



**Office of the Independent Budget Analyst**

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**Asset Management:  
Citywide Practices for  
Maintaining Infrastructure  
and Identifying Capital Needs**

**Presentation to the  
Infrastructure Committee**

**March 18, 2013**



# Introduction

- During the Infrastructure Committee meeting on January 28, 2012, our office was requested to report back on current asset management practices and processes for identifying capital infrastructure needs.
- To provide this information, we coordinated with:
  - Public Works
  - CIP Review and Advisory Committee (CIPRAC)
  - Enterprise Asset Management (EAM) Steering Committee
  - 12 departments or divisions that own, maintain, or have responsibility for infrastructure assets.
- Lists of unfunded capital needs:  
[www.sandiego.gov/planning/community/cpc/resources.shtml](http://www.sandiego.gov/planning/community/cpc/resources.shtml)



# Asset Management (AM)

- Asset management - a process to effectively and sustainably manage assets at a desired level of service, both now and in the future, for the lowest life cycle cost.
  1. business practice for making decisions on infrastructure based on quality data
  2. software system for optimizing asset maintenance, repair, rehabilitation, and replacement
- We assessed Citywide practices based goals for desired service levels, asset inventory, condition assessments, asset management systems, and asset management planning.



## Conclusions/Recommendations - AM

- Enterprise-funded departments generally have more fully developed asset management programs than General Fund departments.
- This is largely because they are:
  - driven by requirements to comply with federal and/or state regulations or industry standards;
  - have identified asset management as an effective business practice for meeting these requirements; and
  - are able to provide resources for asset management staff, consultants, and systems.





## Conclusions/Recommendations - AM

As the City moves forward in implementing Citywide Asset Management and developing a Multi-Year Capital Improvement Plan, there are a number of challenges and gaps that should be considered and addressed:

- The City has not established goals for desired service levels for many of its assets which is an important early step for implementing asset management. In setting these goals, it will be important to:
  - consider budgetary constraints and existing asset conditions
  - obtain public input on acceptable levels.



## Conclusions/Recommendations - AM

- The biggest gaps in identifying conditions of existing assets are buildings, sidewalks, and parks.
  - The City plans to conduct an assessment of buildings in FY 2014—the \$1 million estimated cost is anticipated to be included in the FY 2014 Proposed Budget.
  - City has estimated cost to conduct in-house assessment for sidewalks is \$1 million, which may be included in FY 2014 Proposed Budget.



## Conclusions/Recommendations - AM

- Funding has not been identified for the condition assessment of park system assets, which is estimated to be between \$0.3-1.0 million.
- Park & Rec maintains a significant number of assets and has a potentially large backlog of deferred capital (\$121 million but likely much higher), but extremely limited resources for funding projects.
- A valid list of deferred capital projects would be eligible to utilize future deferred capital bond funding, similarly to streets, buildings, and storm drains.

### Park System Assets:

- developed parkland-9,180 acres
- open spaces -26,280 acres
- recreation centers-56
- aquatic centers -13
- athletic fields-190
- athletic fields with lighting-87
- golf courses-3
- cemetery-1
- playgrounds -300
- skateparks-5
- dog parks-15
- outdoor basketball courts-200
- tennis courts-150
- comfort stations-160
- ball diamonds-300
- oceanfront beach shoreline-25.9 miles
- fishing piers-2





## Conclusions/Recommendations - AM

- An asset management system is important given the large numbers of assets and significant amount of information that must be collected and analyzed to have optimized and cost-effective asset management strategies in place.
  - Four departments currently lack these systems and the remaining systems in the City do not interface with one another or the City's financial system.
  - Public Utilities is developing an SAP EAM system which provides a foundation for other asset-owning departments to leverage for their own SAP EAM roll-out in the future—likely for a significantly lower cost.





## Conclusions/Recommendations - AM

- Ongoing annual maintenance is vital for maintaining the condition of assets.
- Due to tight financial constraints, many departments are not fully funding ongoing, annual maintenance
  - contributes to deferred maintenance and capital costs and
  - increasing future repair costs as assets further deteriorate.
- Facilities Division an important example of chronic underfunding of ongoing maintenance because its work affects many City departments.



## Conclusions/Recommendations - AM

- Current funding for the Division is significantly below the level needed to keep up with necessary maintenance and repairs largely due to a 23.2% reduction in budgeted positions since FY 2004.
  - Reactive maintenance
  - Over 1600 uncompleted work orders
- Based on recent sustainability study, has a projected \$30 million annual deficiency.
- While the City may not be able to fully fund maintenance in FY 2014, it is important to include realistic projections and goals in the Multi-Year Capital Improvements Plan.



## Conclusions/Recommendations – Capital Needs

- Asset management can provide a sound basis for identifying capital needs for existing assets .
- It can also provide information on the need for new infrastructure based on projections for increased capacity.
- It is important to note that there are other important sources for identifying needs for new infrastructure, such as the General Plan, community and financing plans, specific studies on assets—like CityGate, departmental master and CIP plans, and public input.





## Conclusions/Recommendations – Capital Needs

- Overall, the process for identifying capital needs is decentralized, varies by department, and generally depends on resources and funding available to the department.
- Lists of unfunded capital needs:  
[www.sandiego.gov/planning/community/cpc/resources.shtml](http://www.sandiego.gov/planning/community/cpc/resources.shtml)
- Enterprise-funded departments generally have master plans and more fully developed processes for identifying and prioritizing projects because they must comply with federal and/or state regulations or industry standards and have more resources available.





## Conclusions/Recommendations – Capital Needs

- General Fund departments generally have some type and level of master or capital plans, but may not incorporate all of their assets into the plan or may only focus on new infrastructure.
- Capital planning should be a balance of addressing needs of existing infrastructure and adding new infrastructure, like fire stations, to address community needs.



## Conclusions/Recommendations - Overall

- Making sound and informed decisions regarding infrastructure investment is particularly important for the City given valid and competing priorities for limited resources.
- Implementing asset management will provide key data and information on assets so that decision makers can identify the most effective maintenance and CIP investment strategies.
- Asset management also allows community involvement in determining what an acceptable level of services is while informing decision makers and citizens of the impacts that deferring investments will have on the system.



# QUESTIONS ?

Infrastructure Committee  
March 18, 2013