LIVERMORE
CALIFORNIA

CITY COUNCIL GOALS & PRIORITIES WORKSHOP
WHITE PAPER   3J

DATE: February 19, 2019

TO: Honorable Mayor and City Council

SUBJECT: Asset Management

EXECUTIVE SUMMARY

The City's infrastructure is vital to maintaining community character, ensuring public safety, and encouraging economic vitality. The City of Livermore owns over $3 billion in assets. While $1 billion of enterprise infrastructure, such as the water and sewer systems is maintained and replaced through user fees, the remaining $2 billion of City infrastructure competes for General Fund dollars. Historically, maintenance levels have been established based on available funding levels and priorities have been determined by immediate needs. Due to limited funding, many maintenance tasks and replacement of assets have been deferred.

To address this issue, the City Council adopted Asset Management as a goal in 2015 and 2017. Over the past four years Council and staff have gained a better understanding of the City's infrastructure long-term financial and operational needs. Council has approved various policies and staff has implemented a number of changes that have reduced long-term funding needs by more than 8%. However, the findings of the Asset Management program show that there remains a large gap between needs and resources and that additional policy direction and funding will be required to properly maintain and/or replace the various infrastructure systems.

If this goal is selected, Council will be asked to finalize changes to sidewalk and street tree policies. In addition, Council will be asked to provide policy direction on decorative walls and the City's storm water system. Together, the storm water system and decorative walls represent over 50% of the remaining annual funding gap in resources.

At the same time, staff will begin additional refined analysis of condition assessment, risk assessment, prioritization options, replacement methods, and further analysis of repair and replacement costs of other asset classes. Additionally, staff will conduct a public education and engagement effort to foster a sense of community ownership and shared responsibility for City infrastructure.

BACKGROUND

The City of Livermore owns a large quantity and wide variety of public infrastructure, all of which plays a pivotal role in delivering services to the community. While staff has begun to manage most of the enterprise funded-infrastructure using asset management principles, additional data and Council direction will be necessary to balance the City's actual resources with General Fund asset needs. The General Fund pays for the operations, maintenance, and replacement of the following types of assets: streets, bridges, sidewalks, street lights, traffic signals, parks, landscaped areas, City buildings, trails, storm drains, waterways, and walls.

Since early 2015, Council has completed a number of actions regarding Asset Management, including:

- 2015 - Council directed staff to develop an Asset Management Program (AMP) for General Fund assets; staff completed the Request for Proposal process; and Council approved a contract with Kayuga to evaluate the status of the City's non-enterprise assets and develop financial and operational policy options.

- 2016 - Kayuga and staff created a work plan for the AMP; Council directed future Capital Improvement Program Budgets to include asset management financial information; and Council created the Community Asset Management Program (CAMP) Committee.

- 2016-2017 - Staff, CAMP, and Council completed an initial review of data for the following assets: roadways, buildings, sidewalks and pedestrian access ramps, walls, traffic signals, street lights, and traffic signs, bridges, curbs and gutters, parks and plazas, roadway landscape areas, trails, and storm drains.
  The initial findings of the AMP indicated a need for financial resources that are significantly higher than currently allocated in the City's budget. Staff identified the need for $40 million per year in order to replace all of the City's assets on an ongoing basis compared to current spending of about $10 million per year. Typical spending levels were projected to result in a backlog of $600 million in deferred repair or replacement projects over the next thirty years.

In 2017, the City Council again chose Asset Management as a goal. Over the past two years, the Council approved various policies, and staff implemented a number of changes that reduce infrastructure funding needs. By implementing the actions described below, the City has been able to reduce annual maintenance funding needs by more than 8%, or approximately $3.3 million per year.

- Council approved a risk-based method for prioritizing the repair and replacement of various City assets. Specifically, Council authorized the City to maintain high-risk roadways which focused repairs on high-risk streets and helped reduce the annual maintenance need from $8.1 million to $6.3 million, compared to annual current funding of $5.8 million. The reprioritization required a reduced service level for lower risk streets.

- The City successfully sought additional pavement maintenance funds through Senate Bill 1. This new funding source increases the City's annual pavement maintenance budget by $1.5 million. This means the City can repair more than just high-risk roadways.

- By revamping the City's sidewalk repair program and eliminating an inefficient subsidy, the City will reduce the maintenance deficit by approximately $1.5 million annually. The City will be able to maintain backing lot and City owned property frontage sidewalks with existing annual funding.

- Staff developed a new standard detail for median landscaping which is visually attractive and reduces pruning and other maintenance requirements. It includes plant material that requires less road lane closures to perform maintenance and reduces staff liability working along the roadway.

- Council authorized a swap of assets between the Livermore Area Recreation and Parks District (LARPD) and the City where the Barn was transferred to LARPD and the City accepted responsibility for Robertson Park Road to better align with each agency's core mission. While this asset swap was expenditure neutral for the City and LARPD, the City was previously required to use General Funds to maintain the Barn and can now utilize other dedicated funding sources such as gas tax, Measure B, BB, and others to maintain the roadway.

- Asset management is now considered in all City efforts including Capital Improvement Projects, entitlement projects that will result in new City-owned assets, fleet equipment, facility design and infrastructure, and others. With each new or proposed project staff focuses on alternatives to reduce financial impacts to current or future assets.

POLICY CONSIDERATIONS

If the Council chooses to continue select Asset Management as a priority, the Fiscal Year 2019-2021 work program would include developing and presenting findings, methodologies, and draft policy options on the following:

- Public Outreach – Develop a continual public education and engagement program to foster a sense of ownership and shared responsibility among the residents, businesses, and property owners for the ongoing maintenance, renewal, and replacement of infrastructure. It may also gauge potential interest in new revenue streams and reduced service levels. The public outreach effort will utilize multiple media sources and engagement practices. This effort will include regular meetings with the CAMP committee to obtain input on proposed management strategies, prioritization options, and public outreach efforts.

- Asset Classes – Together, walls and the storm water system represent over 50% of the remaining annual gap in resources. Staff will focus efforts to reduce further financial liabilities of walls and the City's storm water system, in addition to finalizing sidewalk and street tree policies. To do this, staff will collect additional necessary data and develop refined management strategy options to determine if shifting liability, adjusting maintenance responsibilities, reducing maintenance levels of service, divesting, changing development standards, or other options could minimize or limit future financial obligations. In addition, the City Council will need to consider how to use debt in the replacement of long term assets.

- Data Management - Identify and implement asset management technology to streamline information processing and increase efficiency. Ideally, technology should include a comprehensive asset management system (AMS) and mobile devices for field staff. The AMS will house the City's initial asset inventory data and allow integration with work orders and capital improvement projects to track changes to the City's assets. Mobile devices will significantly improve work order efficiency for maintenance staff and allow real-time data collection. This will allow the AMS to provide continuously up-to-date asset condition assessment, life cycle planning, risk analysis, and capital project prioritization. Additionally, technical support is needed to improve Geographic Information System (GIS) data, access, analysis, and accuracy and to establish the asset data hierarchy, add the initial asset inventory data into the AMS, and perform gap analysis to identify missing and future data needs.

- Fiscal Sustainability - Create an Asset Management Fund to meet the program's financial needs for future asset rehabilitation, replacement, and/or divestment. Initially, Council could consider a limited annual funding mechanism, such as a policy to set aside a percentage of any annual surplus funds into an Asset Management Fund. As the program's financial requirements are further developed and refined, a more reliable and long-term commitment to asset replacement can be implemented by Council. Although incrementally implemented, a policy which closes the gap needs to be identified and approved to avoid further escalating the backlog. Additionally, the City can seek to develop additional new funding sources in order to preserve current levels of service. Options could include tax measures, bonds, or public/private partnerships such as "Adopt" programs (highway or creek clean-up, etc.).

- Advocacy - With the federal government now focused on maintaining public infrastructure, the City will advocate for grants and programs to catch up on the backlog of asset maintenance, repair, and replacement.

COST

Continuation of this goal will continue the current staffing commitment of approximately 1.5 full time equivalents (FTE), including one FTE dedicated to the AMP and .5 FTE comprised of various City staff providing technical support and direction. The AMP will need approximately $400,000 in consultant services to assist with public outreach, data

collection and integration, and asset management technology. Mobile devices for field staff will require a commitment in the range of approximately $15,000-$30,000.

CONCLUSION

Effectively managing resources in order to protect the viability of the City's various infrastructure systems will allow the City to continue to provide necessary services to its residents and businesses. The functionality and quality of the City's assets are critical for the City's economic vitality, allowing the City to continue to attract new and maintain existing businesses as well as provide a high quality of life for residents. Planning, maintenance, and replacement of assets including proper design, materials and methods will ensure that these systems exist to serve the needs of the residents of Livermore for future generations.

It is important to build on the existing momentum and accomplishments, and to deliver a consistent message to City staff and the public focusing on the importance of Asset Management. If Council does not choose this as a goal there will be fewer opportunities to make a significant impact on the $36.7 million annual funding needs. Additionally, data collection and analysis will proceed at a slower pace. Together, this slower progress in areas related to outreach, analysis, and funding could lead to a larger unfunded infrastructure liability over time.