

**SULTAN CITY COUNCIL
BUDGET RETREAT
AGENDA ITEM COVER SHEET**

DATE: June 14, 2008

SUBJECT: Building Maintenance and Repair

CONTACT PERSON: Deborah Knight, City Administrator



ISSUE:

Discuss and provide direction to staff on funding for long-term operation and maintenance of city buildings and facilities.

STAFF RECOMMENDATION:

Direct staff to create a System Replacement/Maintenance fund using general fund revenues, for long-term operation and maintenance of city buildings and facilities.

SUMMARY:

City owned facilities and buildings are showing signs of deferred maintenance. The City Council approved a side sewer repair project for \$12,500 at the Post Office on April 24, 2008. The city has not established a fund or earmarked revenues to maintain its building and facilities. City staff are seeking direction from the Council on long-term solutions. The City Council may want to consider establishing a System Replacement/Maintenance Fund during the 2009 budget process to address building replacement/maintenance activities.

The City owns and operates/leases nine facilities:

Facility	Location	Lease	Lease Agreement
Sultan Post Office	102 Forth St	\$3,750/mo	
Sultan Food Bank	703 B First St	\$280/mo	October 2001 expired 10/2002
Chamber of Commerce	719 First St	\$108/mo	Jan. 2001 expired 01/2002
Boys and Girls Club	705 First St	\$0	June 2004 1-yr renewals
City Hall/Community Center	319 Main St	None - Sno Isle Library uses space at no charge	N/A

Facility	Location	Lease	Lease Agreement
Police Department	515 Main St.	N/A	N/A
Public Works Shop	703 First St.	N/A	N/A
Water Treatment Plant	31020 124 th St.	N/A	N/A
Waste Water Treatment	203 W. Stevens	N/A	N/A

Building Maintenance Funds

Cities establish System Replacement/Maintenance Funds to replace or repair the larger components of City owned buildings. The System Replacement/Maintenance Fund is an account designated for the specific purpose of ensuring replacement needs over the useful life of the facility.

Deposits in the replacement account can be made annually from the general fund. One-time major maintenance projects can be budgeted from certain revenue sources in the Capital Budget, or the City can sell existing facilities and set aside funds to maintain the remaining buildings.

System Replacement/Maintenance Activities

Maintenance Planning. A major condition assessment performed on all City buildings maintained by the City to identify structural issues and other maintenance needs. The condition assessment should be reviewed every 2-5 years and new items identified. Projects from the condition assessment form the basis of a major maintenance plan. The goal is to have a 20-year plan of projects which is updated with each budget cycle.

Preventive Maintenance. The benefit of preventive maintenance is that it assures the life of systems and, because staff is working on systems on a regular basis, provides an opportunity to catch system deficiencies early which saves money on major repairs.

Systems that need to be routinely maintained should be identified and short-term schedules developed to complete the work. These activities include lubing and checking fluid levels on machinery such as HVAC systems; changing air filters; re-lamping office lights; and painting. While progress has been made, more needs to be done for a full preventive maintenance program.

Corrective Maintenance. When a component or part needs to be replaced, the equipment is scheduled for corrective maintenance. This is a proactive approach to equipment care that recognizes parts break down from wear, but allows the maintenance effort to be managed through early detection and the ability to schedule resources.

Trouble Calls. Equipment or systems can fail without warning and need to be repaired immediately. In cases where air conditioning has failed, lights have gone out, or toilets

have backed-up, staff must respond immediately to ensure that the services provided in that building can continue. Because some buildings are open to the public outside of normal business hours, such as the Library, staff is expected to respond to trouble calls at any time. The efforts and resources expended in these areas will decrease over time as the preventive maintenance program has improved, reducing overall costs.

Service Calls. Requests for service such as hanging art work, setting-up meeting rooms, and moving filing cabinets are responded to as resources allow. Due to staff reductions in 2007, most of these requests can not be accommodated.

Service Contracts. Routine maintenance is contracted out, such as janitorial and HVAC maintenance. Staff develops the specifications for these projects, conducts the bid process, negotiates the contracts and oversees the service provided for quality control issues. Custodial service was cut from a full-time employee to twice a week in 2007. the monthly fee is \$261/month.

BUILDING MAINTENANCE ALTERNATIVES:

Option 1: Do not set aside any funds for system replacement and maintenance. This approach will leave the city in the same position it is in today. While this controls immediate costs it places a significant burden on future decision makers.

Option 2: Discuss annual contributions from existing lease agreements and/or the general fund. This is the most conservative approach. If authorized, it would assure that funds for replacement and maintenance would be available when needed. This approach, however, places a significant burden on the city at a time when resources are very limited.

Option 3: Discuss using the capital budget in 2009 for one-time major maintenance expenditures. The city could assess economic conditions and determine an appropriate course of action at a later date.

Option 4: Surplus and sell the city owned properties at First Street and use the receipt of sales to establish a System Replacement/Maintenance Fund (Attachment E).

BUILDING MAINTENANCE FISCAL IMPACT:

The fiscal impact depends on how the system replacement and maintenance fund is supported. Lease payments, general fund and capital revenues are all sources of revenue.

RECOMMENDED ACTION BUILDING MAINTENANCE:

Direct staff to create a System Replacement/Maintenance fund using general fund revenues, for long-term operation and maintenance of city buildings and facilities.



Water Treatment Plant

North Sultan

Public Works Shop

Food Bank

Police Station

Sultan, WA

Wastewater Treatment Plan

UPost Office

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Google

47°52'18.84" N 121°48'34.53" W

elev 172 ft

Aug 28, 2007

Eye alt 16333 ft