



Development of Asset Management Policy, Governance and Capacity



This initiative is delivered through the Municipal Asset Management Program, which is delivered by the Federation of Canadian Municipalities and funded by the Government of Canada.

fcm.ca/assetmanagementprogram



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Welcome!

Why we're here:

- Introduction to asset management for municipal staff
- Tools to help you in your work
- Strategies for municipalities with limited resources

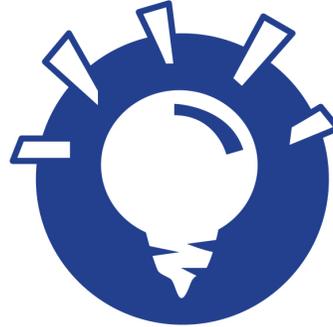




Introductions



Using the Workbook



SCHEDULE

Module 1—Define Asset Management

Learning Goal 1—Define asset management

15-minute refreshment break

Learning Goal 2—Articulate the benefits of asset management

Learning Goal 3—Describe the tools used in asset management

Learning Goal 4—Describe the implementation of asset management





SCHEDULE

Module 2—Define the Human and Financial Resources Required for Asset Management

Learning Goal 1—Describe the roles and responsibilities of stakeholders in asset management

1-hour lunch break

Learning Goal 2—Describe the attributes of a successful asset management team

Learning Goal 3—Estimate the financial resources required for asset management



SCHEDULE

Module 3—Articulate Current State and Conditions for Success

Learning Goal 1—Measuring and Monitoring

Learning Goal 2—Describe the competency areas of asset management and assess current state

Learning Goal 3—Define conditions for success





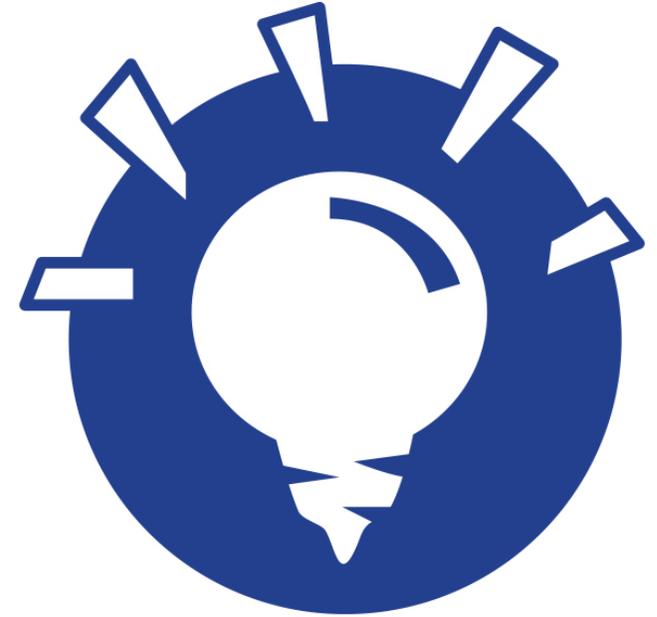
Module 1

Define Asset Management



Activity

See page 3 in Workbook



What is Asset Management?

“The process of **making decisions** about the use and care of infrastructure to deliver services in a way that considers current and future needs, manages risks and opportunities and makes the best use of resources”

Source: Handbook & Toolkit for Alberta Municipalities





Some Vocabulary...



Assets | Also known as a tangible capital asset, a physical component of a system that enables a service, or services, to be provided.

Asset management system | A set of processes and procedures that support asset management. Components may include a plan, policy, and/or strategy.



Did You Know?



- 60% of Canada's core public infrastructure is owned and maintained by municipal governments.
- One-third of municipal infrastructure is in fair, poor, or very poor condition.
- Canadian Infrastructure Report Card found that “All communities, particularly smaller municipalities, would benefit from increased asset management capacity.”



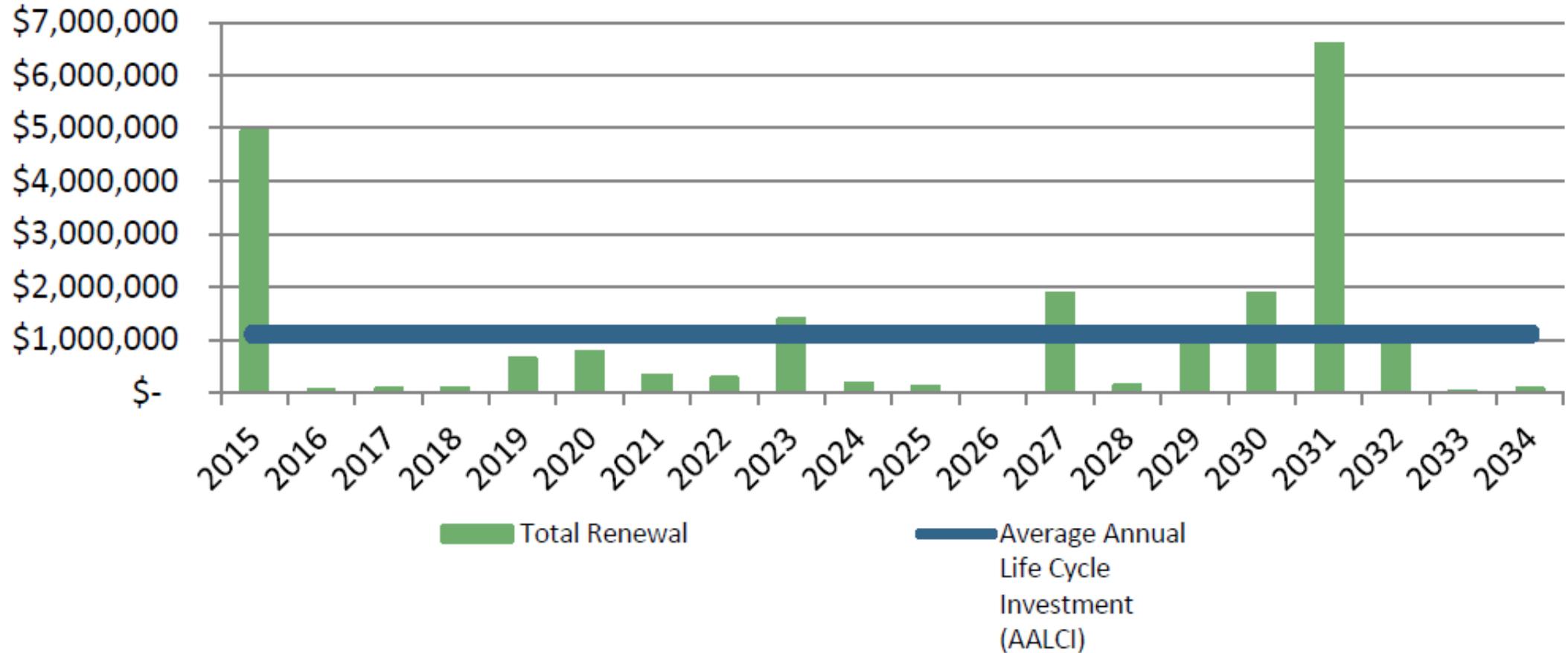


Asset Management Focuses On

- The purpose of your organization and how assets support community goals
- Value, purpose, and long-term outcomes of assets
- Managing risks and understanding the context of risks
- Holistic approaches to budgeting
- Collaboration across municipal service areas and with service partners

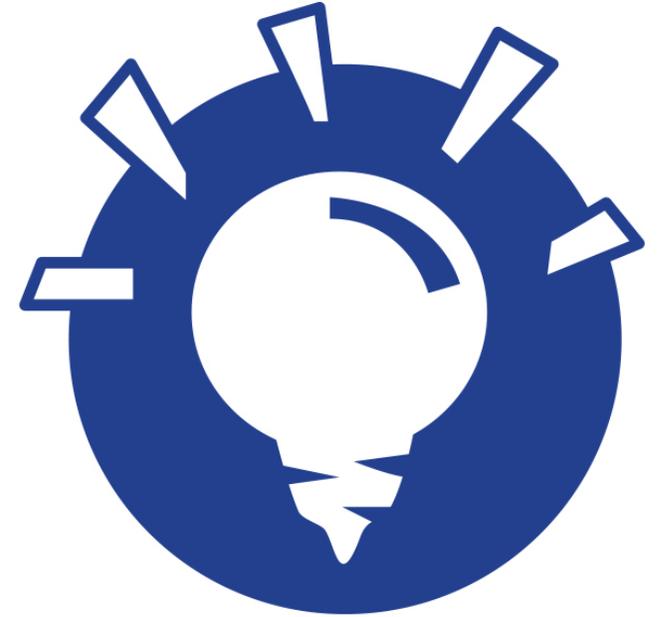


20 Year Renewal Investment Versus AALCI



Activity

See page 5 in Workbook



Trade-Offs and Asset Management

- Council makes decisions and sets direction
- Decision-making means recognizing and thinking about trade-offs between service, risk, and cost
- Staff help prepare information about trade-offs to inform council's decisions



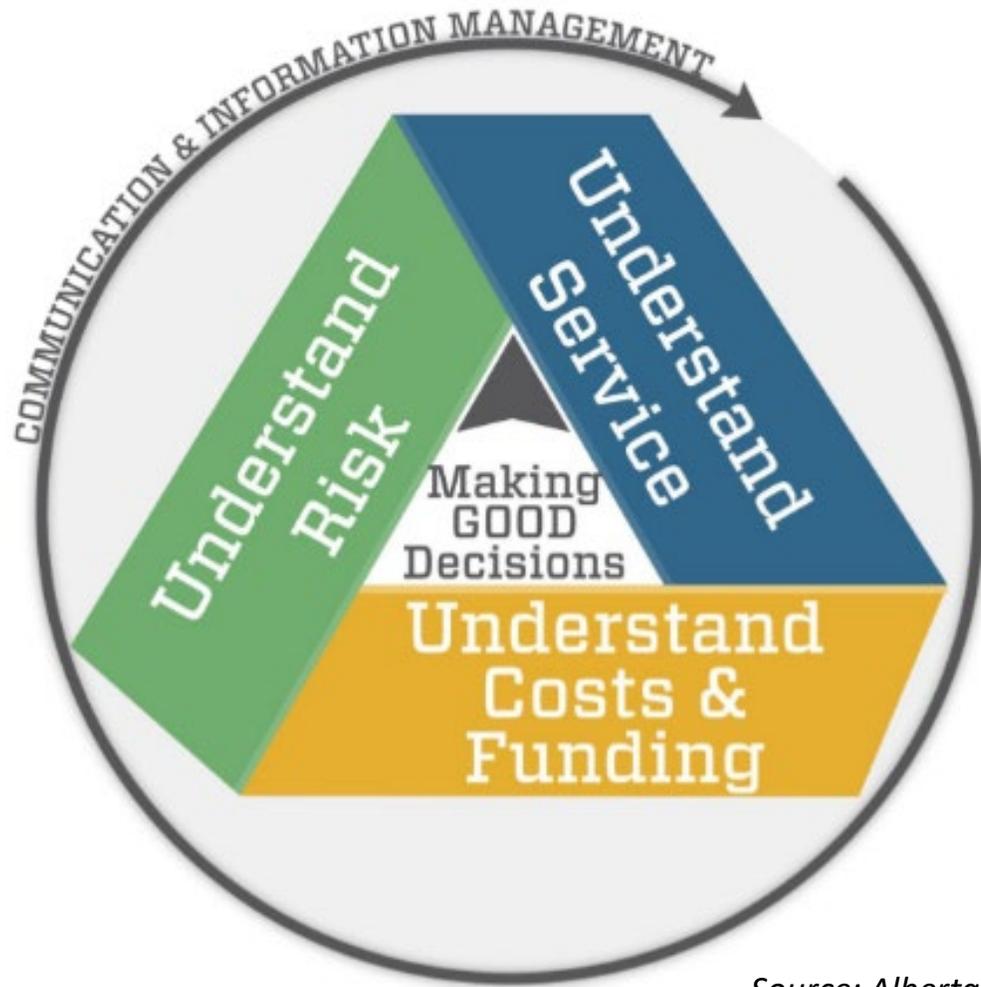
Asset Management Lens

Often the trade-offs in decisions won't be explicit.

This means thinking about:

- What information is available?
- What information is needed?
- What trade-offs are being made?
- How do these trade-offs connect to the community's long-term goals and needs?





Source: Alberta Handbook and Toolkit



Service

Types of services

- Does our municipality need to provide this service? Why?

Benefits

- Who benefits from these services?
- Who may not benefit?





Service

Level of service

- What is the current level of service provided?
- What is the desired level of service and timeline for achieving it?
- What are the regulatory requirements (i.e., minimum level of service)?
- How do council and staff understand what level of service is needed or wanted by recipients?
- What is the appropriate level of service to deliver?



Service

Service demands

- How will service demands change over time?
- What are the ways that the municipality can influence the demand for a service?
- How do service demands vary in different areas of the municipality?





Activity

See page 8 in Workbook





Risk

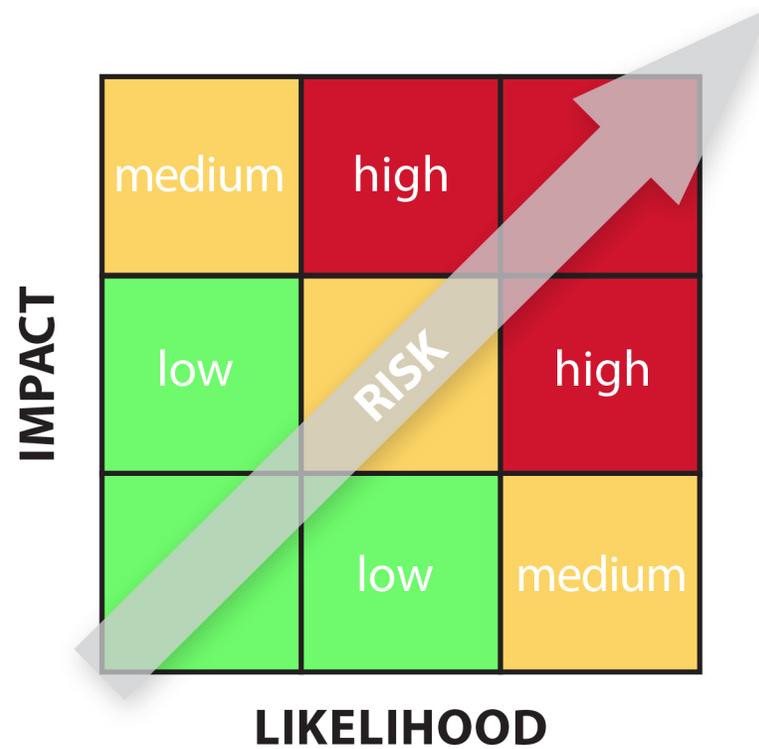
$$\text{RISK} = \text{IMPACT} \times \text{LIKELIHOOD}$$

(how severe will the negative consequences be?)

(how probable is it that these negative consequences will happen?)



Risk





Types of Risk



Strategic risk | Risk of change that could impede your ability to achieve an overarching strategic goal

Asset risk | Risk of an asset failing to perform as needed





Risk Tolerance

- Not all risks can be eliminated
- Some risks can be mitigated – at a cost
- Risk tolerance means the level of risk a municipality can reasonably handle

What is an example of a risk you might choose to tolerate?

What is an example of a risk you would want to mitigate?





Activity

See page 10 in Workbook





Costs and Funding

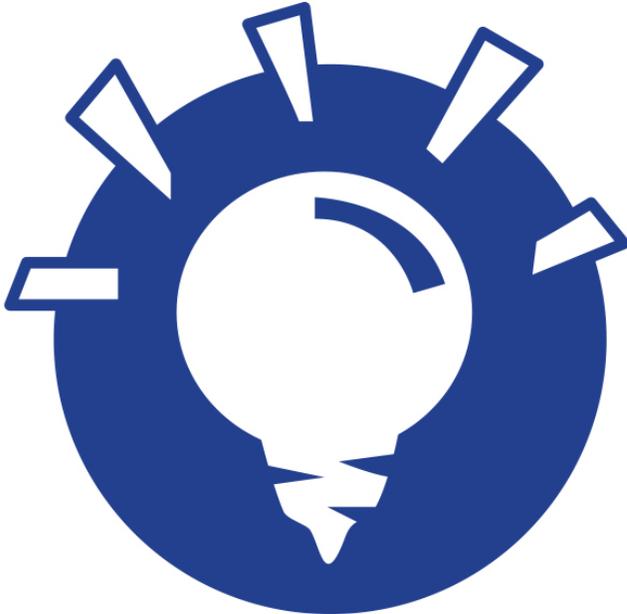
- Relationship between capital cost and O&M costs (full lifecycle cost)
- Past and projected trends in operating and maintenance costs over time
- Revenue sources for future capital and operational costs
- Opportunities to reduce costs through partnerships or other alternate service delivery mechanisms





Activity

See page 11 in Workbook





Benefits of Asset Management

Align the organization with things that matter most.

- Service delivery, from the lens of people receiving the service
- Alignment with other municipal plans



Benefits of Asset Management

Defensibly prioritize projects and allocate resources.

- What needs to be replaced, when, and how much it will cost
- Systematic approach to resources and addressing risk



Benefits of Asset Management

Demonstrate accountability to the community.

- Be able to articulate *why* decisions are being made





Benefits of Asset Management

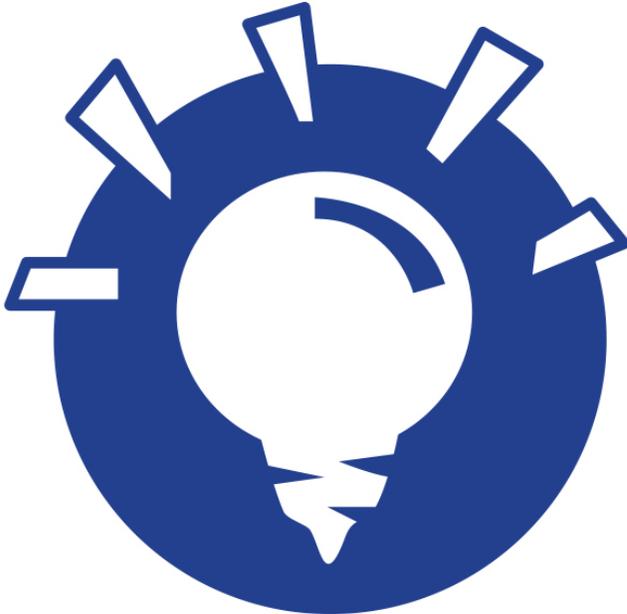


Position your community to take advantage of federal or provincial government incentives or meet requirements.

- Asset management is increasingly being required to access grants

Activity

See page 14 in Workbook



Asset Management Tools



Asset Management Policy

- Connection between council's strategic guidance and staff's operational processes
- Standalone policy, or a series of policies related to areas like finances, human resources, training, etc.



Asset Management Policy

- Outlines commitment and mandated requirements for asset management
- Links to strategic objectives
- Shaped by values and priorities, and community objectives
- Outlines principles for decision-making about assets
- Outlines corporate approach to funding and financing



Asset Management Strategy

- Lays out the direction, framework, and approach for implementing the policy
- Council can endorse the strategy to signal importance of asset management



Asset Management Strategy

- Outlines how AM policies will be implemented, identifies objectives, goals, and approach to AM practices
- Outlines relationship between other corporate initiatives and plans
- Primarily for staff use, with input from council



Asset Management Plan

- A detailed plan that outline how assets will be managed in one or more service areas
- Supports implementation of the asset management strategy
- May be one plan, or a separate plan for each service (e.g., transportation, facilities, etc.)
- Outlines how asset management practices will create, maintain, and renew infrastructure and other assets





Asset Management Plan

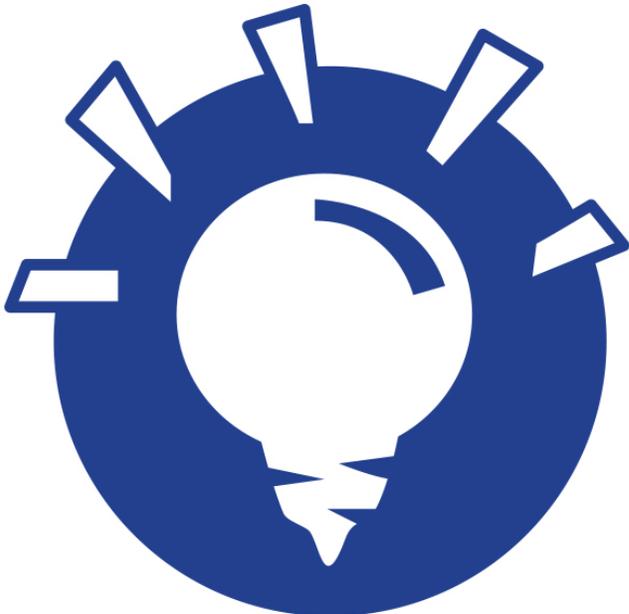
- Includes comprehensive information about assets, their condition, and how they are performing
- Identifies current levels of service and desired levels of service
- Identifies asset and strategic risks
- Defines capital and operational projects needed
- Defines current and projected costs and funding
- Provides a timeline for implementation
- Articulates the consequences of not following the plan





Activity

See page 18 in Workbook





Implementing Asset Management

- Developing a plan, strategy, and policy is not the end goal – these tools need to be implemented.





Implementing Asset Management

1. Identify a champion and build a team

- Build a team and the support network you need
- Include cross-functional representation
- Need a champion to bring everyone together and keep momentum



Implementing Asset Management

2. Assess assets

- Bring together available information on your assets to get a high-level snapshot
- Compile into a central inventory or location
- Use the information you have as a start- you can improve it later!





Implementing Asset Management

3. Assess asset management practices

- As a team assess your current practices
- (we will be doing this as a group later!)





Implementing Asset Management

4. Identify priorities for improvement

- Select priorities for improvement
- Consider low effort, high impact first?





Implementing Asset Management

5. Implement and monitor

- Decide what's important to monitor and report back on
- Implement and periodically measure





Ongoing Decision-Making

- Alignment with regional service delivery
 - Need to consider impacts to other municipalities and/or service delivery partners





Ongoing Decision-Making

- Communication for good decision making
- Engaging and educating council





Ongoing Decision-Making

- Information Management
 - Collecting information
 - Consolidation and organizing information
 - Storing and accessing information
 - Updating and improving information
- What information is important to collect?



Collecting Information

- Information doesn't need to be perfectly accurate—it depends on what you need it for
- Start with anecdotal data or estimates if that's all you have (qualitative data is still data)
- Improve data over time



Consolidating and Organizing Information

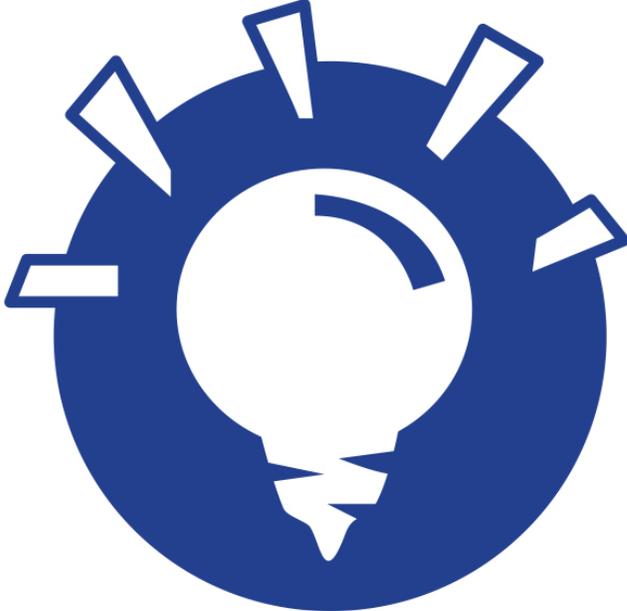
- Data needs to be accessible when needed
- Some communities prefer specialized software
- But you can start small—basic GIS with an Excel inventory





Activity

See page 23 in Workbook





Module 2

Define the Human and Financial Resources Required for Asset Management



Role of Stakeholders

Asset management requires participation of a range of internal and external stakeholders:

- Council
- CAO
- Staff
- Community Constituents
- Partners
- Consultants
- Senior Government



Council

- Sets direction and relevant policies
- Stewards of community services
- Supports building community resilience
- Considers asset management information and mindset in day-to-day decision-making



CAO

- Employee of, and accountable to, council
- Works with administration to implement council direction
- Directs and supports staff in developing AM processes and systems





Staff

- Develops and implements asset management practices
- Involved throughout the asset management process
- Accountable to the CAO, not council





Community Constituents

- Receive services
- Pay rates and taxes
- Are the “why” of service delivery
- Elected officials are often the first point of contact when constituents are unhappy



Partners

- May help a municipality to deliver a service
- Intermunicipal Collaboration Framework (ICF) may identify opportunities and strategies for partnership
- Important to identify who in the partnership will be responsible for asset management of joint assets



Consultants

- May be hired to provide specialized asset management services or for other aspects of service delivery where asset management may be relevant (e.g. establishing utility rates, etc.)



Federal and Provincial Governments

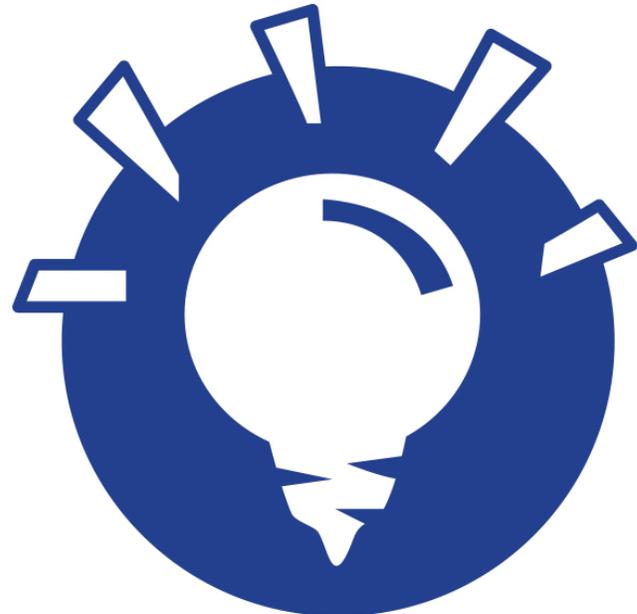
- Provide incentives for municipalities to develop asset management processes
- May require communities receiving grants to demonstrate their need for the investment by describing their asset management practices





Activity

See pages 26-27 in Workbook





“Making decisions requires that the right information reaches the right people at the right time. Working across disciplines and departments is required to make this happen.”

(A Handbook & Toolkit for Alberta Municipalities)



Building a Team

- Cross-functional groups
- A champion
- Involvement of staff who have knowledge in:
 - Finance
 - Public works
 - Engineering
 - Planning



Building Corresponding Competency in People and Leadership

Key attributes of AM Champion and Team:

- Leadership and influence
- Understanding of asset management and how it connects from policy to specific activities
- Ability to communicate about asset management to others



Building Corresponding Competency in People and Leadership

The asset management team should possess:

- Commitment to work together and promote a culture of communication
- Ability to consider and give weight to all perspectives
- Sense of accountability to asset management and improvement in asset management





Activity

See page 30 in Workbook





The Basics for Getting Started

- A Champion
- A Team
- Support from Management and Council



Levels of Investment: Staff Time and Capacity

- How much time will members of our team need to focus on asset management?
- Do they have that time available currently?
- Do they have the skills they need to do this, or do they need some training?



Levels of Investment: Systems, processes, and tools

- Do we need to invest in any tools to support our efforts, such as an asset management software?
- Do we need to hire some specific external help to help us develop new processes, perform assessments, or develop plans?





“Asset management processes are most effectively built through continuous improvement, so you may start at the entry level and make small investments over time to improve your systems and processes. The important thing is to get started.”

(A Handbook & Toolkit for Alberta Municipalities)





Measuring and Monitoring

- How will you know when you are successfully implementing asset management, or if you need to course-correct?





Assess current state - Where are we now?

- When assessing current state, it is important to think about all the areas that contribute to asset management.
- Tools include the FCM AMRS and AssetSMART.



What direction do we want to go?

- Needs to align with higher organizational goals
- Key tools: asset management policy and objectives provide strategic direction and connection





How do we want to get there?

- How much should we take on?
- An asset management strategy and/or roadmap can help you identify milestones and measurements in between your current and desired states
- SMART goals!



Creating SMART Goals

Specific – how will we know when we have achieved our objective?

Measurable - how will we communicate progress?

Attainable – is this something that we can achieve from our current state?

Relevant – is this important to those that are affected?

Timely – when are we going to do this by?





Asset Management Readiness Scale

- Identifies five competencies that are required for successful AM
- Tool for evaluation of AM practices
 - That can be used many times!



Policy and governance

- Putting in place policies and objectives related to asset management
- Bringing those policies to life through a strategy or framework
- Measuring and monitoring implementation over time



People and leadership

- Setting up cross-functional groups with clear accountability
- Ensuring adequate resourcing and commitment from senior management and elected officials to advance asset management



Data and Information

- Using asset data, performance data, and financial data to support effective asset management planning and decision-making



Planning and Decision-Making

- Documenting and standardizing how the organization sets priorities
- Conducts capital and operations and maintenance planning, and decides on budgets





Contribution to Asset Management Practice

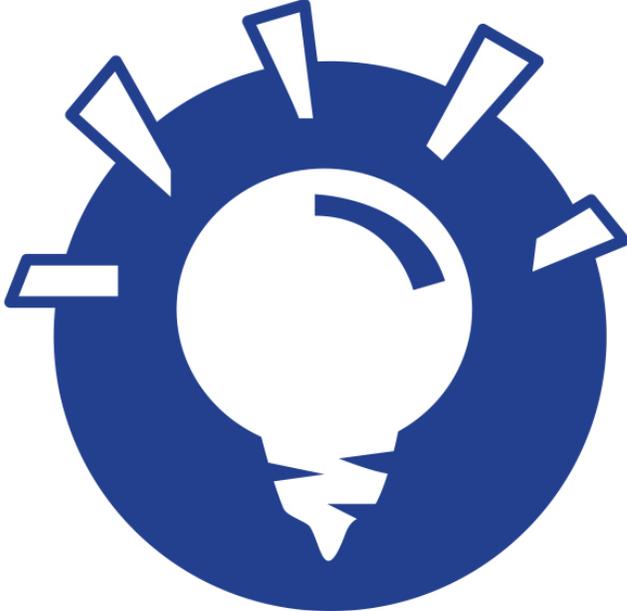
- Training and staff development
- Sharing knowledge internally
- Participating in external knowledge sharing





Activity

See page 43 in Workbook





Conditions for Success

- Take some time to think through how you can take what you've learned back to your organization, and how you can work together with your neighbours to progress with each other's support.





Reflection



See page 51 in Workbook



You've Made It!





Looking forward...

- ✓ Identify your asset management champion
- ✓ Talk to council about asset management and provide an update on what you learned at today's workshop
- ✓ If you have one review your asset management policy with your champion
- ✓ If you don't have an asset management policy talk to your champion about what an asset management policy could look like for your municipality and review the sample policies provided in the resources section
- ✓ Check in with your neighbours to share progress and experience



Follow-up support



Questions?



Evaluation Form

