

Minutes
LEGISLATIVE AUDIT COMMISSION
June 27, 2012

Members Present:

Representative Michael Beard
Representative Sondra Erickson
Representative Rick Hansen
Representative Mary Liz Holberg
Representative Phyllis Kahn

Senator James Metzen
Senator Ann H. Rest
Senator Claire Robling

Members Absent:

Representative Steve Simon

Senator David Hann
Senator Mike Parry
Senator Roger Reinert

Representative Michael Beard, Chair, called the Legislative Audit Commission meeting to order at 9:04 a.m. Representative Beard said the purpose of the meeting was to 1) release the evaluation, *Preventive Maintenance for University of Minnesota Buildings*; 2) provide an overview of the evaluation, *Consolidation of Local Governments*; and 3) receive a status of other OLA evaluations and audits from Jim Nobles, Legislative Auditor.

Representative Beard explained that he would be turning over the gavel to Senator Robling when it was time for him to leave for a meeting in Duluth. Representative Beard introduced Jim Nobles, Legislative Auditor. Mr. Nobles gave a brief summary of the *Preventive Maintenance for University of Minnesota Buildings* evaluation. He said that the University of Minnesota has made significant improvements in its preventive maintenance program since OLA last evaluated it in 1988 and 1991. Mr. Nobles introduced Jo Vos, Evaluation Manager, to give more details. Ms. Vos explained the definition of preventive maintenance as the regularly scheduled work needed to keep buildings and their components operating at peak efficiency, prevent their breakdown, and extend their useful life. She said the university has a good preventive maintenance program that generally addresses best practices, which are to 1) create an organizational framework for operating a preventive maintenance program; 2) inventory buildings and their conditions; 3) plan strategically for preventive maintenance in the long and short term; 4) evaluate the efficiency and effectiveness of the preventive maintenance program; and 5) properly train maintenance workers. In response to a question from Representative Hansen, Ms. Vos said that when a replacement is needed on a building, and the university has a choice between replacing with the same quality item or an energy efficient item, they will choose the energy efficient replacement. Ms. Vos said the university has a database that describes the current and historical condition of each of its buildings, known as Facilities Condition Assessment (FCA). This database is used to estimate building-related needs over the next ten years and feeds the information into the long-term capital budget processes. The university also has a computerized database for managing preventive maintenance activities, known as COMPASS. This system contains more than 200 unique preventive maintenance tasks and generates preventive maintenance work orders. Ms. Vos said the evaluation makes the following recommendations to the university: 1) have all university-owned buildings on the Twin Cities campus covered by annual preventive maintenance plans developed and overseen by Facilities Management; 2) upgrade the computerized information management system to incorporate a more predictive maintenance style; 3) Facilities Management should revise its Web site and *Monthly Scorecard*, which it uses to measure its performance, to more accurately reflect the timeliness of

activities; and 4) Facilities Management should develop a written training plan for all preventive maintenance staff.

After some discussion among the members, Senator Robling invited the University of Minnesota representative to address the commission. Michael Berthelsen, Associate Vice President of Facilities Management, introduced himself. He said that the university has built a strong preventive maintenance program but that it does not mean they do not have improvements that need to be made. He said that Facilities Management is currently working on acquiring the next generation of a computerized management system to replace the aging system, COMPASS. Mr. Berthelsen said they agreed with the timeliness issue on their Web site and *Monthly Scorecard*, and Facilities Management has already corrected the language to reflect the month in which preventive maintenance activities are due. He also said that they are working on adding to their employee training program. In response to Representative Holberg, Mr. Berthelsen said that university buildings are maintained by using the same standards across the board when making decisions on replacements; however, the decisions are based on the needs of the individual buildings.

Senator Robling turned the gavel over to Representative Erickson. Representative Erickson moved to an overview of the evaluation, *Consolidation of Local Governments*. Mr. Nobles reminded the members that the evaluation was released approximately a month prior without having an LAC meeting since it had been difficult to get the members together at that time. He said the evaluation found support for moving forward with combining some local government services. He also said the evaluation recommended that the Legislature should consider ways to encourage more collaboration and consolidation among local governments when funding capital projects and capital grant programs.

Mr. Nobles made a brief comment about the update memo in the members' folders that explains where OLA is currently at in regards to financial and program evaluation audits. He added that OLA does complete update memos on past evaluations, and eight were included in their folders to be reviewed.

With no further business, the meeting was adjourned at 10:23 a.m.

Representative Michael Beard, Chair

Shelly Watterud, Recording Secretary