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From: Mark Michael [mark_d_michael@yahoo.com]
Sent: Friday, December 17, 2010 1:48 PM
To: IBRC
Subject: Question from IBRC

At yesterday's meeting the IBRC reviewed portions of the City of Palo Alto 2011 Capital Budget.

GASB 34 requires local governments to report on the value of their infrastructure assets, such as roads, bridges, water and sewer facilities, etc. Infrastructure assets are defined by the GASB to include: "long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets." GASB 34 requires governmental bodies to either (1) depreciate assets over the estimated useful life of the asset, or (2) use a "Modified Approach." Which approach does Palo Alto use?

In order to use the Modified Approach, the jurisdiction must have an Asset Management System with the following characteristics:

1. an up-to-date inventory of assets
2. ability to perform condition assessments of assets and summarize these assessments using a measurement scale; and
3. annual estimates of the amount needed to maintain and preserve the assets at the condition established by the jurisdiction.

If Palo Alto has adopted the Modified Approach, what is the best source for the IBRC to review the current inventory of assets and other elements of the City's asset management system? Would this be the March 4, 2008 "Infrastructure Report Card for Palo Alto" from the initial set of Briefing Materials? Have there been subsequent updates for 2009 or 2010 regarding the amount needed to maintain and preserve the assets?

Sincerely \Mark

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