
Washington State Parks and Recreation Commission



Annual Progress Report on Backlog Repairs and Enhanced Amenities and Capital Project Savings

Report to the Office of Financial Management and Legislature
As Required by ESSB5035 (2013 2nd Special Legislative Session)

The Washington State Parks and Recreation Commission

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December 1, 2013

State Parks Vision, Mission, and Core Values

Mission:

The Washington State Parks and Recreation Commission cares for Washington's most treasured lands, waters and historic places. State parks connect all Washingtonians to their diverse natural and cultural heritage and provide memorable recreational and educational experiences that enhance their lives.

Vision:

Washington's state parks will be cherished destinations with natural, cultural, recreational, artistic and interpretive experiences that all Washingtonians enjoy, appreciate and proudly support.

Core Values:

The State Parks and Recreation Commission, its staff, partners, supporters and volunteers share core values that demonstrate a commitment to:

- Stewardship that preserves the State's natural, cultural, and ethnic heritage in perpetuity
- Universal access to recreation, education, artistic, and cultural opportunities in state parks
- Meaningful public engagement and participation in developing and operating the state park system
- Supporting one another as we work together to achieve the agency's mission
- Excellence in all we do

Reporting requirement

The Washington State Parks and Recreation Commission is submitting this report to the Office of Financial Management and Legislature in compliance with the following capital budget proviso (ESSB5035, Section 3114, Backlog Repairs and Enhanced Amenities):

“(1) The appropriation is provided solely to reduce the backlog of deferred maintenance projects and for purchase, installation, and construction of park amenities that will produce additional park revenue. The State Parks Commission must limit charges against these capital appropriations for State Parks throughout this act for project management and indirect and overhead costs to no more than fifteen percent of total project costs. The State Parks Commission must provide an annual progress report each December 1st on achieving these savings and the progress in reducing the backlog of deferred maintenance.”

Introduction

This report addresses the budget proviso in two parts:

1. Progress Reducing Deferred Maintenance Backlog, and
2. Limiting Charges for Project Management, Indirect, and Overhead Costs

The proviso requires the Commission to provide the Legislature a report on December 1, 2013 and December 1, 2014. This first annual report includes only the first five months of the biennium, so progress on reduction of the deferred maintenance backlog at this point is modest. Nonetheless, this report describes what has been done during this first short reporting period. This first report describes positive management steps State Parks has begun to better control direct and indirect capital project implementation costs. A quantification of process improvements and resulting actual cost savings will be possible as part of the December 2014 report. This first report also describes initiatives the agency has undertaken to better understand the nature and extent of its aging “built facilities” inventory and to determine appropriate ways to make stewardship of these facilities more financially sustainable, given historically limited capital funding levels.

The second paragraph of the proviso requires the Commission to report progress installing cabins and yurts in state parks. That portion of the proviso requires a separate progress report to the Legislature by November 30, 2014 so is not addressed in this report.

Progress reducing deferred maintenance backlog

Background

In 2001, State Parks completed an inventory and assessment of its facility assets, including buildings, roads, and utility infrastructure. A new inventory and assessment effort was initiated in 2012. This work has reached the point where preliminary system-wide analysis is now possible. So far, the facilities inventory has been limited to buildings only, while the condition of roadways and utilities infrastructure has been recalculated from data collected for the original 2001 assessment. Preliminary results show an increased deferred maintenance backlog and declining facilities condition during the 12-year span. Deferred maintenance refers to major facilities maintenance activities with an expected life span of at least 13 years and otherwise meeting the Office of Financial Management’s definition of a capital project. Table 1 compares highlights from the 2001 and 2013 condition inventories and assessments:

Table 1: Comparison of 2001 and 2013 Facilities Inventory and Condition Assessments

2001	2013 (preliminary)
Total Number of Buildings: 2679 Total Replacement Value: \$1,065,500,327* Deferred Maintenance Backlog: \$372,911,517* Facility Condition Index: 65%**	Total Number of Buildings: 2742 Total Replacement Value: \$1,173,063,197 Deferred Maintenance Backlog: \$463,056,332 Facility Condition Index: 61%**

* Adjusted for inflation

** Facility Condition Index (FCI) = 1 – Deferred Maintenance Backlog %

Preliminary results from the State Parks 2013 Facilities Condition Inventory and Assessment also revealed the following:

- More than one in four State-owned buildings in Washington are in State Parks’ ownership (~28 percent)
- For comparison, the average square footage of all State Park buildings in 2013 is about 1,140 square feet, whereas the average for University of Washington buildings is about 28,500 square feet
- The average age of buildings in state parks is more than 46 years with a 50-year typical lifecycle
- State Parks’ Facility Condition Index has declined 4 percent overall in 13 years, due in large part to age and insufficient capital reinvestment
- State Parks’ average Facility Condition Index is 61 percent
- State Parks has more than 770 historic buildings
- Over 54 percent of State Parks’ maintenance backlog exists in six historic fortifications and the Saint Edward Seminary building

During the next several months, agency staff will field-verify condition assessment data, in anticipation of incorporating results into the agency's 2015-17 capital budget request.

Progress to date

The Commission has allotted approximately \$7,000,000 of the \$9,404,000 capital appropriation for Backlog Repairs and Enhanced Amenities to address deferred maintenance. Agency staff has developed a prioritized list of 99 projects that are now underway or in the design and permitting processes (Appendix 1). Incorporating indirect and overhead expenses at no more than 15%, approximately \$5,950,000 is available for direct project expenses (e.g., design, permitting, materials, and labor). The prioritized list developed by agency staff includes projects with an aggregate cost of approximately \$ 6,694,700.

A list of projects larger than available funds was developed so that if a project proves unfeasible or cannot be completed within the current biennium, it can be dropped and the next highest priority project can be initiated.

Projects have been divided into the following general categories:

- Building repair and replacement – 40 projects
- Electrical repair and replacement – 8 projects
- General facility or Grounds repair and replacement – 14 projects
- Marine access and use repair and replacement – 12 projects
- Roof replacement – 13 projects
- Sewer repair and replacement – 9 projects
- Water system repair and replacement – 3 projects

Progress completing these projects as of November 30, 2013 is as follows:

- 3 projects have been completed
- 12 projects have purchased materials or are under construction
- 84 projects are in review for permitting needs or underway in permitting process

Initiatives currently underway

State Parks has undertaken a series of initiatives to better understand its inventory of facilities and develop ways of addressing declining condition and maintenance backlog.

Facilities Condition Assessment Initiative

In response to mounting deferred maintenance costs, State Parks has undertaken a comprehensive initiative to inventory and assess the condition of its collection of buildings, utilities, roadways and other infrastructure. The Facility Condition Assessment Initiative includes developing two facilities management tools to track and inform stakeholders of the agency's progress in reducing the backlog of maintenance needs. The first is a free Geographic Information System (GIS) mapping application

that is accessible via the internet. The mapping program shows park boundaries with points locating each building in the state park system.

The program includes a popup screen with information specific to each facility. Information includes:

1. Park name
2. Park program index number
3. The State Uniform Facility Identification number
4. Latitude & longitude of the building
5. Park use building number
6. Building condition on a scale from 1 to 5 (1= Excellent to 5 = Unsatisfactory)
7. Square footage of building
8. Type of building (an OFM designation of building use)
9. Date of construction
10. Original cost to construct (if known)
11. Historic designation status
12. Comments

The GIS mapping program also has an interactive dashboard to summarize condition for any combination of buildings or parks, including a summary of the all of the parks in a region. In the event of a disaster, the program allows field staff to remotely input damage information and photographs for communication to the Federal Emergency Management Agency.

The agency is also working with the Washington State University Extension Office and the Department of Social and Health Services to add State Parks facility inventory and condition data into a multi-agency system known as the Facility Inventory and Condition Assessment Program (FICAP). This program allows users to access and update building condition information via the internet and includes photos and other detailed building component information. State Parks is using the program to determine a Facility Condition Index (FCI) number for each building. An FCI is an overall condition indicator that will form the basis for future maintenance and capital budget priorities.

Initial entry of nearly 2,800 State Parks buildings in FICAP was recently completed, and this information is currently being verified by field staff. Within the next 12 months, staff in individual parks will be able to access FICAP remotely to update condition information and incorporate data into ongoing maintenance activities. The agency intends this program to be an ongoing part of facilities management, and will be able to report specific changes in FCI resulting from capital investment and maintenance activities.

Cultural Heritage Initiative

State Parks has undertaken a Cultural Heritage Initiative to provide a framework for prioritizing treatment of historic buildings and structures within the state park system. It will engage stakeholders to establish priorities (i.e. which buildings deserve attention first) for maintenance or capital projects. This prioritization will be based on the relative significance of the resources in State Parks' ownership, historic themes represented by the agency's historic properties, their current use and condition, and how their condition has changed since the last comprehensive historic properties (between 1997 and 2000, depending on the resource type).

This initiative will strategically prioritize work on historic properties and will be used to inform future capital and deferred maintenance budget requests. It also will identify and prioritize historic properties requiring additional investigations. These investigations typically include in-depth analysis in preparation for a deferred maintenance or capital project or the identification of information gaps that need to be filled in order to evaluate the significance of historic properties within the system.

Maintenance Program Initiative

State Parks has also undertaken an initiative to analyze ongoing maintenance activities typically performed by park staff and funded through the agency's operating budget. The Maintenance Program Initiative will analyze day-to-day maintenance activities in parks and develop priorities and strategies for directing funds and effort towards the greatest benefit.

Limiting charges for project management, indirect, and overhead costs

Background

Historically, State Parks has applied a fifteen percent administrative fee across the agency's capital projects and used these pooled funds to cover indirect and overhead costs. These costs include expenses to cover agency staff efforts necessary for the completion of capital projects. For example, staff efforts to prepare, advertise and award public works agreements, negotiate and prepare Architectural/Engineering or personal services contracts for a specific capital project, and management of staff directly associated with executing a capital project.

Other costs include space, utilities, payroll, human resources, information technology, and other central administrative costs. State Parks has taken these costs into consideration in determining its percentage of administrative fees. In addition, a benefit pool was created to cover the cost of sick and annual leave within the biennium for staff working on the implementation of specific capital projects. To appropriately account for this direct capital project cost, the agency is reviewing

practices and processes to ensure that costs are charged proportionately and accurately to the capital project and the operating budget.

Project coordination

Achieving a goal of reduced overall indirect costs will require a balanced approach, contracting out some projects and pieces and also having agency staff complete projects. State Parks' current approach is to blend these approaches to achieve the most productive and cost-effective result. One element in achieving this balance requires formal notification and working with representatives of the Washington Federation of State Employees and undertaking negotiations in compliance with the agency's Collective Bargaining Agreement.

Efficiencies in project management are significantly affected by the need to carry out large numbers of small capital projects, which have greater indirect expenses than a smaller number of large projects. Indirect expenses typically include staff effort in support of capital project budgeting and implementation. The design, permit and construction process is generally the same for a project, regardless of its size and total project cost; in other words, direct costs for 10 projects are usually much greater than indirect cost for one project of the same total construction cost. Because State Parks typically manages a large number of complex projects whose total cost may be small, it follows that indirect cost for the agency may be comparatively higher than those in other agencies that are managing a smaller number of projects with significantly higher total project construction costs.

Plan of action

State Parks is seeking ways to limit indirect, overhead, and project management charges against capital appropriations. However, reporting progress on achieving cost savings will not be possible until projects are completed. Instead, for purposes of this report, agency staff has outlined several tasks it plans to undertake during the next year in order to achieve cost savings and comply with the budget proviso. These tasks include:

- Refine the agency's definition of indirect and overhead expenses and specifically define which costs are appropriately assigned to each category.
- Review methods for assigning costs to individual projects and those charged to project management, indirect and overhead accounts
- Use the refined definition and information gathered from the review of how costs are assigned to revise methods for calculating indirect and overhead expenses
- Determine a baseline of total indirect and overhead costs using actual expenditures during previous biennia from which to measure improvement during the current biennium
- Develop and track performance measures to gauge overall productivity of the agency capital program

In summary, State Parks is working to reduce the backlog of deferred maintenance projects. State Parks will continue to review operations to find faster, more efficient ways to improve facilities.

Work will also focus on maximizing the use of capital funds, tracking progress in improving the productivity of the agency's capital program and keeping project management, indirect and overhead costs within fifteen percent. The agency will prepare a follow up to this report by December 1, 2014 in compliance with the budget proviso.

For additional information regarding capital program and deferred maintenance, contact Peter Herzog, Assistant Director, Parks Development Division, peter.herzog@parks.wa.gov or (306) 902-8652.

Appendix 1

Parks with Deferred Maintenance Projects

Alta Lake – 2 projects
Area wide (EAST Parks) – 1 project
Beacon Rock – 2 projects
Belfair – 1 project
Birch Bay – 1 project
Blake Island – 1 project
Camp Wooten – 1 project
Cape Disappointment – 1 project
Lake Conconully – 1 project
Columbia Plateau Trail – 1 project
Deception Pass – 6 projects
Dosewallips – 1 project
Federation Forest – 2 projects
Fort Casey – 2 projects
Fort Ebey – 1 project
Fort Simcoe – 1 project
Fort Worden – 7 projects
Fort Flagler – 1 project
Ginkgo/Wanapum – 1 project
Grayland Beach – 1 project
Ike Kinswa – 2 projects
Illahee – 2 projects
Iron Horse Trail – 2 projects
Jarrell Cove – 1 project
Joemma Beach – 1 project
Kanaskat Palmer – 1 project
Lake Chelan – 1 project
Lake Easton – 1 project
Lake Sammamish – 3 projects
Lake Wenatchee – 1 project
Lincoln Rock – 1 project
Maryhill – 1 project
Millersylvania – 2 projects
Moran – 2 projects
Mount Spokane – 1 project
Mount St Helens VC- 1 project
Nolte – 2 projects
Ocean City – 1 project
Peace Arch – 1 project
Pearrygin Lake – 5 projects
Penrose – 1 project
Potholes – 2 projects
Ramblewood ELC – 1 project
Riverside – 3 projects
Saltwater – 4 projects
San Juan Islands (N&S) – 1 project
(multiple sites)
Scenic Beach – 3 projects
Seaquest – 1 project
South Beach Area – 1 project
Squilchuck – 1 project
Statewide (multiple sites) – 3 projects
Sun Lakes – 4 projects
Tolmie – 1 project
Triton Cove/ Pleasant Harbor – 1 project
Twanoh – 1 project
Wallace Falls – 2 projects
Wenatchee Confluence – 2 projects