiencies and update VFA to reflect their proper status, with emphasis directed toward budgeting in the operating or capital budget to address Priority 1, Life Safety deficiencies initially. Requested budget submittals will require back up documentation from the VFA database. This process and procedure will include access and training on the appropriate property management software.</p> <p>A challenge to this process is the lack of staff and resources for the PM Unit to allocate time for those with the expertise necessary.</p> <p>It is not DAS involvement and/or limitations with staff's knowledge of VFA functions but lack of staff and resources for the PM Unit to allocate time for those with the expertise necessary that restricts PM units' ability to follow up on confirming the status of deficiencies noted as</p>
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	7. Develop a strategy and timetable for using existing systems in the County, and/or other available systems, to achieve a comprehensive property management system to become fully operational for preparation of the 2013 County Budget.		X			No	

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