

## Keeping the city from falling apart

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With the city's 2011 operating budget recently approved -- and the \$46 billion, five-year capital plan up for review in the coming months -- it is worth asking how well current budgets provide for repair and maintenance of our roads, bridges, tunnels, parks and other public infrastructure. The answer is disappointing.

The City Charter requires that the city report yearly on the spending required to bring capital assets to satisfactory condition, i.e., a "state of good repair." This Asset Information Management System shows that past neglect has created a need for nearly \$5.6 billion in state of good repair work for existing facilities. Yet the city's capital budget allocates only about half of what is needed, with the gap especially large for streets (40 percent), hospitals (30 percent) and parks (10 percent).

The city has not been keeping pace with repairs, and in fact, it may be falling further behind. While the estimated cost of needed repairs has increased by 36 percent since 2000, the funding devoted to addressing these requirements has decreased. In fiscal year 2011, funding for AIMS capital work will be \$2.9 billion -- just 53 percent of what is required. Most of the spending requirements are for transportation assets -- particularly streets and highways. Of the \$2.35 billion required, only 40 percent will be funded.

The capital repair backlog has grown because the city is not adequately fulfilling its regular maintenance responsibilities, which are essential for keeping assets from falling into disrepair. These responsibilities include everything from periodic tune-ups and small repairs on equipment to replacing doors.

Across all facilities, only 70 percent of maintenance needs are funded in the operating budget, with cultural institutions, parks, libraries and higher education experiencing larger than average gaps in provision of adequate maintenance.

Because this maintenance is funded from the expense budget, it competes with agency programs for funding, and is often a low-priority item; however, shirking these responsibilities can add costs down the road, as minor repairs may turn into major projects when neglected for too long.

The city should make full funding of maintenance requirements an explicit priority. Keeping up with routine maintenance work is necessary to prevent more costly capital repairs: It is more efficient to fix a leak in the roof today than to have to replace the entire roof down the road.

While this requires resources from the operating budget, AIMS recommendations constitute less than 1 percent of the budgets of many agencies and no more than 10 percent of any agency budget other than transportation.

The city also should use the AIMS condition assessments as the starting point for developing the next 10-year capital plan, due this fall. More specifically, it should develop a strategy for upgrading all assets to a state of good repair. If \$1.2 billion out of the capital program annually had been devoted to state of good repair instead of other projects between the boom years of 2006 and 2009, the need identified in the AIMS report would have been eradicated.

This does not mean that the city should be on the hook for fixing all infrastructure within the next 10-year period. Rather, it should consider a reasonable time-horizon for upgrading each class of assets and identify specific steps to make progress against those goals.

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