



Michael Kovacs, City Manager, Fate
Jim Proce, City Manager, Anna

let's discuss

City of Fate & City of Anna Tactics for Avoiding Bankruptcy & Doing Aggressive Road Maintenance



City Manager Michael Kovacs

- City Management – 21 years
- Cities – Texas: Corpus Christi, Presidio, Port Aransas, Galveston, Fate, South Carolina: Surfside Beach (near Myrtle Beach), Utah: Park City!
- Emergency Management 1 year, & Police Management Intern
- Texas A&M University – Corpus Christi, BA2, MPA
- Fate resident
- GO STARS!



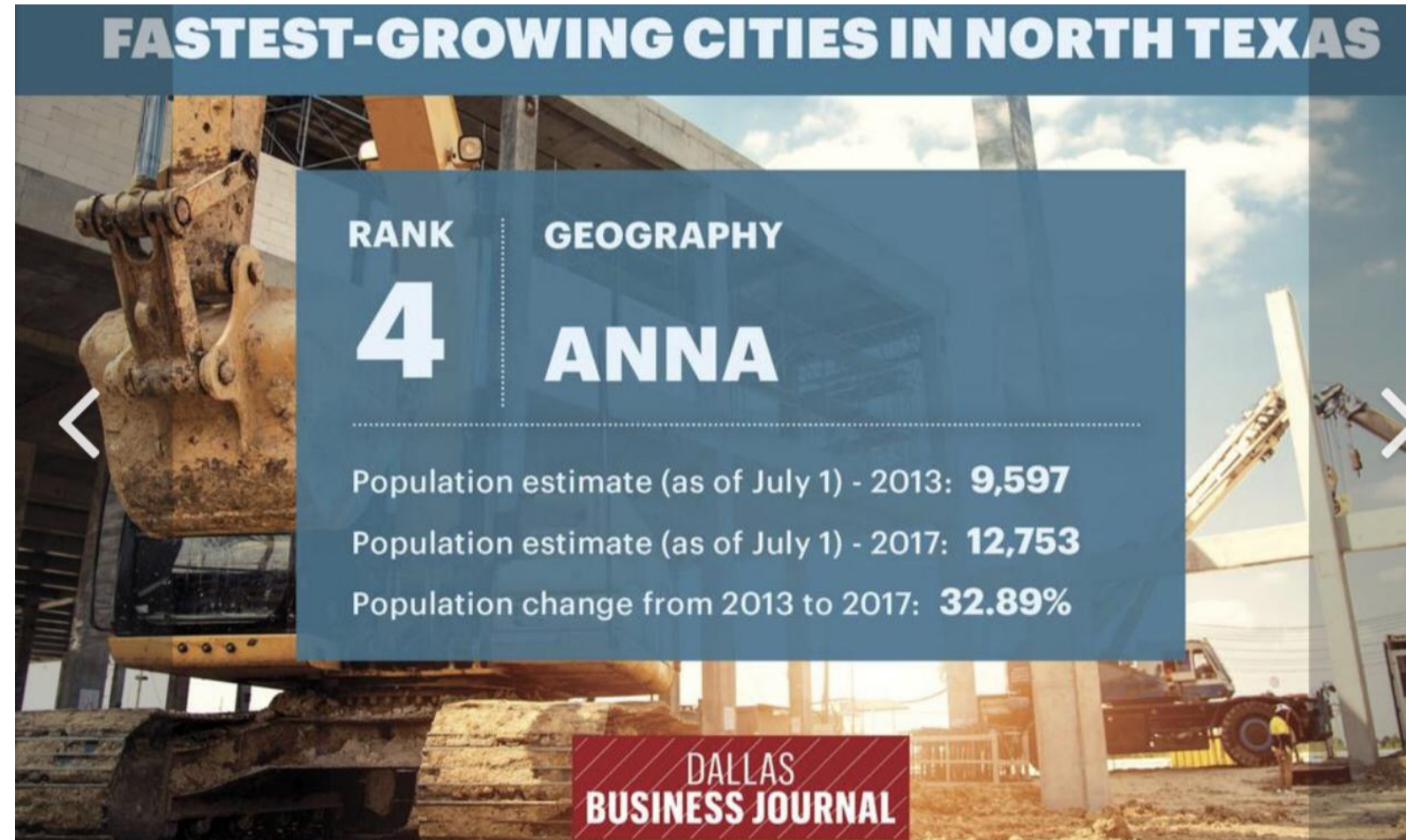
Jim Proce, ICMA-CM



- City Management & Public Works – 35 years
- Agencies in Florida and Texas – Palm Bay, Melbourne
Tillman Water Control District, Rowlett, Anna
- City Manager, Assistant City Manager Public Works
Director, Transportation Manager, Vice President, Street
Superintendent, Supervisor, Inspector, Survey Worker,
Drafter
- BS - Rollins College, Winter Park FL
- MBA – University of Central Florida, Orlando FL
- Certification – Harvard University, Cambridge MA (State
& Local Government Executive Training Program)
- #AnnaTexasTheNextBigThinginNTX

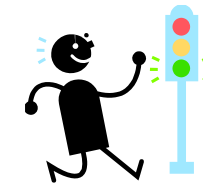


- Anna Population Today is 15010
- 56.40% increase since 2013
- Consistently growing at 9% annually (increasing rate)
- But what does that mean about our future?



PAVEMENT
CONDITION INDEX
ANALYSIS

CURRENT
INVENTORY
PCI RANGE =
0 through 100



ROUTINE
MAINTENANCE

37%



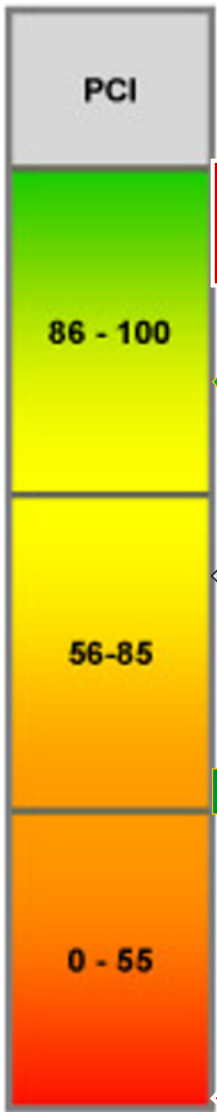
PAVEMENT
PRESERVATION

49%

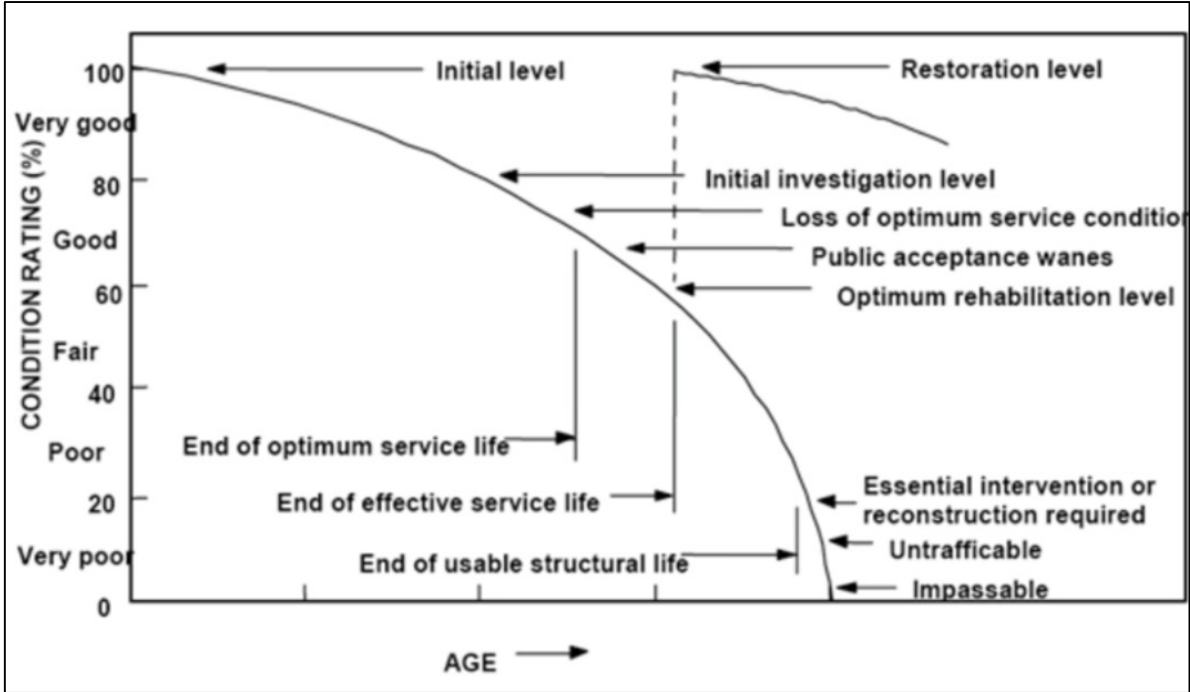


MAJOR
REHABILITATION

14%



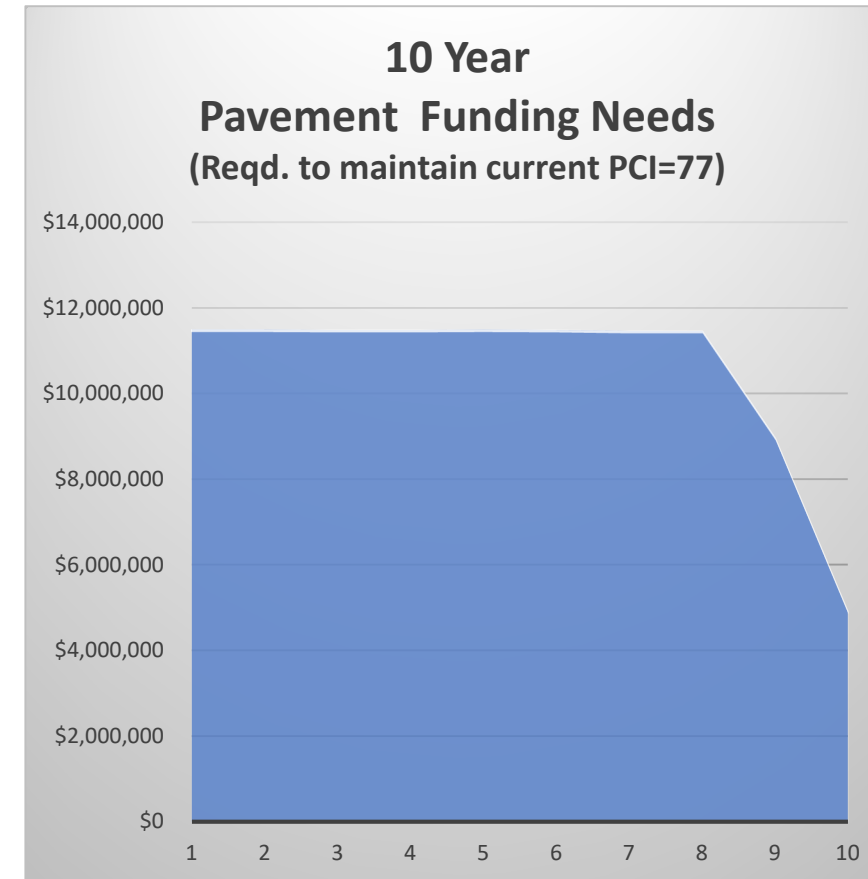
CURRENT MEAN
PCI = 77



DESIRED PCI RANGE
SHOULD BE 55 and
ABOVE TO MAINTAIN
SYSTEM EFFICIENTLY and
CONTROL COSTS

Pavement Infrastructure Needs

- Even with the financial injection of funds, the system will lose ground as the aggregate PCI will decline at current spending levels
- In the Micropaver analysis, the current spending levels resulted in greater liability event after the reinvestment of significant dollars
- This is most evident due to the pavement deterioration
- To remain at the current PCI 77 annual reinvestment should be \$10.5M for approximately 8 to 10 years



Program	Current Needs	Funded	Expected Liability FY2018	Projected Outstanding Liability	Realized Loss
Alleys	\$27.0M	\$2.0M	\$25.0M	\$31.4M	\$8.4M
Roads	\$45.0M	\$13.5M	\$31.5M	\$45.7M	\$27.7M



Jim Proce, ICMA-CM • You
City Manager at City of Anna, Texas

2mo ...

Matt Yager and **Kevin Shepherd** my experience with the life cycle analysis in every city I have every engaged, reviewed or worked for have not looked closely enough at those long term liabilities. I have told folks (more times than I can count) even if you take the snapshot look at it looking at lanes miles in inventory and total replacement costs for that inventory you'll be very surprised at the replacement value of that asset. Start factoring in exponential deterioration, pavement condition index, rising costs of construction labor/materials and time value of \$ and you will see that these numbers get huge fast. The reinvestment in capital just isn't there and with no one interested in paying more taxes the models for future development and redevelopment have to change. That article has some interesting points (some of which make sense) but when I look at the (tax) revenue generating potential of suburban areas it doesn't look sustainable without other considerations: reducing infrastructure costs up front, more dense and diverse housing stock, going vertical, more sustainable construction standards, and active management of the deterioration curves to maximize maintenance service intervals and avoid the exponential deterioration.

Make it simple and ask yourself:

What is total inventory?

What is total inventory replacement cost?

How much are you spending annually?

What is the gap?

Do the math

How many years will it take to do it all, assuming the roads you build are so good they will last forever?

535 miles = \$800M?

How ever you break it down it's a huge number!

What are your numbers?



City officials weigh spending for deteriorating streets

By CASSIE L. SMITH csmith@wacotrib.com May 29, 2018



With average pavement conditions declining in recent years, as seen in this 2015 pothole on Bosque Boulevard, city council members are considering boosting street spending in the next budget year.

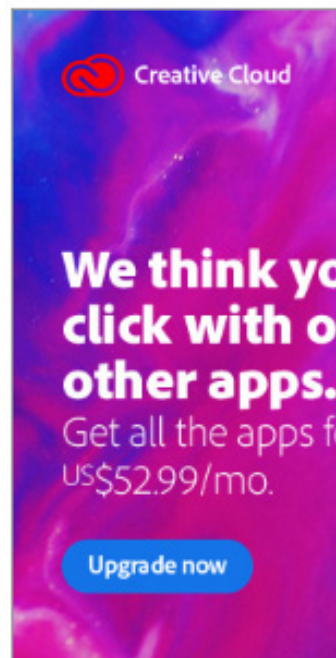
Staff photo — Jerry Larson, file



City proposes 70 percent spending boost for streets



Some Waco City Council members signaled Tuesday that a staff recommendation to spend \$10 million on street work in the upcoming budget year could fall short of meeting the city's needs.



The Latest

- NTSB to investigate in Alaska after deadly plane crash
- Connecticut considers making phone calls free for prisoners
- Alabama Senate heads toward vote on abortion ban measure

Awesome editorial below on the above article by City Manager of Anna, Jim Proce:

“So here’s the thing about this... 600 miles of road in poor shape!

PCI well below 50 which means rebuild everything!?!

So if you back into the numbers and they want to invest \$5,000,000 and if you just assume a 20 year life cycle... they are a sinking ship.

So follow this... Invest \$5,000,000 a year X 20 years / 600 miles = \$166,666/mile

Not enough... So double it... Still not enough...

Result: Epic fail”

Jim Proce, ICMA-CM, PWLF, MBA

Tough (but necessary) infrastructure questions...

- Do we really think all of this infrastructure is a good idea? Why?
- Who is going to maintain all this stuff once the developers are long gone?
- When these roads fall apart, where is the money coming from to pay for all of this?
- Has anyone costed or value engineered this to see if all this infrastructure is really necessary?
- Does the revenue this development generates pay for the ALL of the services that will be required to maintain and rebuild when needed?
- Are we putting away funds for when all this stuff falls apart?
- Are you having these conversations with your community or are you just piecemealing your CIP?

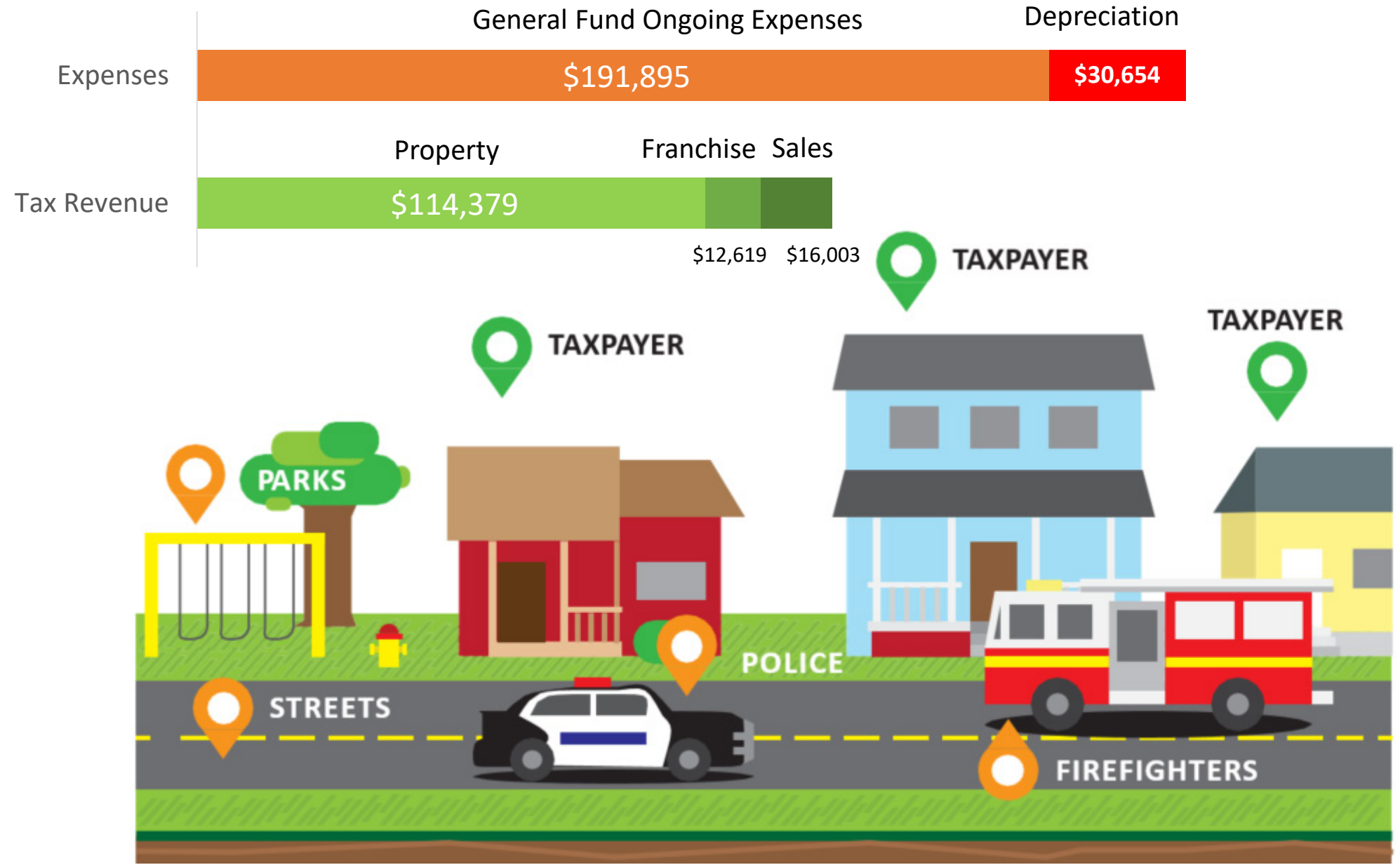


Overview – FATEful part

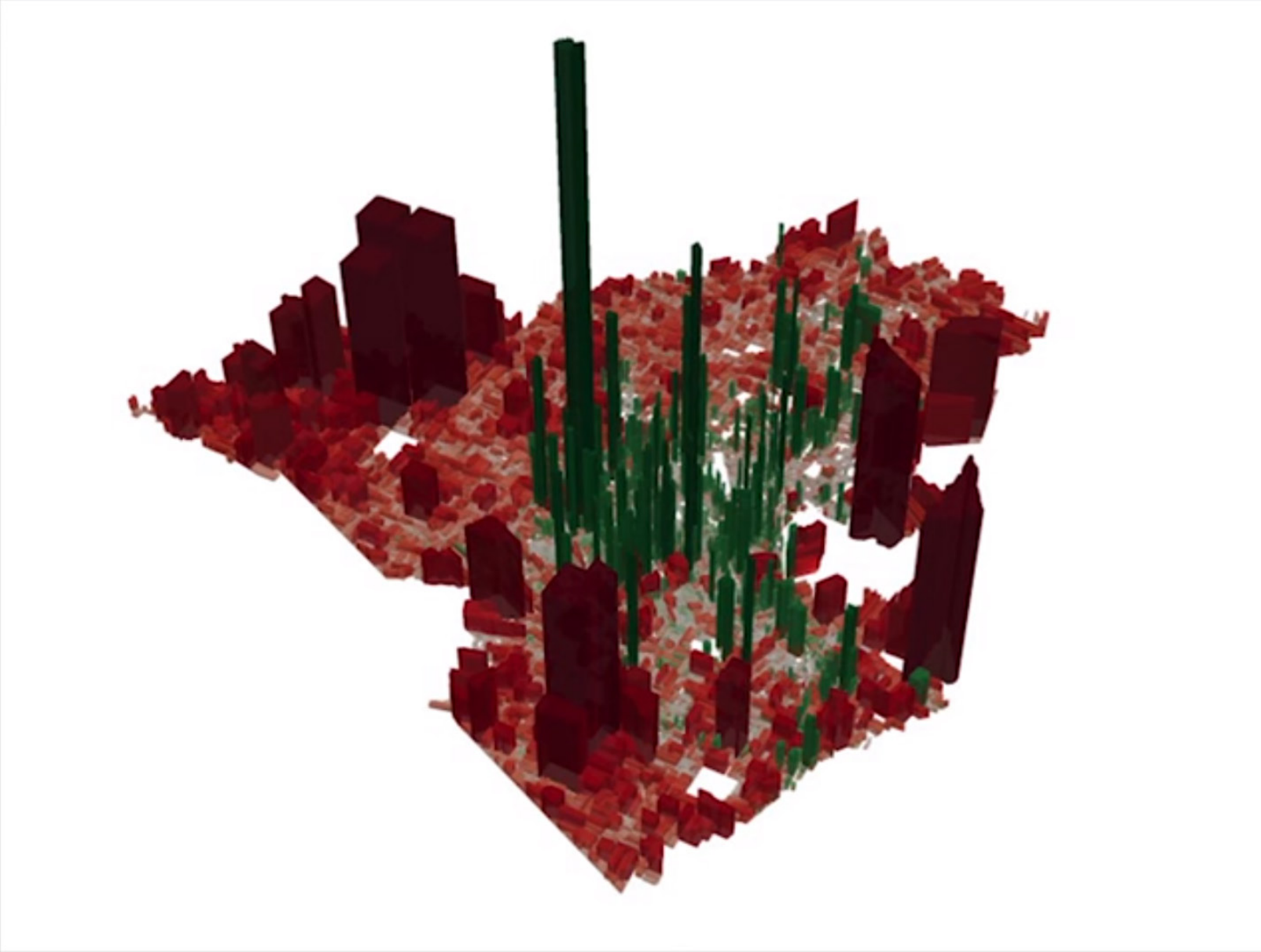
- Cities are going broke in spite of their growth and the way we develop is largely to blame.
- Steps you can take to create a road program that will address maintaining infrastructure aggressively.



Sample Neighborhood in Fate

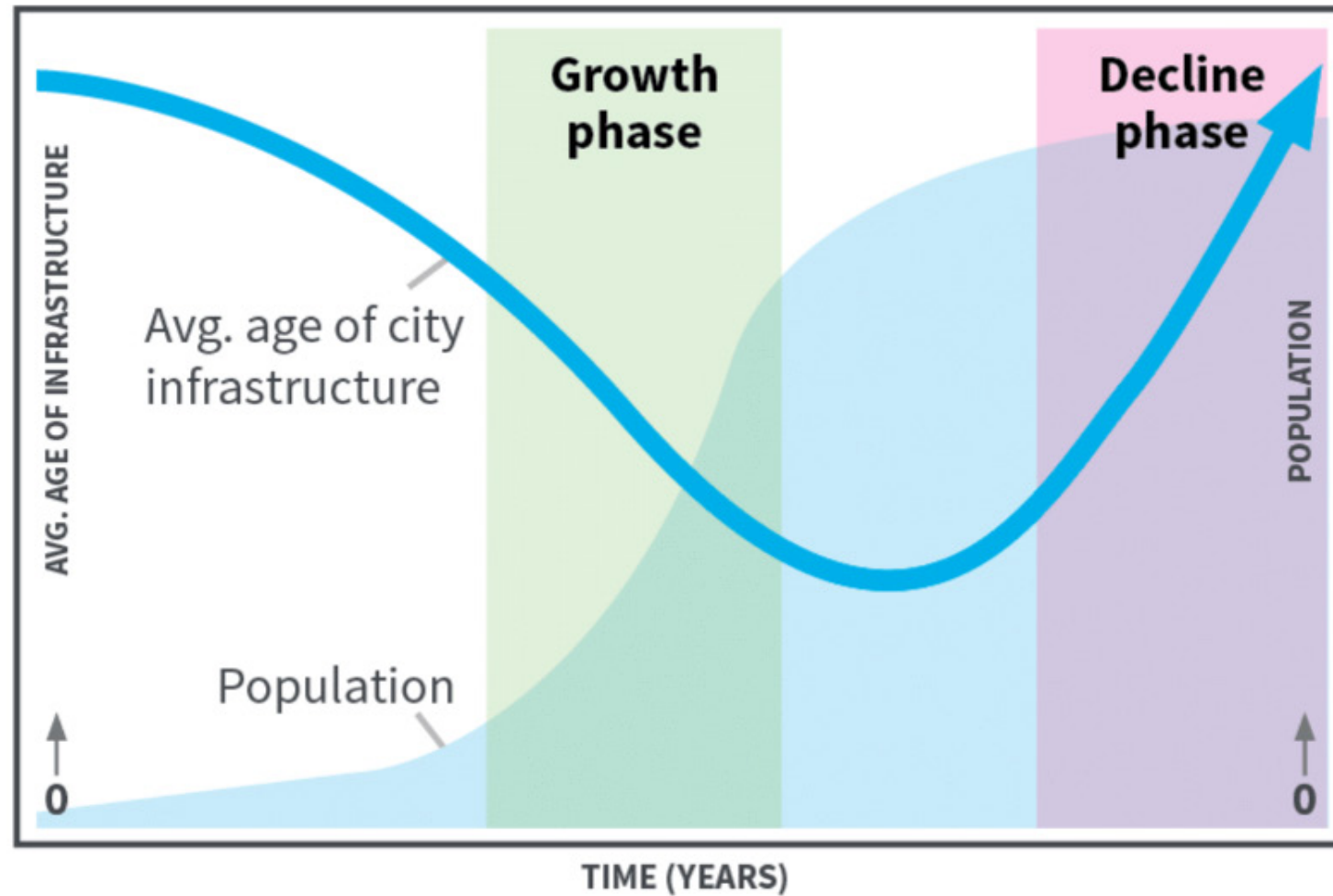



Lafayette, LA – Net Revenue to City by Acre



Balancing Growth and Infrastructure Costs

Understanding long-term impacts of rate and pattern of growth



Slide courtesy of: 



Taxable Value: \$747,552
Tax Received: \$ 2,176
Cost of Repair: \$ 36,484
Life Expectancy: 5 to 7 yrs

Based on the current taxable value and the current tax rate, it would take 16.77 years for the properties to repay the repairs – that is assuming all of the future tax revenues are dedicated to the replacement costs and no other city services are provided during that same period.



**Annualized Depreciation =
Current Responsibility for Future Liability**

\$2,300,542



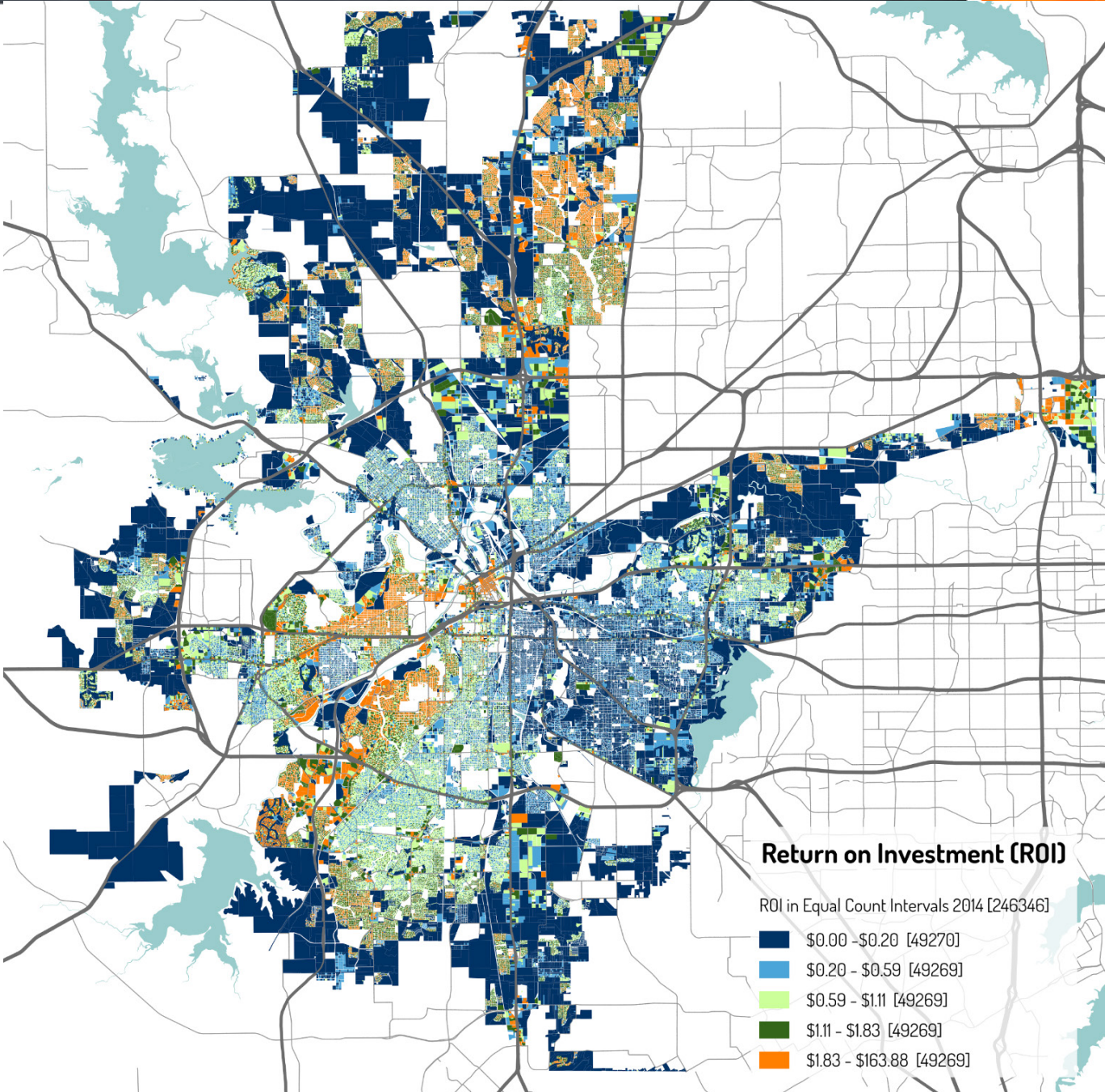
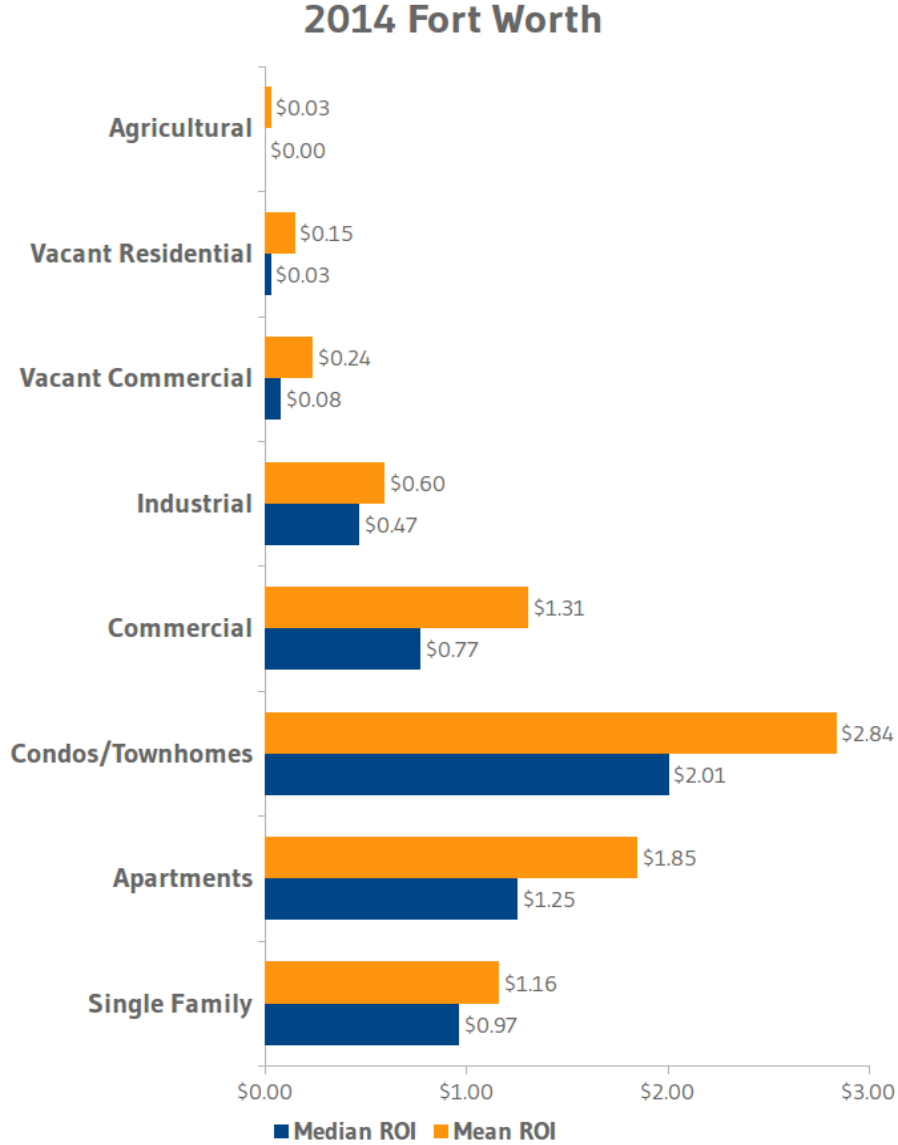


\$2 in revenue for every \$1 to serve

Business Strategy – Build Revenue-Positive



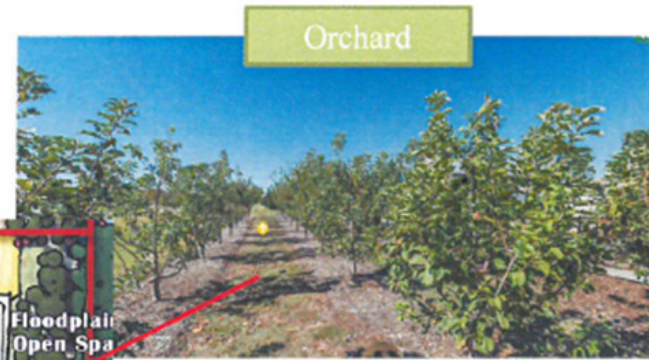
Development Pattern ROI



Courtesy of: Felix Landry, Urbex Solutions



Montarra Community Farms will be an environment where urban farmers, gardeners and farm-to-table entrepreneurs can thrive. The trend toward growing your own food will be a way of life here and because of that our residents will share a unique connection to the land and nature. Our Head Farmer will provide expert knowledge to the residents as well as unique field trip opportunities for area schools.



Orchard



Weekend Farmer's Market



Greenhouse



Agriculture Expert on Staff



Garden Plots

Note: This is an alternative concept for discussion purposes only and is not to be considered our plan under Local Government Code Section 43.002. Our current plan will be filed with the City of Fate according to its Subdivision Regulations.

Private or streets maintained & replaced by PID



THE ONLY THING WORSE THAN HAVING CONGESTION

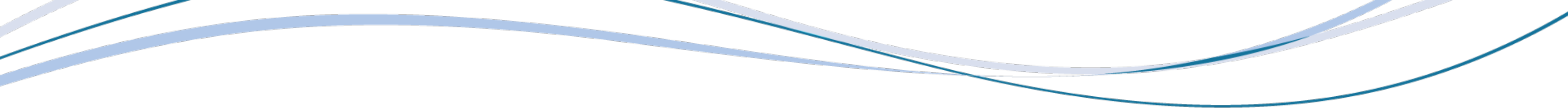


IS NOT HAVING CONGESTION

STRONG
TOWNS

Right-size your roads when building/replacing





414		Govt. Capital Replacement	141
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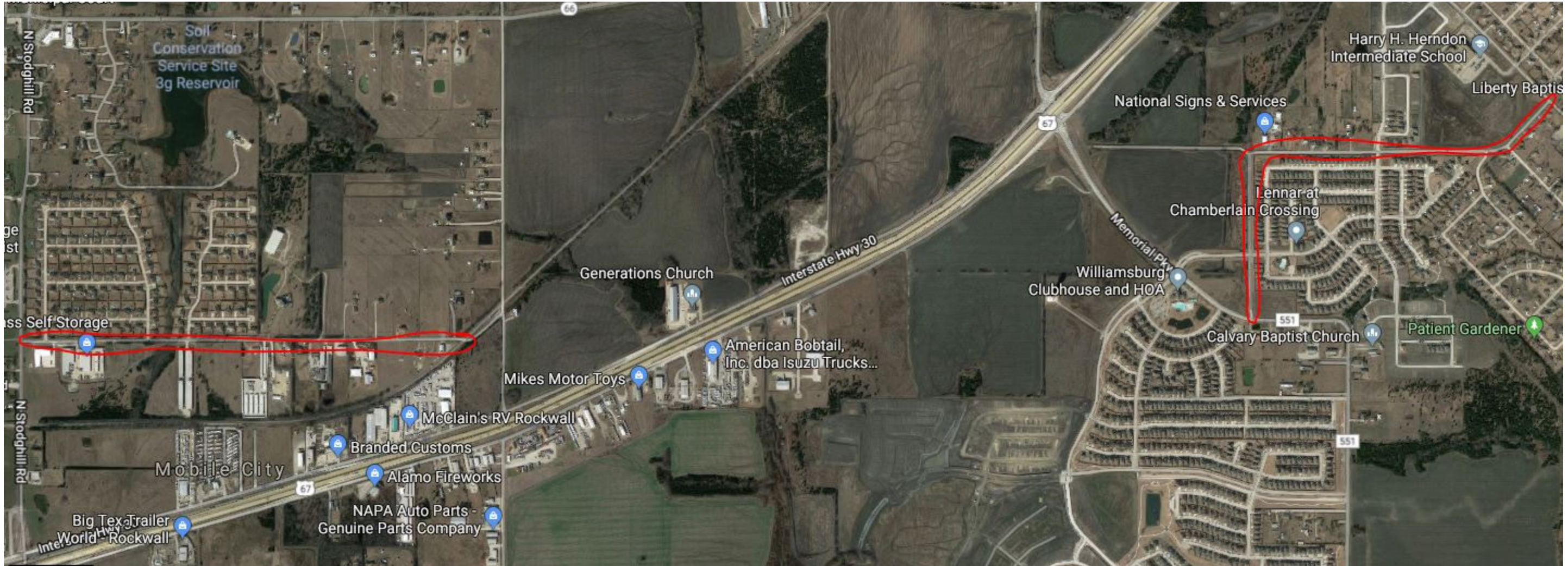
Fund preventative maintenance





Implement street maintenance fees





Do projects to protect your road base



CONCLUSIONS from FATE

- Do the math on proposed developments
- Do the math on proposed capital projects
- Private or PID streets
- Right-size roads and use “road diets”
- Create capital replacement funds
- Fund preventative maintenance
- Implement street maintenance fees
- Do projects to protect your road base





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Jim Proce, City Manager, Anna

let's discuss

City of Fate & City of Anna Tactics for Avoiding Bankruptcy & Doing Aggressive Road Maintenance

