COUNTY BUILDING MAINTENANCE: HIGH COST, POOR CUSTOMER COMMUNICATION

Summary

During its tours of Santa Clara County facilities, the 2007-2008 Santa Clara County Civil Grand Jury (Grand Jury) learned that County agencies were concerned about the cost, quality, and timeliness of building maintenance provided by the County’s Facilities and Fleet Department (FAF). The Grand Jury investigated FAF’s Building Operations practices and learned that customer communication is lacking and that customers do not understand FAF billing and maintenance costs. In addition, the cost of this service to the County is higher than market rates.

Background

All Santa Clara County facilities except roads, airports, parks, and Valley Medical Center are maintained by FAF. The FAF Building Operations Division provides building maintenance including heating, air conditioning, plumbing, electrical systems, elevators, roofs, locks, emergency generators, fire and security systems, wall and floor coverings, and signage. A 24-hour Monitoring Automation Center (“MAC Room”) receives the customer requests and coordinates the prioritization and assignment of the requests. FAF estimates that about 80 percent of the requests are made via phone and 20 percent via an online form in the FAF system.

Several types of requests are handled by Building Operations: corrective maintenance or “service” calls (approximately 18,000 Work Orders per year), preventive maintenance (25,000 Work Orders per year), major repairs or remodels (2500 Work Orders per year), and custodial/grounds work. For purposes of its investigation, the Grand Jury focused on processes and costs related to building maintenance.

Discussion

FAF Building Operations Work Process

The FAF building maintenance process is as follows:

1. The MAC Room staff receives a request for maintenance and obtains the caller’s building, name, phone number, cost center, and the nature of the problem. They assign a Work Order number to the request, give the Work Order number to the requestor, and initial customer contact is complete.
2. The Work Order is assigned a priority from 1 to 5 by the MAC Room staff. Priorities are as follows:

- Priority 1 – Issues of life safety or immediate damage to the facility (e.g., fire, flood). These are categorized as immediate response, although the response goal for such requests is 24 to 48 hours. (The response goal is currently met 82 percent of the time on Priority 1 requests, according to FAF.)

- Priority 2 – “Mission-oriented impacts” – Response goal of 7 days (with a 77 percent success rate).

- Priority 3, 4, 5 – Client request (e.g., hang a bulletin board) – 30 days response goal (with 94 percent, 91 percent, and 88 percent success rates for priorities 3, 4, and 5, respectively).

3. The Work Order is assigned to an FAF maintenance employee. If the necessary skills are not available within FAF, an outside contractor is hired to do the work; in that case, an FAF employee accompanies the outside contractor and monitors the work.

4. When the work is complete, the assigned employee gives the completed Work Order to an administrative person, who enters the information into FAF’s Maximo facility management system. Work Orders are marked “complete” in the system when the work is complete but the Work Order needs to be held open pending receipt of invoices for parts or labor and “closed” when the work is complete and all invoices have been received or no invoices are expected. (FAF uses one outside contractor who routinely takes about six months to invoice for completed work).

5. The Maximo system information is uploaded into the County’s SAP accounting system with a one-day delay, so the service charges in SAP for the Work Order are dated from one day to many months after the service was completed. (FAF uses one outside contractor who routinely takes about six months to invoice for completed work).

Customer Interaction

Representatives from two of Building Operations’ large customers indicated to the Grand Jury that they were unable to understand or even determine the costs of their Work Orders in SAP and were puzzled by the numerous charges listed for some Work Orders and varying charges for the same type of request. From a customer perspective, there are a number of problems with FAF customer communications and billing, as follows:

- There is no requirement for the assigned FAF employee to contact the requestor and obtain a signature on the Work Order when the work is complete.
• The assigned employee is solely responsible for deciding whether the service is covered by the FAF budget provided by the County’s general fund and allocated back to the various County agencies, or whether it is “reimbursable” to FAF by the requesting agency. Reimbursable service is that which is caused by misuse or vandalism of the facility; for example, a toilet clogged with a towel inserted by a Department of Corrections (DOC) inmate.

• Sometimes the only direct contact between the customer and FAF is the initial phone call requesting service.

• No written or verbal policies, procedures, rate sheets, standardized cost sheets, budgetary information, or standard reports are available to customers. No customer training on the processes is available.

• No estimated costs or completion times are given for preventive or corrective maintenance, although estimates are provided to FAF customers for major repairs and remodels.

• Customers are sometimes unaware when the work has been completed, as there is no FAF customer follow-up process.

• FAF stated to the Grand Jury that every service request was completed successfully; however, the DOC, FAF Building Operations’ largest customer, provided both photographic evidence and documentation from the County Public Health Department indicating that there were “on-going structural repair issues that have not been completed” between annual inspections which warranted “improved communication between the DOC and FAF.” The DOC customers continue to follow-up with FAF to determine the status of existing Work Orders for that maintenance and to ensure successful completion.

• There is currently no feedback mechanism available to customers regarding building maintenance, other than the telephone, and Building Operations management told the Grand Jury that almost all customer calls they have received were positive.

Cost of Building Maintenance

Building Operations has over 200 employees and an annual budget of over $28 million. The County General Fund provides about $23 million, which is then allocated to the various County agencies’ budgets on the basis of square footage. The remaining $5 million is reimbursable charges, which are unallocated but charged back to customers for non-standard maintenance as discussed above.
Building Operations runs on a total cost-recovery basis; that is, the County’s agencies pay for FAF’s entire cost of doing business. The calculation for each of the trades’ hourly rates thus includes two elements: average salary plus overhead. This overhead includes (a) employee benefits, calculated at 60 percent of the base pay, and (b) a “productivity factor,” which varies by job code and in recent years has added an average of 67 percent of combined salary and benefits to the hourly rates. For example, a $34 per hour carpenter costs the County agencies $93 an hour when “fully loaded” with overhead charges, compared to an average outside cost of $66 an hour.

Compounding the cost problem, when the County requires the use of an outside contractor, the total cost includes not only the actual invoiced cost but the added cost of the County employee who accompanies the contractor and monitors the work. In the example of the carpenter, the County agency would end up paying $159 an hour.

Although the FAF customers who spoke with the Grand Jury expressed a desire to be able to use outside contractors to handle some of their maintenance, County agencies other than Valley Medical Center, parks, roads, and airports are under a 1999 directive from the County Executive that building maintenance must be provided through FAF Building Operations.

Conclusions

FAF Building Operations lacks a focus on customer communication. Customer contact is sometimes limited to the initial phone call requesting service and does not include providing estimated cost or time, requiring customer signoff of completed work, or providing timely and clear reporting of customer charges for work performed. In addition, Building Operations believes that their customers are satisfied but has no current processes to gather customer feedback.

No documentation or training is provided for the customer, including policies, procedures, or cost information.

Building Operations follows a full-cost recovery model which includes high overhead costs, so County agencies are generally paying higher than market rates for County building maintenance. Because FAF Building Operations fully recovers its costs, there seems to be little motivation to ensure efficiency or lean staffing levels.
Findings and Recommendations

Findings have been reviewed with the subject agencies.

Finding 1

FAF Building Operations lacks written policies, procedures, rate information, training, and clear reporting of its customer charges.

Recommendation 1

FAF Building Operations needs to develop and publish documentation to include customer policies, procedures, and rates. Customer training on procedures and costs is recommended.

Finding 2

FAF Building Operations lacks a feedback mechanism for its customers.

Recommendation 2

FAF Building operations needs to develop a customer satisfaction feedback process.

Finding 3

FAF building maintenance costs are above market rates, and FAF customers have been directed not to obtain the services from outside vendors.

Recommendation 3a

FAF needs to ensure that its costs are in line with or lower than outside costs for the same services by increasing efficiency or adjusting staffing levels as appropriate.

Recommendation 3b

The County Executive should reconsider the 1999 directive that County agencies must use FAF Building Operations for building maintenance and allow the agencies to use outside contractors.
Key References

Documents

County of Santa Clara, Department of Correction employee, to Facilities and Fleet employee. Email, September 21, 2008.


County of Santa Clara, Facilities and Fleet Department, Building Operations Division. FY07 Standard Labor Rates, May 24, 2006.

County of Santa Clara, Facilities and Fleet Department, Building Operations Division. List of Customers by Business Volume, May 9, 2008.

County of Santa Clara, Facilities and Fleet Department, Building Operations Division. Response to Work Orders, May 7, 2008.

County of Santa Clara, Facilities and Fleet Department. Survey of Local Businesses (sic), May 6, 2008.

County of Santa Clara, Office of the County Executive, Memorandum. GSA Facilities Department, Building Operations Division, May 14, 1999.

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<td>February 21, 2008</td>
<td>Administrative Support Officer, County of Santa Clara Probation Department</td>
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PASSED and ADOPTED by the Santa Clara County Civil Grand Jury on this 5th day of June, 2008.

Raymond A. Blockie, Jr.
Foreperson

Tim Cuneo
Foreperson pro tem

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Secretary