



# *South Dakota Legislative Research Council*

## *Issue Memorandum 96-20*

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### **Maintenance and Repair Programs for State Buildings**

#### ***Introduction***

The State of South Dakota owns and maintains over 14.5 million sq. ft. of building space across the state. Until recently, the issue of maintenance and repair (M & R) was put on the back burner because it was hard to fund and easy to delay. In 1994 the legislature created the State-Wide Maintenance and Repair Fund. The concept of an M & R fund was well intentioned, but did not have adequate funding until the 1996 legislature made an appropriation of \$9.1 million from the sale leaseback program.

#### ***Background***

Maintenance and repair needs were historically met in a piece-meal fashion. If a project was in extreme need of repair, a special appropriation was made to fund the repair. In many cases, simple maintenance would have prevented expensive repairs, but the funding was not available.

In 1965, the Educational Facilities Construction Fund was created for the sole purpose of building new

higher educational structures. Over a decade later (1977), the purpose of this fund was amended to include “deferred maintenance” of educational facilities. It was not until 1994 that a fund was created to address the maintenance and repair needs of *all* state government facilities.

#### ***The State-Wide Maintenance and Repair Fund***

In 1993, the Brown Engineering Company from West Des Moines, Iowa, conducted a detailed study of the maintenance and repair system of the state. The purpose of the study was to review, analyze and develop a system to prioritize the maintenance and repair needs. Recommendations from the study have improved the Bureau of Administration’s ability to assess the needs of each project based on similar criteria and prioritize them according to life, safety, and liability issues.

Every year the director of each institution (defined as any university, hospital, correctional facility, park, military base, office complex, etc.)

conducts an annual condition review of each building and all facilities within their institution. A series of forms are completed detailing each requested M&R project. These projects are prioritized at the institution level and then again on a statewide level in the Bureau of Administration. The projects are assigned points based on the following criteria: life, safety, and health risks; occupancy, use, function, and comfort; cost; appearance; age of project on M&R list; and current functionality.

The Board of Regents can also participate in this prioritization and ranking for their maintenance and repair needs. In addition, they can use the Education Facilities Fund; however, the fund must maintain a minimum balance before it is spent on legislatively authorized maintenance and repair projects. A listing of recently completed M&R projects is attached.

### ***Adequate Funding***

The industry standard (set by the Commission on Engineering and Technical Systems, The Committee on Advanced Maintenance Concepts for Buildings, Building Research Board, and the National Research Council) for an adequate repair and maintenance set-aside amount is two-four percent of replacement cost *per year*. The estimated replacement value of state buildings is approximately \$1.6B. The set-aside of \$9.1M is a little over one half of one percent for *three years*.

### ***Summary***

Funding has been secured for the maintenance and repair of state facilities; however, the money will last only three years. The Bureau of Administration is developing a plan for M&R funding for the years after 1999, but no details were available as of this writing.

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**This issue memorandum was written by Ann M. Mertz, Fiscal Analyst for the Legislative Research Council. It is designed to supply background information on the subject and is not a policy statement made by the Legislative Research Council.**