




## Asset Management

### More Than Just a Gas Tax Requirement

Respectful Leadership  
LGLA 2016 Leadership Forum, February 4, 2016

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## Presentation Overview

- Gas Tax Agreement Overview
- What is Asset Management?
  - Sustainable Service Delivery – a BC Framework
  - The BC Approach
  - Available Resources
- Why Asset Management is Important?

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## Gas Tax Agreement 101

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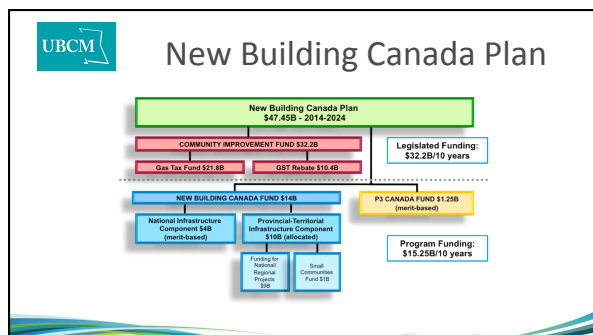
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Year 1 2014/15	Year 2 2015/16	Year 3 2016/17	Year 4 2017/18	Year 5 2018/19	Total
\$253,277,000	\$253,277,000	\$265,941,000	\$265,941,000	\$278,605,000	\$1.3B

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**National Objectives**

☐ Productivity and Economic Growth

☐ A Clean Environment

☐ Strong Cities and Communities

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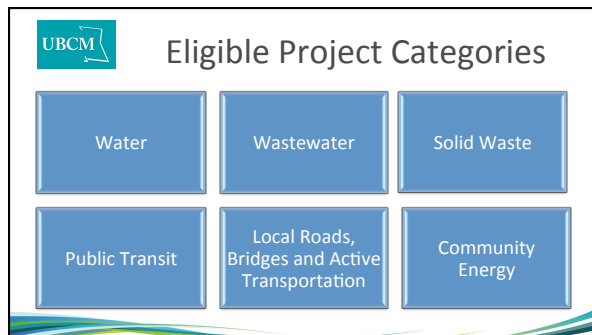
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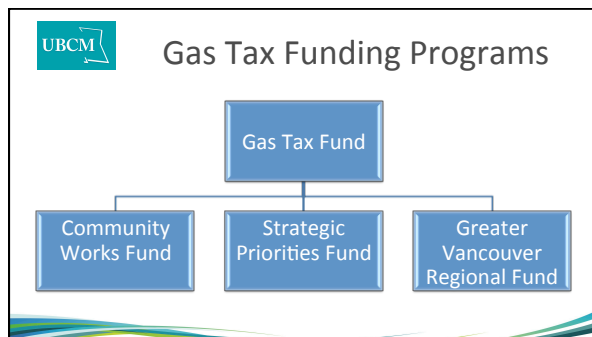
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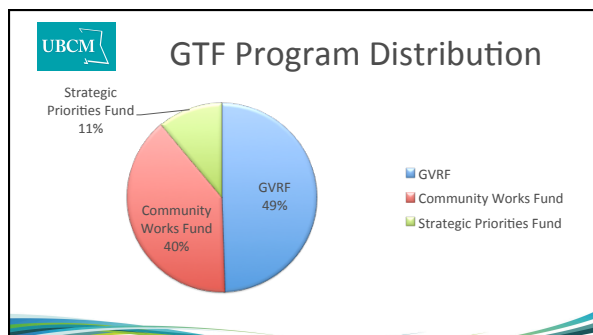
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- ### Local Government Commitments
- Schedule A – Ultimate Recipient Requirements stipulates local government commitments under the Agreement
  - This includes, but is not limited to, requirements with respect to;
    - Communications
    - Reporting, and
    - **Asset Management**

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- ### Asset Management
- The Gas Tax Agreement identifies asset management as a priority by all parties.
  - This priority recognizes that asset management is integral in providing local government services, and managing the infrastructure needed to support those services in a sustainable manner.

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## Asset Management

Schedule A – Ultimate Recipient Requirements, section 5

*During the term of this Agreement, where an Ultimate Recipient is a Local Government, work to strengthen Asset Management, in accordance with the Asset Management framework developed by the partnership committee.*

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## Asset Management

Schedule F – Asset Management

*Schedule F – Asset Management identifies;*

- *The Partnership Committee will develop an Asset Management Framework,*
- *The Framework will recognize the varying capacities of local governments and the range of ongoing asset management activities.*

*Partnership Committee has approved;*

- *Asset Management for Sustainable Service Delivery: A BC Framework, and*
- *Local government asset management commitments pursuant to the Framework*

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### Asset Management for Sustainable Service Delivery

A BC Framework



**Sustainable Service Delivery**

Sustainable Service Delivery means that a service is provided in a way that meets the needs of the community, is economically viable, and is environmentally responsible. It is a service that is delivered in a way that is sustainable, meaning it can be maintained over the long term. Sustainable Service Delivery is a service that is delivered in a way that is sustainable, meaning it can be maintained over the long term.



<http://www.assetmanagementbc.ca>

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## Asset Management Commitments

### *Establishing an Asset Management Baseline*

- To support local governments in their efforts to improve asset management practices, and to support asset management objectives within the GTA, baseline level information is required.
- Reporting Timeline – 2016
- Format – Template Report

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## Asset Management Commitments

### *Developing an Implementation Plan under the GTA*

- Local governments, with an understanding of current status with respect to Asset Management (after completion of Step 1), will be required to develop a 'moving forward' or Implementation Plan.
- The Implementation Plan will focus on how the local government will strengthen their respective asset management process over the life of the GTA and identify actions/activities and milestones.
- Reporting Timeline – 2017
- Reporting Format – Template Report

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## Asset Management Commitments

### *Asset Management Reporting*

- Report on the status of the Implementation Plan
- Reporting would be integrated into UBCM reporting requirements under the Community Works Fund Agreement and the Outcomes Report
- Reporting Timeframe – 2018 & 2023
- Reporting Format – Template Report

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## What is Asset Management?

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## Asset Management Defined

*An Integrated approach involving planning, engineering and finance to effectively manage existing and new municipal infrastructure in a sustainable manner to maximize benefits, reduce risk and provide satisfactory levels of service to the community user in an environmentally and ecologically responsible manner.*

(National Asset Management Working Group)

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## Principle #1 – It’s All About the Service



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### Principle #2 – Define Level of Service



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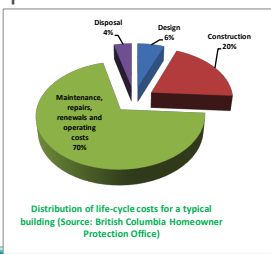
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### Principle #3 – Understand Operations & Maintenance



Distribution of life-cycle costs for a typical building (Source: British Columbia Homeowner Protection Office)

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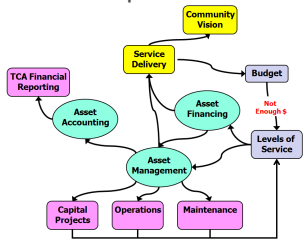
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### Principle #4 – Recognize Inter-dependence



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## 7 Key Questions to Answer

1. What do you have and where is it? (Inventory)
2. What is it worth? (Replacement costs)
3. What is its condition and expected remaining life?
4. What is the level of service expectation, and what needs to be done? (Capital and operating plans)
5. When do you need to do it? (Capital and operating plans)
6. How much will it cost and what is the acceptable level of risk(s)? (short and long-term financial plan)
7. How do you ensure long-term affordability? (short and long-term financial plan)

(Infraguide, 2005 – Managing Infrastructure Assets)

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## Asset Management for Sustainable Service Delivery: A BC Framework




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## Sustainable Service Delivery

- Ensures that current community Service Needs are met
- Delivered in a Socially, Economically and Environmentally responsible manner
- Does not compromise ability of Future Generations to meet their needs
- Considers Community Priorities
- Understanding the Trade-offs between available Resources and Desired Services

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## Core Elements

- **PEOPLE** – Culture and Capacity for Informed Decision-making
- **INFORMATION** – to Support Decision-making for Sustainable Service Delivery
- **ASSETS** - Physical Infrastructure to enable Service Delivery
- **FINANCES** – Understanding Long Term Costs of Service Delivery

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## The Process

- Continuous quality improvement process
- Incremental and Scalable
- **Assess** Capacity, Demand and Results
- **Planning** what needs to be done
- **Implementing** the plans



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## BC Approach

- Understanding the Need
  - State of Asset Management in BC Report, 2010
- Creation of Asset Management BC
  - Community of Practice
- Focus on Awareness & Education
- Development of tools and resources
- Flexible, scalable, incremental
- Not prescriptive
- Supported by Province and Federal governments

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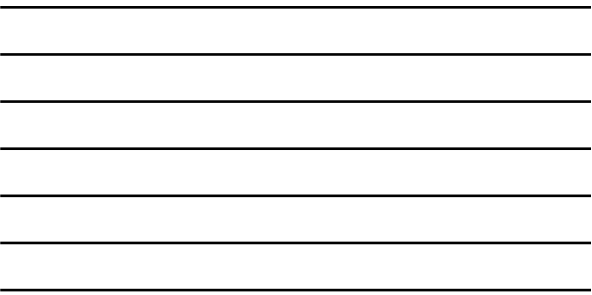
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### *Why Should You Care?*

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- The delivery of community services, and the infrastructure required for that delivery, represents the majority of every local governments annual budget.
- Leads to more effective communication with ratepayers, elected officials, financial rating organizations, and regulatory agencies:
  - allows for more accurate financial planning;
  - leads to more efficient data management; and
  - results in positive institutional change.

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- Supports/improves decision making
- Required for effective communication
  - Building awareness
  - Education
- Helps in avoiding problems and potential crises;
- Provides better and consistent levels of service to the public, at less cost;
- Reduces risk to the community;
- Improves evaluation of return on investment;

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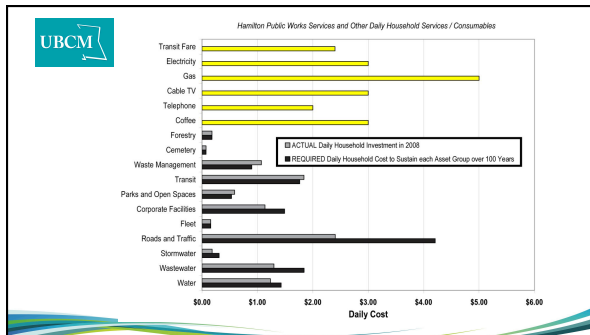
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**UBCM**

The two-year plan will focus on dealing with what Sohi called a **"deferred maintenance backlog"** across the infrastructure spectrum throughout the country.

This first phase will also include enhancing municipal planning, asset management and data collection, so planners can make smarter, more evidence-based decisions as they embark on long-term infrastructure projects, Sohi said.

"It's not enough to be shovel-ready," Sohi said during his speech. **"Projects need to be shovel-worthy, as well."**

Infrastructure Minister Amarjeet Sohi, CBC January 21, 2016

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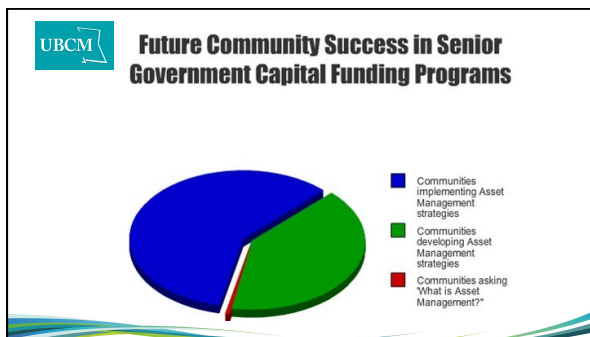
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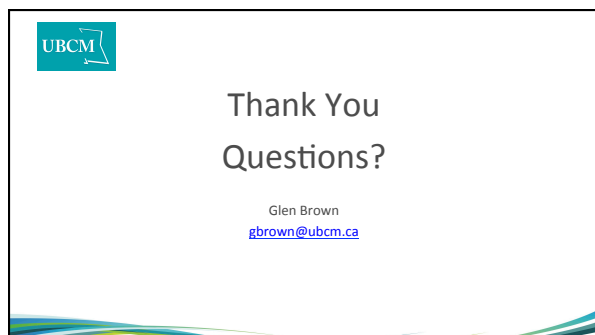
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