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# The State Needs to Improve Building Maintenance

## SUMMARY

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The State has a large backlog of deferred building maintenance that needs to be addressed, according to a report issued by the Legislative Auditor's Office. State agencies, the University of Minnesota, and Minnesota State Colleges and Universities are responsible for more than 4,800 buildings with a replacement cost of over \$7 billion. While state entities rated most of their building components in good condition, the report estimates that state buildings have between \$300 million and \$600 million in deferred maintenance attributable to physical deterioration. For example, the veterans homes in Hastings and Minneapolis have extensive deterioration in their basic infrastructure, including tunnels and the steam and water distribution systems. The Department of Corrections reported about \$46 million in deferred maintenance, half of which is to replace or repair deteriorating walls and windows, particularly at Stillwater State Prison.

In addition, many state buildings do not meet a variety of modern standards involving fire and life safety, environmental health, accessibility, heating, ventilation, air conditioning, and energy. While there is considerable uncertainty over the exact

amount, available evidence suggests that the cost of upgrading all buildings to modern standards as well as correcting physical defects could be about \$2 billion.

### *Program Evaluation Report* **State Building Maintenance**

*February 16, 1998*

#### **Key Findings**

- State agencies and higher education institutions rated most of their building components in good physical condition.
- Statewide, we estimate that state buildings have between \$300 and \$600 million in deferred maintenance attributable to physical deterioration.
- Many state entities do not adequately schedule or document preventive maintenance.
- Ninety-six percent of physical plant managers said they should be doing more preventive maintenance.

#### **Possible Solutions**

- State agencies and higher education institutions should improve their preventive maintenance programs.
- Greater emphasis on operating spending would allow agencies to address maintenance on a continuous basis rather than waiting for problems to develop.
- The Legislature may want to adopt a formula to fund maintenance within the operating budget. The formula should reflect the variation in maintenance requirements among state buildings.

*The report is available at our web site: <http://www.auditor.leg.state.mn.us/pe9804.htm>*

*Copies of the full report or summary are also available by calling 612/296-4708.*

There is evidence that poor preventive maintenance practices and inadequate spending are both responsible for the state's deferred maintenance backlog. The Legislative Auditor's survey of physical plant managers indicates that preventive maintenance programs vary greatly among state entities. Some lack written maintenance schedules for building components, while others have computerized programs that (1) contain customized schedules for each building component and each piece of equipment, (2) generate daily work orders for each maintenance employee, and (3) record all preventive and corrective work performed. About 96 percent of plant managers responding to the survey said that they should be doing more preventive maintenance than they currently perform. The Legislature, the Department of Administration, and MnSCU could help improve building

maintenance by encouraging more state agencies, colleges, and universities to develop formal preventive maintenance programs.

The size and prevalence of deferred maintenance among state agencies and higher education institutions suggest that maintenance spending may be inadequate. In fiscal year 1997, state entities in Minnesota generally spent less than the middle of the range recommended by the Building Research Board of the National Research Council.

Ensuring adequate operating funds for maintenance would allow state entities to address maintenance on a planned, continuous basis rather than waiting for problems to mount. Many of the maintenance projects funded under recent capital bonding bills involve recurring maintenance (such as repair and replacement of roofs and masonry) that could be conducted more efficiently if it was part of a well planned maintenance program. While funding maintenance with the capital bonding bill may be appropriate because of the size of the deferred maintenance problem, greater emphasis on operating spending could help reduce future deferred maintenance problems.

Currently, state agencies and higher education institutions are not required to spend a specified

amount of their operating budget appropriation on maintenance. To help ensure that state agencies and higher education institutions spend enough on maintenance, the Legislature could require state entities to report their maintenance spending levels. If maintenance spending remains inadequate, the Legislature could set aside funds for maintenance.

To improve allocation of maintenance funds, the Legislature may want to adopt a formula to fund maintenance within the operating budget. The formula should reflect the variation in maintenance requirements among state buildings due to such factors as square footage (or replacement cost), type of buildings, intensity of use, and the age of buildings.

Copies of the report, *State Building Maintenance*, is available from the Office of the Legislative Auditor at 612/296-4708 or at <http://www.auditor.leg.state.mn.us/pe9804.htm>. For further information, contact Dan Jacobson, Jan Sandberg, or Roger Brooks at 612/296-4708.