Financial Accountability, Infrastructure Sustainability, Service Delivery:

Connecting the Dots with an Asset Management Approach

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Principle #1 – It's all about service

- Infrastructure [assets] only exist to provide a service to the public

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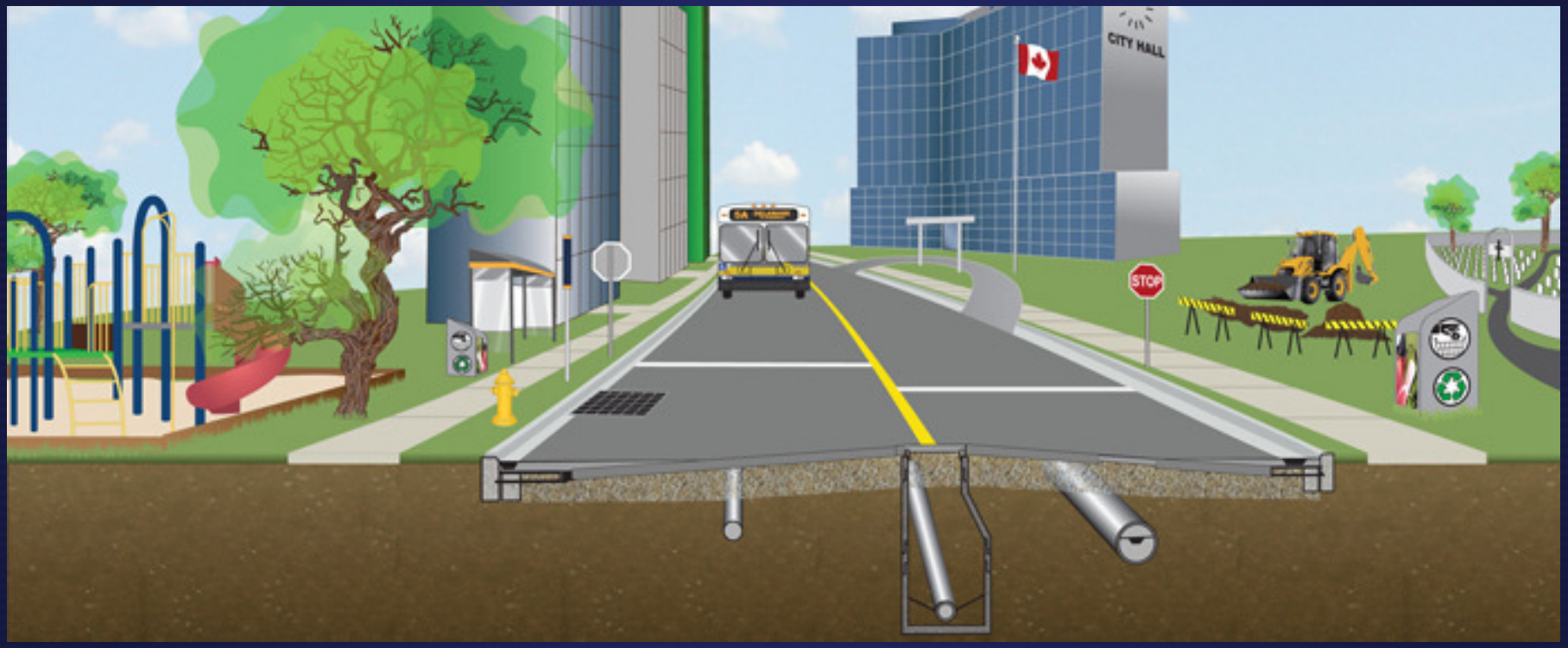

Principle #2 – Once the municipality has decided to offer the service – define its quality

- "Levels of Service" (LoS) means different things to different people – beware of LoS creep !

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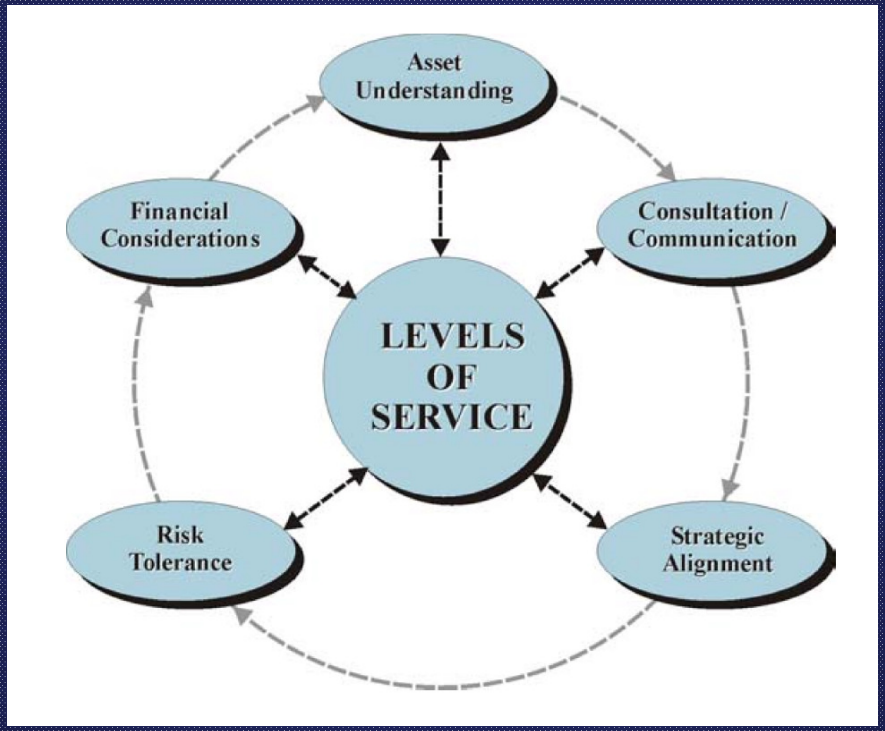
Regulatory Framework



InfraGuide (2002)

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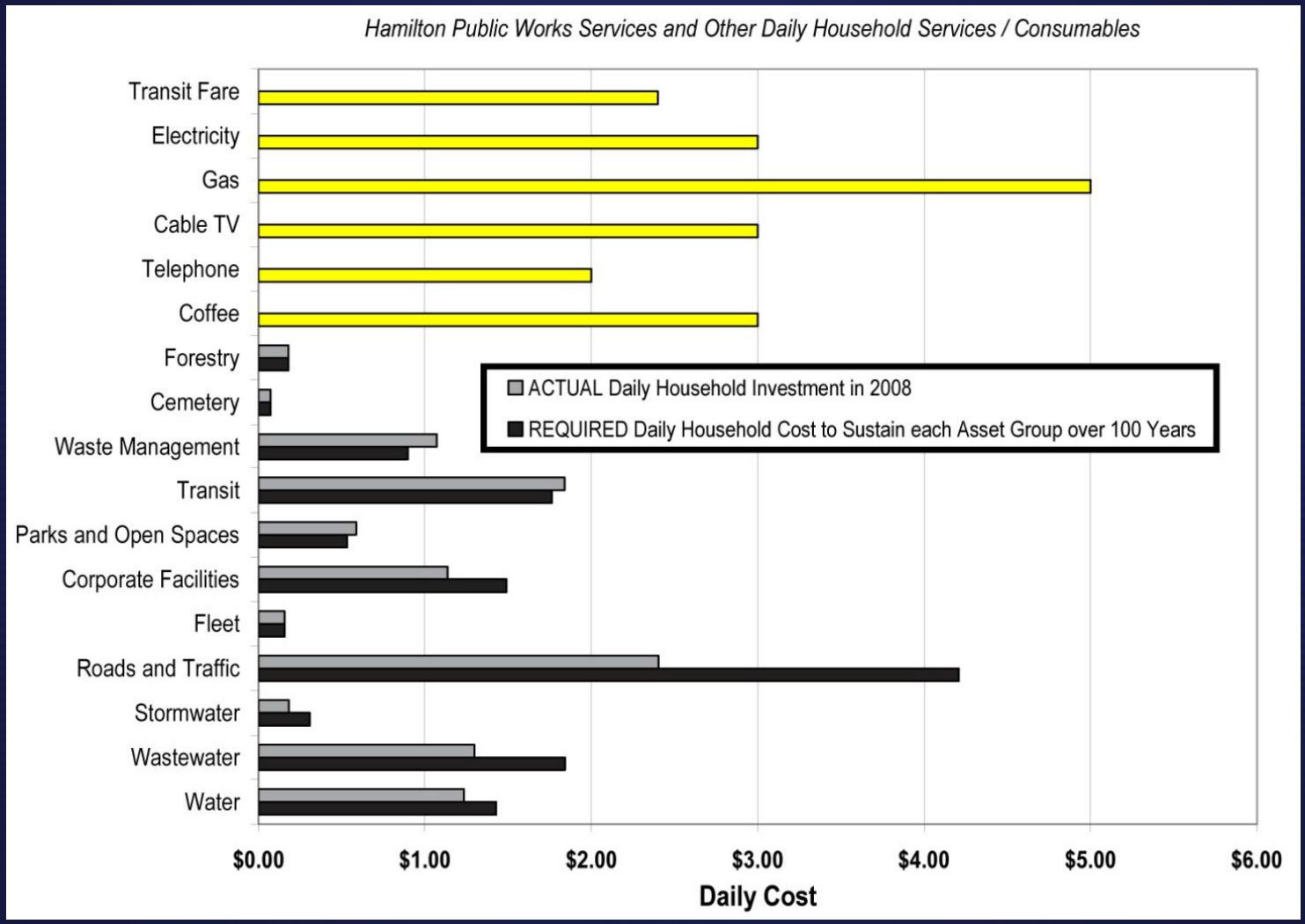

Principle #3 – With Levels of Service come Operations and Maintenance requirements over the life-cycle of the asset

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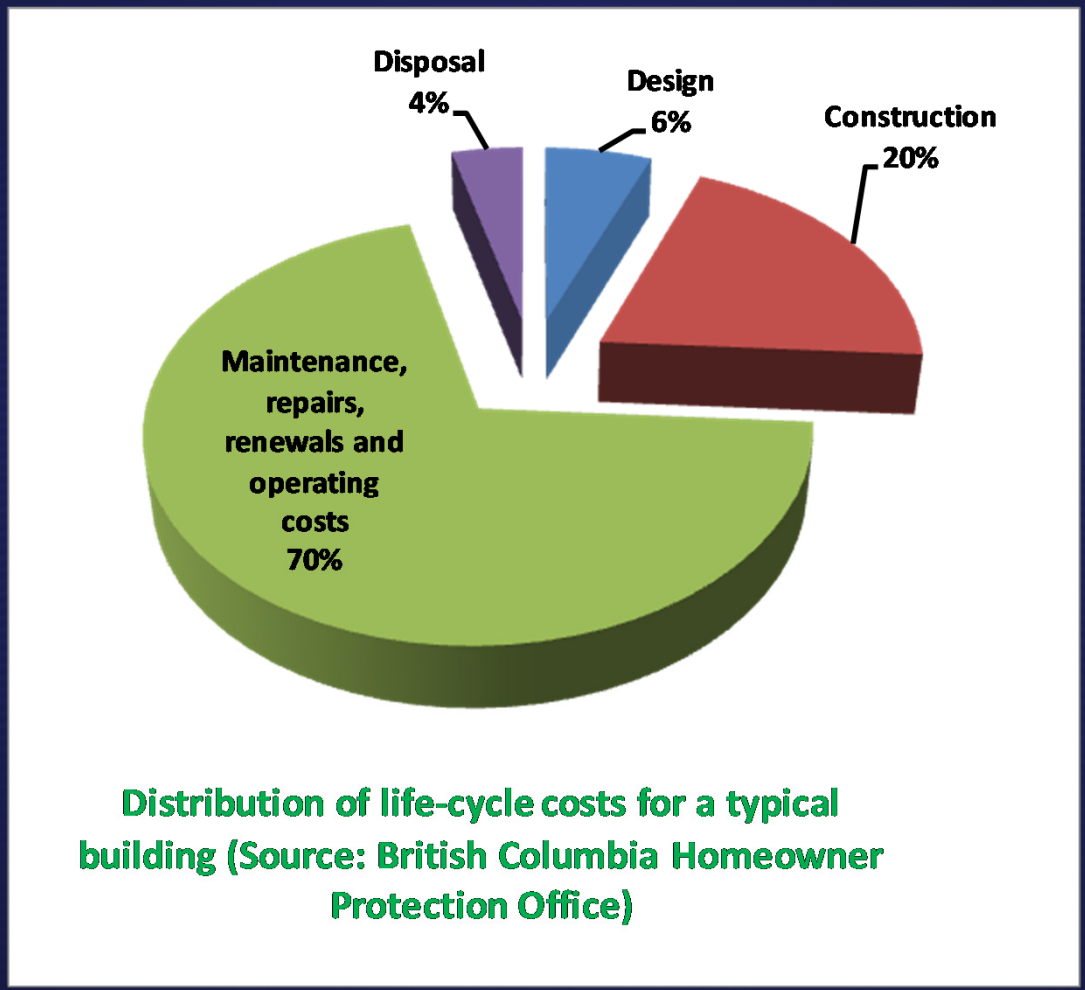

Distribution of life-cycle costs for a typical building (Source: British Columbia Homeowner Protection Office)

Principle #4 – Do the right thing, to the right asset, at the right time

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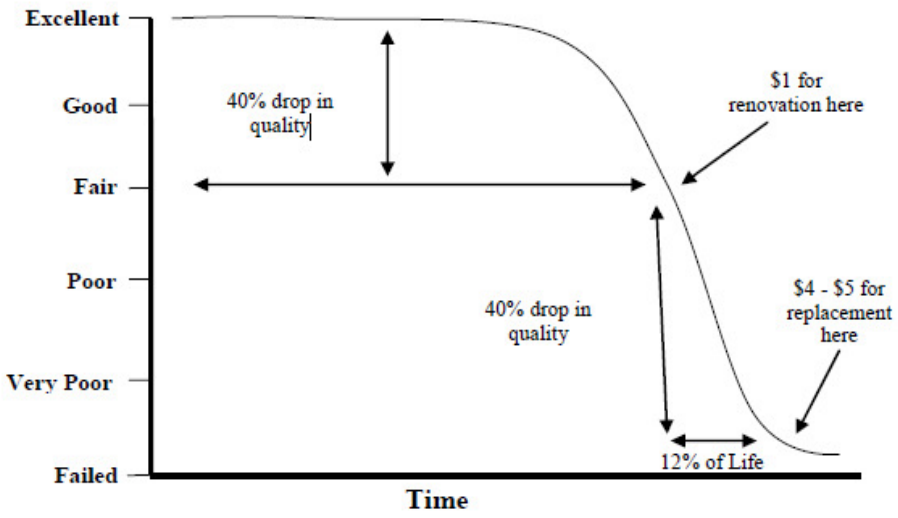
Cost Type	Total Cost
Maintenance Costs	$100,000
Low Maintenance Levels	X 4 (of repairs)
Borrowing	X 2 or X 3
Failure	X 2 or more
Total	**Up to 16 X**

Asset Condition and Rehabilitation Timing



Principle #5 – ALL Infrastructure Activities are Inter-dependent

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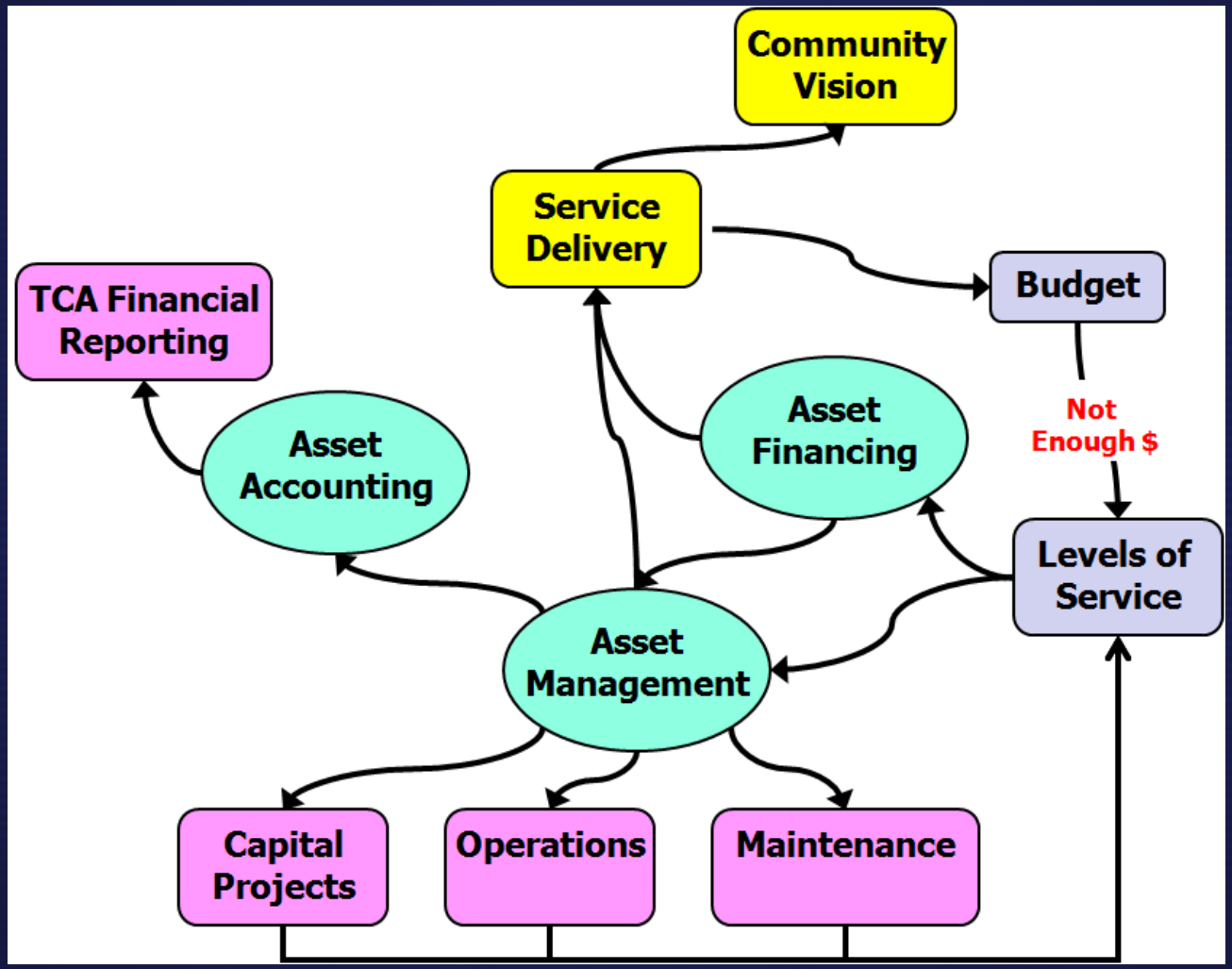

What is Asset Management?

- 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)

Why Asset management [1]

- 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;

Why Asset management [2]

- 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.

The 7 questions of Asset Management

1. What do you have and where is it? **(Inventory)**
2. What is it **worth**? (Costs/replacement rates)
3. What is its **condition** and expected remaining service life? (Condition and capacity analysis)
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/sustainability**? (Short- and long-term financial plan)

TCA Reporting (PS 3150)	Asset Management

• Inventory
• Condition Assessment
• Residual Life Prediction
• Valuation (historical)
 	
• Financial reporting
	• Inventory
	• Condition Assessment
	• Residual Life Prediction
	• Valuation (replacement)
	• Intervention Plans (prioritization)
	• Infrastructure Needs:
	  • Future demand
	  • Levels of Service
	  • Regulatory requirements
	• Risk Management Plans
	• Investment Plans (Short, Medium and Long Term)

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http://www.sustainablecommunities.fcm.ca/infraguide/

•Under E-learning tools – Managing Infrastructure Assets

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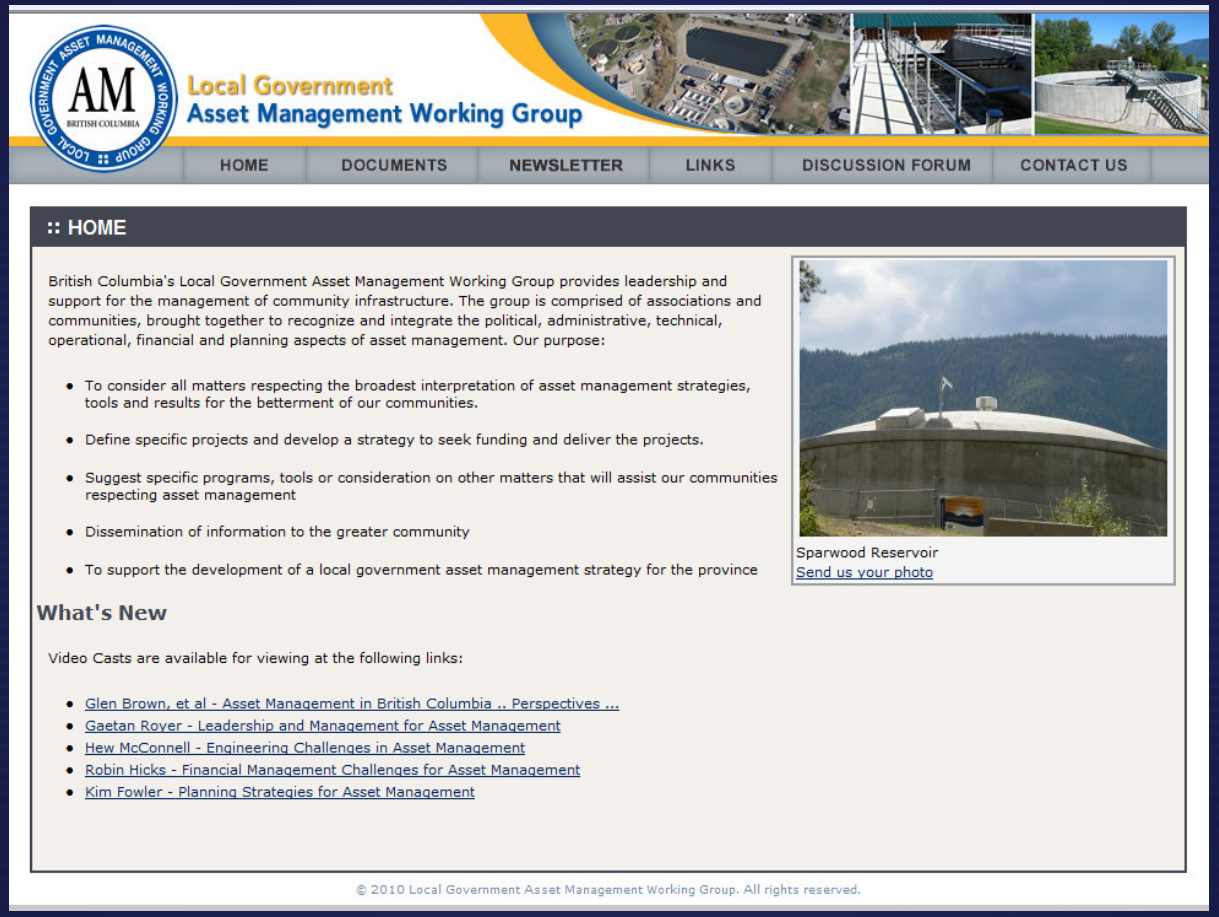

http://www.bcassetmanagement.ca/

Thank You

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