

Session

Making the Case for Capital Maintenance

Michael J. Daun

Deputy Controller
City of Milwaukee

Gregory M. Baird

Chief Financial Officer
Aurora Water Business Services, Colorado

Jeff M. Tyne

Management and Budget Director
City of Peoria, Arizona

- I. Overview and General Comment
 - A. Definition of Terms
- II. GFOA Best Practice: Capital Maintenance and Replacement Policy and Reporting
 - A. Establish a policy requiring detailed inventory of capital assets
 - B. Establish condition or functional performance measures and apply to the asset inventory
 - C. Develop financing policies to support adequate capital maintenance effort.
 - D. Use a multi-year Capital Improvements Program (CIP) and asset inventory to allocate sufficient implementation funding each year.
- III. Water and wastewater systems are the most capital intensive enterprises
 - A. There is growing investment gap in funding the repair and replacement of these systems
 - B. Traditional capital improvement plans focus on new projects
- IV. Finance officers are faced with system failure risks and a severe economic downturn
 - A. New projects may be able to be quickly deferred, but this does not address the risk of system failures
 - B. Identify and inventory critical assets
 - C. Estimate useful life and replacement costs
 - D. Estimate risk.
 - E. Prioritization
 - F. Condition assessment
- V. City of Peoria's Focus
 - A. Citizen perspective and assets types
- VI. Practical Assessment
 - A. Grading/prioritization
- VII. Management Systems
 - A. Linkages to other systems
- VIII. Common Struggles
 - A. Reliance on "instinct and institutions"
 - B. Daily performance
- IX. Financing
 - A. Obtain best value in systems (maximize before failure)
 - B. Funding Sources and strategies
- X. Other Considerations
 - A. Transparency-
 - B. Vehicles