

Murat Ulasir (OHM Advisors): Welcome to the Advancing Communities show brought to you by OHM Advisors. My name is Murat Ulasir, and I am the Infrastructure Asset Planning Specialist here at OHM Advisors. Today with me is Tom Wilson. And Tom Wilson, let us together introduce you, because you are a unique kind of a character. You have been around the block a few times, wouldn't you say?

Tom Wilson (City of Livonia): Yeah, I have about 35 years of experience in the cities working in municipal government.

Murat: In the cities, and we should underline that and explore that a little bit. You started out in the city of Westland.

Tom: Yeah, I started out in the city of Westland as a mechanic and, working my way up through the ranks, became the director of public service. For about six years, I was the director of public service there.

Murat: But then you didn't stay there, of course.

Tom: When I retired from the city of Westland, I moved on to the city of Romulus and I spent the next seven years in the city of Romulus.

Murat: As a DPW director as well, right?

Tom: Yes, I was hired as a DPW director for the City of Romulus.

Murat: And then your journey still was continuing and evolving.

Tom: Then I moved to a municipality that was in financial straits. It was City of Allen Park. I spent 10 months there. And then I chose to move to the city of Livonia, a progressive city that I thought would better fit my needs. And of course, my commute was cut in half. So it was a win-win for both of us.

Murat: Yes, yes, indeed, it increased your level of service for your own life.

Tom: There you go.

Murat: There we go, speaking of infrastructure management. Tom, you and I were talking earlier, and I did have the privilege of working with you on different projects. And what I think some of our listeners may find interesting is your perspectives on managing infrastructure assets and some of the challenges that folks are encountering. So, for example, one of the analogies that you wanted me to think about is to look at a community in the context of a car, because cars people can relate to. Communities, we just go there to live and hop in our cars and drive out to the extent that we are getting exposed to it, right?

Tom: It's hard to put into perspective the dollar amounts when you start looking at a large infrastructure that we manage. I think it's easier for most people to think about, because most people own a car and understand the costs associated with those cars.

Murat: Very well said. And along those lines then, let's explore this analogy, for example, the car analogy for the City of Livonia. So, for example, when you look at the community from the outside, you get the sense that, hey, it's a city, 96-some thousand residents. It's got 450-some miles of infrastructure on the water site, and about the same amount on the sewer site. When you look at it from that [perspective], okay, yeah, it's another community. But then what you're saying is, well, wait a minute. Let's bring in the car analogy, right? About 900 miles of infrastructure, the replacement value of which is about...

Tom: \$1.5 billion.

Murat: Billion dollars, guys; not million, but billion dollars! So you are at the helmet of about \$1.5 billion of assets.

Tom: Yes, we are. And to put that into perspective, most people can't understand those numbers as it's hard for me to understand those numbers. You're just adding a few zeros, I guess. But when you look at a car, that analogy is a little bit easier to follow. I got my \$30,000 car, and so when you look at what the cost is to repair and maintain a \$30,000 car, it starts to

put it into perspective, because at that \$1.5 billion, as you know, we only spent about half of 1% on maintenance and upkeep on that infrastructure.

Murat: Very well said. So let's take those numbers and put them into the car analogy. Let's say for the City of Livonia, this asset, this valuation was a car. And if that car were about \$30,000, the current level of spending that goes into maintaining that infrastructure is on the order of about \$8 a month, guys. What kind of car have you ever driven that was about \$30,000 in value, and all it required was about 8 bucks a month to run it?

Tom: In the maintenance, that would be like, well, I couldn't change the oil on my car.

Murat: You couldn't change the oil in your car for that little 8 bucks...

Tom: I could not change the oil. We maybe could add a quart of oil, \$5 a quart for synthetic oil in new cars. So maybe we get a quart of oil in it. Maybe we can stop at a gas station and put a couple quarters in to fill air in the tire if we get a low tire. But literally, that's what we'd be dealing with. We couldn't ever, ever think about replacing a motor, rebuilding a transmission, or any of those kinds of things.

Murat: And I think that's where the problem starts to enlarge. You look at the car from the perspective of a person like a mechanic like you. When it's your car, you see the stuff under the hood. You see the oil canister. You see the air pressures. You see these things. When a resident hops into a car, all they want to see is the steering wheel, the gas pedal, and the brake pedal, right?

Tom: Exactly.

Murat: And in fact, you have this interesting additional analogy which goes to the heart of the discrepancy between how we think about this from the perspective of the resident, from the perspective of the elected official. There are certain things that are given. You don't question, you don't argue with those, of course, that will have to happen. What are those three things?

Tom: Well, as we see it in the DPW, those three things typically are when you get up in the morning and you turn on that faucet, you're going to have water come out. And it's going to be clean and safe to drink, and you're going to be able to brush your teeth. And then you're going to sit down, and you might use the restroom, and you're going to flush that toilet. And we hope and we pray that it doesn't end up in your basement. Because if it ends up in your basement, our level of service obviously doesn't meet what your requirements are. The third right that I believe, and everybody believes they have, is that if I can drag it to the curb, the garbage man picks it up. And it doesn't matter what it is. They have to pick it up. So those are the three.

Murat: There we go. Those are the three. And I think that sums up our sentiment very well, too, when it comes to elected officials and when it comes to residents. Of course I want water. Of course the sewer is going to go away. Of course, what is there to question? But I think for somebody who looks under the hood, that realization is that, wait a minute, it ain't free. It's not like air where you go outside and you breathe in. That water, it takes some effort to get it to the tap. That sewer, it takes some effort to get it back out. So when you look at it, you are saying, "Wait a minute, is it really inalienable, or is there a price to pay for that?"

Tom: And there is. And that price is fairly large and based on a number of things. And in that \$1.5 billion asset are assets probably built in late 80s, early 90s. That's a little bit different pipe, and that's a little bit less cost to repair it. The life cycle of that asset is still probably 75-80% life cycle net asset. But that stuff that was put in back in the 20s and 30s and 40s and 50s, 60s, and 70s; that asset has probably gone through its life cycle.

Murat: And I think this reminds me of this other interesting management philosophy that you have. And let me see if I can put this to words properly. So if I think of the infrastructure, as you said, the 1980s, 90s pipe should be in, theoretically speaking, much better condition than the stuff that was put in long before that, in general terms.

But if an elected official thinks about the inalienable'ness of some of these rights, then if the grandma on street X calls up and says, "You know, this water main on the side of my street, it's not giving me the type of pressure of water that I'm used to. And I'm complaining to you. You better do something about it because I elected you to the office." Even if that pipe was put in the ground in the 1980s and, because of some unusual issue, had a problem, the elected official

is going to want to direct the funding to that infrastructure, even though there may be more of a need to spend these precious dollars somewhere else, correct?

Tom: You're absolutely right. That half a percent that we spend in maintenance, that \$8 on my car, I want to make sure that I spend my \$8, if that's all I have, I'm going to spend my \$8 in the best possible way I can. Well, if I'm spending \$8 million on infrastructure repair, i.e., replacing water mains or lining sewers, I think that we need to spend an awful lot of time understanding, what is our level of service that we expect? And then also, where is our money best spent? We can spend in on grandma's street. And so she had two water breaks. It might not even be that particular street that had the water break. It's around the corner, and it's the line feeding her. But she doesn't see that. She just knows that when she gets up three times in the winter time, she didn't have water. So our concern is, do we spend it properly? How do we spend it the most efficient way to get the biggest bang for our dollar? At the end of the day, how much money do we actually have? And going back to the residents and asking them for more money is typically not taken very well with city councils and with the public.

Murat: You don't say.

Tom: Yes, it's usually a problem.

Murat: It's a problem. So I think, in conclusion of our podcast, I think, Tom, what I hear you say is, firstly, that dollars are becoming increasingly more precious. There aren't many funding sources out there. And secondarily, what you are saying is, hey, we love the grandma on the side road, but we also love all the other grandmas in the community. So we have to look after all of them. And that's what we are trying to do. Isn't that what you're saying?

Tom: We're trying to make sure that we spend the money in the very best possible way so that we get the most for our dollars. It's like anything else. If you're going down and you want to buy lunch somewhere, you have to make a decision. Is it quantity or quality? Okay? And we really want to make sure that that quantity and that quality has a balance. And that's where we're going to be. So we have to get there the best possible way.

Murat: Well, Tom, very well said. Thank you very much again for taking the time to join us on this podcast.

Tom: Thank you.