

**CITY OF SACO, MAINE
ADMINISTRATIVE POLICY
INFRASTRUCTURE MAINTENANCE
GASB 34 – MODIFIED APPROACH**

In accordance with GASB Statement No. 34, the City is required to account for and report infrastructure capital assets. The City defines infrastructure as the basic physical assets including the street system; water purification and distribution system; sewer collection and treatment system; park and recreation lands and improvement system; storm water conveyance system; and buildings combined with site amenities such as parking and landscaped areas used by the City in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, the street system can be divided into concrete and asphalt pavements, concrete curbing, sidewalks, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. Subsystem detail is not presented in the City’s basic financial statements; however, the City maintains detailed information on these subsystems.

The City has elected to use the “Modified Approach” as defined by GASB Statement No. 34 for infrastructure reporting for its infrastructure assets. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

- The City manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scale; and (3) estimate annual amount to maintain and preserve at the established condition assessment level.

- The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed assessment level.

In 2000, the City commissioned a physical condition assessment of the streets which was completed and dated February, 2001. These streets, primarily concrete, were defined as all physical features associated with the operation of motorized vehicles that exist within the limits of right of way. This condition assessment will be performed every three years. Each street was assigned a physical condition based on 17 potential defects. A pavement condition Index (PCI), a nationally recognized index, was assigned to each street and expressed in a continuous scale from 1 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned the physical characteristics of a new street. The following conditions were defined and associated to a rating within our asset management system:

<u>Condition</u>	<u>Rating</u>	<u>Asset Management System Rating</u>
Good	100-80	1
Fair	79-65	2
Poor	64-50	3
Substandard	49-0	4

The City Policy will be to achieve a minimum rating of 70 for all streets, which is a 2 rating, within our city established asset management system. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds. As of June 30, 2001, the City's street system was rated at a PCI index of 72 on the average with the detail condition as follows:

<u>Condition</u>	<u>% of Streets</u>
Excellent to Good	35%
Fair	26%
Poor to Substandard	39%

As of June 30, 2001, the City had some of its streets rated below the established 2 rating. The City will require several years to rehabilitate these segments of the streets. Where this was the first condition assessment performed for the City of Saco, the City will work over the next 3 years, before the next condition assessment is necessary, to bring all roads up to the minimum PCI rating of 70 or a rating of 2 within the city's asset management system.

In 2001, the City subcontracted with an independent engineering firm to inventory and perform a condition assessment on all other city infrastructure assets. These other infrastructure assets, sewer pipe, catch basins and manholes, storm drainage, sidewalks, traffic lights and signage, were then combined with the streets on the City's Asset Management System. Per the rating system noted above, each infrastructure asset was assigned a condition assessment based on a visual inspection conducted on each asset.

The City Policy is to achieve a minimum rating of 2 for all other infrastructure assets, which is consistent with that for the streets. As of June 30, 2001, the City's other infrastructure assets had established condition assessment levels as follows:

<u>Condition</u>	<u>Average % of Other Infrastructure Assets</u>
Excellent to Good	68%
Fair	25%
Poor to Substandard	7%

As of June 30, 2001, the City had some of its other infrastructure assets rated below the established 2 rating. The City will require several years to rehabilitate these segments of infrastructure. Again, where this was the first condition assessment performed for the City of Saco, the City will work over the next 3 years, before the next condition assessment is necessary, to bring all other city infrastructure up to a rating of 2 within the city's asset management system.