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**Minutes  
City of Fort Collins  
Futures Committee Meeting  
Regular Meeting  
CIC Room, City Hall  
300 LaPorte Ave  
October 13, 2014  
4:00–6:00pm**

**Committee Members Present:**

Wade Troxell, Chair (arrived 4:15)  
Gerry Horak  
Bruce Hendee  
Darin Atteberry (arrived 4:30)  
Gino Campana

**Committee Members Absent:**

None

**City Staff:**

Dianne Tjalkens, Admin/Board Support  
John Hutto, Chief of Police  
Jeff Mihelich, Deputy City Manager  
Mike Beckstead, Chief Financial Officer  
Kevin Gertig, Utilities Executive Director  
Karen Cumbo, Director of PDT  
Wendy Williams, Assistant City Manager  
Rick Richter, Director of Infrastructure Services  
Ken Mannon, Operations Services Director  
Lance Smith, Strategic Financial Planning Manager  
Sam Houghteling, Graduate Management Assistant  
Travis Machalek, Graduate Management Assistant

**Invited Guests:**

**Community Members:**

Kevin Jones, Fort Collins Area Chamber of Commerce  
Dale Adamy, citizen

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**Gerry Horak called meeting to order at 4:08pm**

**Member Comments:** none.

**Approval of September Minutes:**

Gino moved to approve the September 8 minutes as presented. Gerry seconded.  
Motion passed unanimously, 2-0-0. Wade arrived after vote.

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**Think Tank Item 19: Aging Infrastructure & Asset Management—Karen Cumbo, Kevin Gertig, Wendy Williams, Rick Richter, Jeff Mihelich, Lance Smith, Mike Beckstead and Bruce Hendee**

Bruce introduced the topic of aging infrastructure and the importance of advanced planning in order to insure reliable service, upgrades and the ability to adapt. Some issues faced are funding, monitoring, timely replacement, coordinated systems approach, preparing for disruptive events, and appropriate staffing.

**Utilities Asset Management Program**

Lance Smith discussed the utilities asset management program. A formal program has been developed for water, stormwater and wastewater. Projects have been prioritized and staff has developed lifecycle management plans for assets. Asset management systems are software packages, while programs are the underlying policies. A system will generate work orders for assets to track costs and generate general maintenance orders. However, there need to be condition assessments, strategies for lifecycle maintenance, asset failure curves, asset demographics, service level performance monitoring, risk management and strategic financial plans in order to have a complete sustainable program. Some tools being developed are asset management plans, multi-attribute decision analysis software, etc. They have developed a scorecard that identifies service areas, performance metrics, long term targets, where we are today, and a summary score to analyze major systems. Kevin added that the process drills down to all minor assets and is very in-depth. There is an asset manager coordinating this implementation. Lance said the asset specific failure curve is also being developed. They are using Expert Choice software which uses 13 criteria to prioritize projects. From a strategic financial planning perspective he must have a strategic operational plan, an operating expense analysis, revenue and debt analyses, etc. They will perform an internal audit and are working toward the ISO 55000 accreditation. Once the asset management program is completely developed, they can determine how rates will be affected.

**Facilities Management**

Wendy Williams discussed management of facilities. Staff does building condition audits and includes this in service and functionality of buildings. There has been no dedicated facilities maintenance reserve since 1996 due to budget constraints. There are 52 buildings. Some issues for the future are replacement, disposal and repurposing of City buildings. For parks, the City has 196 acres of parkland which have no lifecycle funding, including medians and parkways. There is heavy demand to use our fields; therefore artificial turf may become necessary. Water features are desired, but expensive to maintain. Required water usage for fields, facilities, and features will be difficult to attain without additional storage. For the City’s fleet of vehicles and equipment, the average ages are 9.2 and 11.4 years respectively. Replacements are deferred on a case-by-case basis.

**Comments/Q & A:**

- An industry standard for buildings is 4%. That is our goal, but we are typically below that.
- Why isn’t the senior team recommending to Council to fund this reserve? We have a huge deficit of deferred maintenance.
- Most of the time we need the 4%. We are using every penny we can get to catch up from deferred maintenance from when funding was tighter.
- What is 4% of the value of the buildings?

- Half million is about 3%, and the other percent is for general maintenance.
- If there is major catastrophe, you can go into reserves.
- This is for the major buildings we have. Some of our businesses, such as Utilities, are more customized and unique.
- On more unique buildings you have a specific plan. You come in to the BFO process for that funding.
- The money for O&M for the innovative center pool, is that 4% built in?
- That is regular O&M and does not include replacement costs.
- If maintenance is in the strategic plan, you can show future Councils what the needs are.
- Are you working on a replacement plan for larger equipment to project out and strategically plan?
- Yes.
- When you make a decision not to replace vehicles in a timely way, or make a decision not to fund buildings, doesn't it cost more tomorrow?
- We looked at where it made sense to increase the lifecycle of vehicles. If you keep it longer there are increased maintenance expenses, but the cost benefit of extending the vehicle life may outweigh those expenses.
- Is the 4% an internal or Council policy?
- It is an objective or guideline, not a policy.
- We brought a range to Council many years ago. It was settled at 4%. Some cities do as low as 2% or as high as 6%. 4% has worked well. We don't have any buildings in terrible shape.
- We are on the low end of taxes, but the high end of services. We are efficient, but where is the tradeoff between taxes and services?
- Having those standards, goals and objectives, and testing them on a case by case basis is what works.
- If you take something that is mission critical, you need to build in a different priority set.
- The way we handle police vehicles is different because their needs are different.
- There have been times in the two year budgets when fleet improvements have been defrayed. However, when you get behind, it is very hard to catch up. It's the same as wages. If we hold back when the market changes, it is hard to catch up.
- The service level is the driving force. We focus on trying to raise the level of services without looking at how spending the money now affects the future. We can have it today, but what about down the road?
- Our tax base is increasing. Our population is growing and becoming more affluent.
- We can determine cost of service per person, with determined level of service.
- It was said that we have consciously made a decision to have higher quality streets. However, the goal has actually been to have lower maintenance costs. Short term maintenance reduces long term costs.
- If you had a policy approved by Council knowing the dynamics change every couple of years it would allow staff to have a structured system.
- However that may allow less flexibility.
- There are many repairs that should be included in the budget, not as capital improvements.

### **Natural Areas and Golf Division**

Wendy discussed the Natural Areas and Golf Division. Natural Areas has a Capital Replacement Plan and Fund to pay for major maintenance and infrastructure replacement. Preventative maintenance is scheduled to minimize long term costs. The City's Golf Division is funded through user fees. Golf has some unfunded infrastructure needs including replacement of aging irrigation systems and additional funding for parking lots, shelters, bridges, buildings and restrooms.

### **Pavement Management System**

Karen presented information on streets, bridges and sidewalks. She said the City has had a pavement management system for 25 years and has recently folded bridges and sidewalks into this plan. However, the City does not have good funding sources for bridges and sidewalks like it does for street maintenance. Rick discussed the Deighton pavement management system. Staff collects a lot of data. The level of service was set as a result of the cost benefit analysis. Deighton software can look at multiple assets including sidewalks, bridges, and signals. The goal is a consistent level of service for all assets. Bridges give signs of wear over time, but fail at some point. Staff is working on a health index for bridges. Trails and sidewalks degrade but do not have a specific fail point, so they must be prioritized.

### **Comments/Q & A:**

- Is there an open software system that could allow these to be integrated?
- They are proprietary.
- However, you can bring results from another system into Deighton.
- Wouldn't it be nice if all these plans align, so the water main and street replacements are working together?
- We are overlapping GIS layers to look at street systems, bridge systems, etc.
- The financial aspect is an element that needs to be integrated as well.
- Some of these industry specific systems are proprietary.
- Could you do open source as a requirement in acquisition?
- When you do that you limit industry systems.
- They get so generic that they are not useful.
- These systems are very reliable.
- None of these systems should be on autopilot. There needs to be info from the ground.
- We have regular inspections.

### **Overarching Questions**

Bruce asked if there should be a single asset management system for the City. Should all departments have a consistent reserve policy? Are we budgeting adequately for continuous improvement? Can we adapt to disruptive changes/events? Should Facilities become an internal service fund similar to fleet?

### **Comments/Q & A:**

- To manage our assets needs a cohesive approach. They don't need the same management system, but who is the keeper of all of the knowledge? Cities that don't have an overall systems approach are experiencing failing infrastructure.
- Asset management is not a new thing, but the private sector is developing the tools that we can use. We don't want to start over with something generic that doesn't get to the level of detail we need.

- What are some drivers that keep costs down?
- We purchased the software and pay for a contract. That software is then available for any department to view. The working part has a specific number of seats. It was about \$7000.
- Maximo for Utilities was hundreds of thousands. A single monolithic system may not be ideal, but how do we take the information out of the systems to present in a useful way? Figuring out integrating at an informational support level is the goal.
- Is there a committee that comes together?
- There is a coordination committee.
- There is a manual coordination of capital projects for all agencies, not just utilities and streets. It includes CDOT, Xcel, etc. We had questions about an asset management system for Transfort and how it works with other City systems. Now we have an idea of what types of coordination need to be in place.
- This is an area for improvement. We don't have a complete system and there are projects that are not included in the capital improvement programs. For example, the City building at 281 N. Mason St. is getting old and won't be in the portfolio forever. So what is the plan for that?
- We are already considered innovative. The team does a really good job planning and projecting, rather than reacting. However, we're talking about a new Utility building that costs \$22 million. How did that happen that it is being proposed and is not on any capital improvement plan?
- In 2006 we did a land swap for a future utility business. Council approved \$4.5 million for improvements to Wood Street; however we found that insufficient. We started talking about consolidating in the downtown area. Do we want to invest that kind of money into Wood Street as a headquarters when we know the facility is not adequate? The reason it is not on a capital plan is that the project kept evolving.
- Why didn't the plan evolve?
- The effort went faster than the plan.
- We should be able to tell any citizen the plans for capital improvements for the next ten years.
- Facility needs have to be in our capital plans. As we develop our CIP, we will look at facility needs across the City on a long term basis.
- It's not so much that the City should have an asset management plan, but like the streets plan, part of the plan isn't just the asset, but the standards. For example, we instituted the pothole patrol. The asset management didn't drive the service level, but the other way around. Council's role is to look at when we change service levels that we have a plan to keep that level.
- These conversations lead to change in the City organization. The more pushy Council gets at it, the more effective staff will get at this.
- City staff and leadership need to be complimented here. The level of service focus allows for changes to happen. A lot of innovations have come into play that allow for more and better things to happen.
- We talk about level of service all the time, but it can mean a lot of different things. For example, we can put in a bridge that gets traffic across, or we can put in a bridge that has room for trucks, or that has bike lanes. You can propose enhancements that increase the level of service and have standards for these. We are providing something better than other communities our size are providing.
- Our street maintenance plan results in significantly lower costs.

- The warranty program had a huge impact on that. The changes you made are good. As we evaluate, we need to look at value-adds.
- A positive outcome of the Lincoln conversation is giving choice and scalability.
- An equivalent of this for Streets would be to have a gateway standard.
- This can be done at a structural level.
- Do we have standards for gateways?
- No, but we have enhanced travel corridors.
- Having a base plan with optional enhancements is a good idea. It is difficult from a design process, but allows options.
- We do have standards for streets but they change over time. The current Lincoln Corridor does not meet our current standards.
- Thinking of the functional element that goes from sidewalks to bike lanes, rather than just the traffic lanes, is positive.
- We are also gathering a condition survey.
- We need to prioritize Old Town. It needs to be timed properly. We need to get alignment for major projects. It affects our small mom and pop businesses. We need alignment across all departments.
- When we discussed the timing of street improvements to Jefferson, they were contingent on the streets improvement to Jefferson. We need a more systematic approach.
- That is why we need policy.

#### **DO 19: Next Steps**

- We should be thinking about defining levels of service based on the expectation of Council and the community. Use level of service to drive policy, which drives investment plans.
- We should also be driving budget and capital improvement programs.
- If we had a capital improvement plan that was coordinated, that would help drive budget decisions in a coherent fashion.
- It's more than coordination, but deep integration including on the budget level.
- We and the community need to have the information on the tradeoffs.
- What policies do we need so we can maintain what we have for the long-term future?
- Given changes of City staff at all levels this would allow for a level of consistency that is independent of staff.
- Taking away flexibility is a potential issue.
- You have to understand what the tradeoffs are in your decisions.
- Funding new programs versus funding ongoing needs does not make sense. When we have more money to invest, the real investment is making sure your assets are maintained.

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#### **Future Meeting Topics Discussion**

- November 10—Climate Action Plan
- November 24—Long Term Financing
- December 8—Land Use Planning & Build Out Revisited