

# WEEKLY MEMO

**Date:** March 9, 2012

**To:** Mayor Lynn Stauss, Council President Craig Buckalew, Vice President Wayne Gregoire, Council Members Marc Demers, Ron Vonasek, Henry Tweten, Greg Leigh, and Mike Pokrzywinski.

**From:** Scott Huizenga

**RE:** Weekly Update

## **UPCOMING MEETINGS:**

*March 13, 2012 – 5:00 pm – Work Session – Training Room*

*March 20, 2012 – 5:00 pm – Council Meeting – Council Chambers*

*March 27, 2012 – 5:00 pm – Work Session – Training Room*

*April 3, 2012 – 5:00 pm – Council Meeting – Council Chambers*

## **WEEKLY UPDATE:**

### **Transit**

The Grand Forks –East Grand Forks Metropolitan Planning Organization (MPO) is currently updating its Transit Development Plan (TDP). Thus far, the City Council has heard a presentation on the draft plan. The Planning Commission heard a similar presentation on Thursday. I met with MPO staff this week to discuss the five-year Capital Improvements Plan for the final Transit Plan. The City receives state and federal formula dollars for transit. Part of the formula includes an annual capital allocation that can be used for several different options including vehicles, equipment, and facilities. The MPO staff and I tentatively identified four alternatives that could be included in the next five-year plan. The options include:

- Continuation of new sidewalk development along transit routes.
- Installation of additional bus shelters at selected bus stops.
- Expansion of night or weekend service (depending on grant eligibility).
- Purchase of demand response (e.g. Dial-A-Ride) vehicles in conjunction with the City of Grand Forks.
- Renovation of Cities Area Transit headquarters in conjunction with the City of Grand Forks.

The options and cost estimates will be incorporated into the final TDP draft for Council consideration at a future meeting.

### **Legislative Update**

The State Legislature continues to work on several items that could affect cities. Bills have advanced that would expand the definition of synthetic illicit drugs so that more categories and compounds are eligible for criminal prosecution.

The Legislature has modified language related to mandated water conservation rates in municipalities. Under the new language, cities could have uniform rates rather than progressive conservation rates provided that the water providers could prove overall water conservation.

East Grand Forks is a prime example of a city in which proactive measures have resulted in reduced water demand for several years without the need for state mandates.

Finally, the Legislature is considering a bill that would render annexation of township property into the city limits more difficult, *even if the annexation is voluntary*. One draft would require voter approval of at least 75 percent of both the city and township voters separately in order to proceed with an annexation.

Other sore points for cities, including object code reporting, levy limits, and property tax rate changes continue to work through committees. Next week is the deadline for legislators to file new bills for this legislative session.

### **Minnesota City Finances Report**

The Office of the State Auditor released its Minnesota City Finances report for 2010. The overall trends are troubling if not surprising. In all Minnesota cities, expenses dropped 3 percent from 2009. Government revenues dropped 10 percent **adjusting for inflation** in the last decade. Cities saw slight increases in federal revenue due to the federal stimulus funding while state revenues decreased. As expected, increased property taxes and decreased spending made up the difference. The entire report can be found at: <http://www.osa.state.mn.us/default.aspx?page=20120302.002>.

### **2011 Audit**

Administration and Finance is currently deeply engrossed with the 2011 City Audit. Staff will be intensely focused on this process for the next 4-6 weeks. The Final Comprehensive Audit and Financial Report (CAFR) are due June 30. Office turnover has resulted in staff adjusting to new roles in the process by assuming duties they have not performed previously. The staff is a bit tired, but we are eager to learn to processes and contribute to the end product. Beginning next week, we will be engaging other departments toward the completion of the audit.

### **Greenway Boulevard/13<sup>th</sup> Street SE**

City officials met this week with the primary development interests on Greenway Boulevard and 13<sup>th</sup> Street SE to discuss potential resolutions to the completing paving projects on those two streets. The City Council will reconsider at its next regular Council meeting a resolution to order a feasibility study and to schedule a public hearing on the project.

### **Health Insurance and Wellness**

The Human Resources Generalist and I met with the City's Health Insurance consultant to review the final expenses for 2011. Overall, the City experienced a very rough year for claims in which total expenses were over 140 percent of revenues. A loss ratio of that magnitude generally triggers dramatic premium increases that City employees largely bear. In the coming weeks we will begin to combat this troubling trend by re-engaging the City's wellness committee and the insurance committee. City employees comprise both groups. We are actively soliciting staff input to improve overall city wellness, which ultimate leads to stabilized health costs.

## **DEPARTMENT REPORTS:**

### **Public Works, Jason Stordahl**

With the warmer weather we have been busy scraping streets, and monitoring all catch basins to ensure they are operating properly.

### **Library, Charlotte Helgeson**

The East Grand Forks Campbell Library will host "Attracting Birds in Your Backyard" with Heidi Hughes of the Agassiz Audubon Society on Monday, March 12 at 6:30. No registration or fee.

A Writers Workshop for March 24 is filled and a waiting list is growing. The interest was immediate showing a strong support for future workshops.

The Library will have a soft launch of our e-book collection on Monday March 12<sup>th</sup> starting with a small collection, hoping for requests from e-readers. Elend.egf.mn All patrons must add 10000 to their library numbers. We discovered that our numbers were too small for the OverDrive system. If your number is 444 at the library, it will be 10444 for e-books; if 2222 then 12222. A patron must have 5-digits to checkout e-books.

### **Police Department, Chief Mike Hedlund**

#### **DRIVE SAFELY**

Our area has received fresh snow and as the weather warms up over the next few days this will all be melting during the day time hours. Unfortunately, spring weather often includes freezing temps at night which can result in very slippery roads in the morning. Drive safely all of the time but especially in the morning when conditions may not be the best and everyone seems to be on the road.

#### **FRAUD**

There has been an increase in the number of fraud calls recently. One old one that seems to be coming back is a caller who claims to be a relative who has gotten into trouble while traveling - usually in Canada. The "relative" needs money for car trouble, to pay a fine or to get out of jail - or some other excuse. This scam usually targets senior citizens and the crook committing the scam usually pretends to be a grandchild. If you have elderly relatives talk to them about this and make sure they understand to NOT send any money or give out their personal information.

### **Fire Department, Chief Randy Gust**

Update on the Arial Platform, We have had the heat pan built and installed at the Seagrave Plant and are waiting for City of Bridgeton to release it to us after they receive check from East Grand Forks. The ladders that go with truck are being shipped from Bridgeton in the near future. We are working with Cash Trucking to have them delivered to us with Bridgeton paying the transportation costs.

Department personnel had scheduled mandatory medical evaluation testing at the fire station Monday the 5<sup>th</sup>. We had all personnel in attendance. Sanford was able to do the testing in-house and at a very reasonable rate. We were pleased to be able to have testing done by a local business.

## **AGENDA ITEMS:**

1. The City Engineer will discuss further a proposal to implement ICON Pavement Management software for East Grand Forks. ICON is a database that the City could use to record pavement condition indices (PCI) for all city streets. The PCI's are used to then to rank and prioritize street reconstructions. The MPO has already purchased the software on behalf of both the Cities of Grand Forks and East Grand Forks. The proposed cost to the City is entering the relevant data into the system. Consultant staff of city staff could implement the system. I recommend the use of consultant staff due to their familiarity with city projects may date back several decades. Once the system is operational, annual maintenance will be needed. City staff could enter data on routine maintenance items while larger project updates could be incorporated into the engineer's as-built drawings at project completion. The proposed cost is *not to exceed* \$50,000 for the first year. The consultant would bill hourly at the lowest available rate. I have attached a brief article from a 2005 edition of *PM Magazine*, the official publication of the International City Management Association (ICMA) that explains how pavement management fits in with an overall asset management program.
2. Paul Kalibabky, representative of Waste Management, will discuss the Recyclebank Program. Recyclebank is a voluntary, cost-free program in which the City could compete with cities nationwide for a chance to earn a \$100,000 grand prize for recycling participation in the community. Additionally, individual residents in the City can be eligible for gift cards and other prizes from several businesses simply by what most residents are already doing – recycling. The initial Recyclebank program will include just one City from each state. Waste Management has chosen to offer East Grand Forks the opportunity. The only cost to the city is promotion of the two-year program.
3. The Interim Public Works Director will present quotations for a new motor grader that is included in the 2012 Budget. The purchase would previous a grader that is over 20 years old and has been used sparingly due to its deteriorated condition.
4. The Parks and Recreation Superintendent will present quotations for new playground equipment at O'Leary Park.
5. Council Member Pokrzywinski will present findings and options from the City Logo Working group. The City Council several months ago directed selected council members and city staff to study options for standardized city logo on city vehicles and correspondence.

## ARTICLE

# IT Solutions for Asset Management – What do you need? What's available?

1 July 2005

## The Five Elements of Asset Management

- Objectives, Requirements, and Plans
- Practices and Processes
- Data and Records
- Information Systems
- Organization and People

In this article, we look at the challenge that formalizing Asset Management (AM) programs within municipalities will create for existing information technology (IT) systems. Information Systems is one of the Five Elements needing attention to obtain the benefits of Asset Management, and we are exploring these elements through these newsletters.

To meet AM requirements, an organization's IT must support large amounts of new types of data, support day-to-day operations as well as long-term planning, and it must create analytic reports. These reports have to be both comprehensive and understandable because they are the basis for informed decisions that result in reduced asset lifecycle costs and more efficient service delivery. In what follows, Trilogics Technologies, Inc. explore the needs of decision makers who are responsible for Asset Management. Then, based on our experiences, we compare these needs with the capabilities of the IT systems available and in common use for AM

There are many information systems available for managing specific assets or for specific stages in the lifecycle of municipal assets. A larger municipality should have reliable systems to support most of the following, although this list is far from comprehensive:

- Central asset registry – to meet GASB 34 and to integrate all your systems;
- Roads – PMS, or Pavement Management Systems, to optimize spending on the most expensive municipal asset;
- Maintenance and work management – CMMS (Computerized Maintenance Management Systems) and EAM (Enterprise Asset Management), to schedule routine maintenance jobs, for assigning jobs, and tracking changes to individual assets;
- Pipes – systems for designing and managing the networks for water, wastewater, and stormwater;
- Inspections – for example, software to process and store video inspections of wastewater pipes;
- Condition – for tracking the condition and service ratings of assets;
- Locations and Maps – GIS, or Geographic Information Systems, to help you locate assets and events easily and see how they are connected; and for
- SCADA - Supervisory Control and Data Acquisition, to manage the industrial processes in, for example, water and wastewater treatment plants, and for gathering results from remote meters and valves.

Many municipalities have developed "in-house" applications to meet specific AM requirements. These are stand-alone

spreadsheets or databases, and often are not integrated with a central asset register. They typically do not track asset history, or support planning scenarios, or provide much insight into future costs. Further, loose data structures and general lack of data standards will make it hard to support a coherent, enterprise-wide approach to Asset Management.

The problem is, these technologies, whether they are COTS – Common Off The Shelf – applications, or in-house software, do not integrate with each other easily, and they do not "roll up" your data to provide some of the consolidated views of the complete asset inventory that you need, namely:

- Cost to date, and the future financial liability;
- The general state or condition of assets; and
- Present and future service demand in relation to infrastructure capabilities.

The use of GIS reflects these issues. Over the last decade, municipalities installed mapping software to locate fixed assets easily and they invested heavily in a one-time load of spatial data. Generally the GIS inventory was not integrated with the maintenance data or with capital projects planning and data, so the GIS data was not automatically maintained, became out of date, and eventually that GIS investment lost much of its value. To fix this, managers are faced with two costs – first, for updating the GIS inventory and second, for GIS integration so this doesn't happen again.

We also see that the adoption of the Five Elements of AM and the use of IT (as in the preceding list of systems) can vary hugely between groups in the same municipality. Most cities have an advanced approach to pavement management, while the AM program for wastewater is still in its infancy and the financial benefits from that program are far down the road. As a last comment, sharing information on "best practices" and benchmarks for performance indicators between municipalities is yet to be put into general practice despite obvious value.

Enterprise Asset Management (EAM) systems, which evolved out of CMMS, were designed to incorporate work management, purchasing, inventory, asset registers, and other enterprise functions into a single system. Enterprise wide implementation of such systems can enable an organization to make significant strides towards practicing AM. But of the EAMs that dominate their market today (i.e. Hansen, Maximo, Synergen, etc.), none of them comprehensively meet the requirements of an advanced Asset Management program. EAM providers are continuing to add functionality, such as business intelligence reporting, capital planning, decision support, and optimization tools. This introduction of AM planning tools offers the promise of full integration of the municipality's enterprise data into an AM solution that supports all levels of the organization. Presently, these systems lack the "drill down" ability that lets you see the actual data behind various results, or to see the implications of decisions at the operations and maintenance level on financial management.

What municipalities need for AM is a comprehensive IT system that links the major process areas such as work management, financial management, and project management to a shared asset register. The result of making asset information readily available throughout your municipality will be that any activity, service level change, or cost that impacts any asset will be captured, rolled up, and reported at a management level.

To deal with this increase in information, asset managers need decision support tools that will enable long-range planning to optimize spending, i.e. "What if?" scenarios. Providing these tools will give municipalities the ability to develop, and benefit from, meaningful Asset Management plans.

A recent international Asset Management working session in Washington DC reviewed AM practices and called for better solutions to meet the challenge of selecting, implementing, and integrating IT to support AM practices. To help with that challenge, here are some questions for your municipality to consider when evaluating information technology for asset management:

- Does the system offer scenarios-based decision support?
- How will it support risk management?
- How will it balance capital planning for assets against multi-year maintenance cost forecasts?
- Will it be easy to integrate this application with your other systems?
- What is the quality of the standard reports, are they readily understood by managers? How easy is it to create ad hoc reports?
- How does it archive or warehouse data?

· What tools does it provide to support long-range plans (100+ years) and strategic plans (20+ years)?

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