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

Tasks from last workshop

- ✓ 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 like for your municipality and review the sample policies provided in the resources section
- ✓ Check in with your neighbours to share progress and experience

Activity

See page 55 in Workbook

Module 4 (Day 1)—Develop your Asset Management Strategy

Learning Goal 1—Reflect on Progress, Strategy Refresher

15-minute refreshment break

Learning Goal 2—Develop Asset Management Objectives

Lunch break

Learning Goal 3—Identify and Prioritize Asset Management Goals

Learning Goal 4—Outline your Asset Management Roadmap for the Next 5 Years

Module 5 (Day 2)—Develop Asset Management Team Terms of Reference

Learning Goal 1—Review importance of an asset management team

Learning Goal 2—Develop asset management team terms of reference

15-minute refreshment break

Module 6 (Day 2)—Communicate Asset Management Strategy to others

Learning Goal 1—Articulate the importance of communicating your strategy

Learning Goal 2—Identify target audience

Learning Goal 3—Prepare a presentation for your target audience

Lunch break

Learning Goal 4—Deliver presentation

Module 1

Develop your Asset Management Strategy

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.

IAMA
INFRASTRUCTURE ASSET MANAGEMENT ALBERTA

AUMA

RMA
RURAL MUNICIPALITIES
of ALBERTA

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
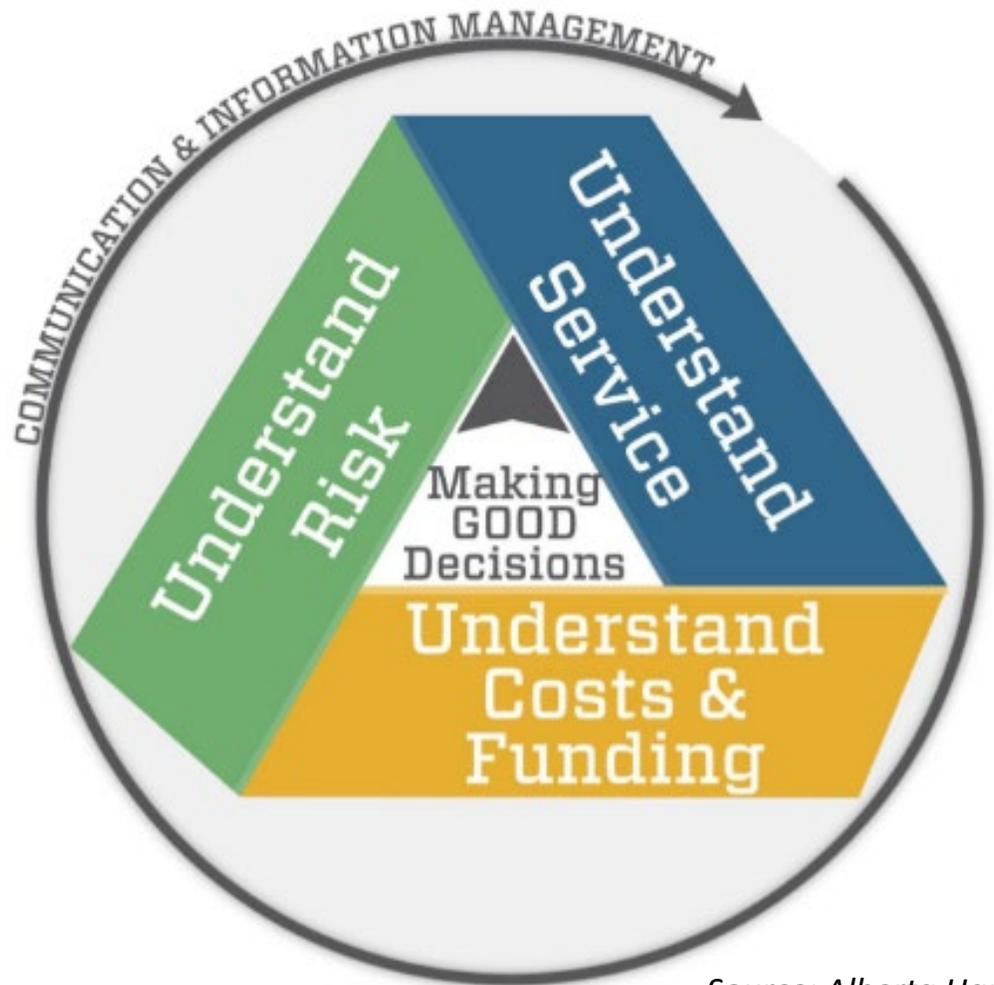
Source: Alberta Handbook and Toolkit

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

Process for Developing an Asset Management Strategy

1. **Establish a baseline**
2. Develop asset management objectives
3. Identify goals for each objective
4. Outline a corporate approach to asset management for the next five years
5. Communicate the strategy
6. Use and update the strategy

Source: Alberta Handbook and Toolkit

Step 1: Establish a baseline

- Several tools available to help you establish a baseline for your asset management practices:
  - NAMS maturity assessment
  - AssetSMART 2.0
  - FCM Asset Management Readiness Scale

Step 1: Establish a baseline

- Other documents that may help you develop your baseline:
    - Basic asset inventory, in GIS or Excel
    - Tangible Capital Assets inventory
    - Capital plans
    - Asset management policy
    - Asset management strategy
    - Asset management plan
    - Infrastructure master plans
    - Community strategic plan
    - Others?

Activity

See page 58 in Workbook
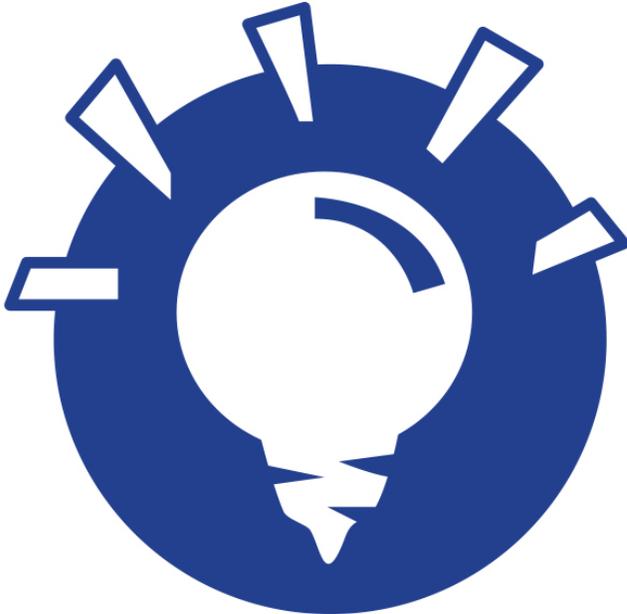
Process for Developing an Asset Management Strategy

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Source: Alberta Handbook and Toolkit

Step 2: Develop asset management objectives

- An objective is a statement that articulates vision and provides guidance

- Objectives need to be:
  - Clear
  - Broad
  - Aligned with community priorities
  - Relevant to staff throughout the organization
  - Focussed on what matters most

Step 2: Develop asset management objectives

- Objectives also need to be specific to context
- While there may be some common themes, it is very unlikely that every community's objectives will be the same

Step 2: Develop asset management objectives

- Some questions to consider when developing asset management objectives:
  - What is the vision for your community?
  - What are the biggest opportunities or strategic risks to achieving the vision?
  - How can asset management enable the achievement of the vision, or the management of risks?
  - Why is it critically important for your community to advance in asset management?

Example

Objective: Reduce lifecycle costs of major infrastructure

Goal: We have defined the current lifecycle costs of major asset classes

Activities:

- Begin pilot test with roads
- Quantify lifecycle cost with current capital and maintenance regime
- Identify alternative approaches for capital construction and maintenance, and the impacts on lifecycle costs

*Final action: Select an optimal regime to reduce lifecycle costs*

Activity

See page 60 in Workbook
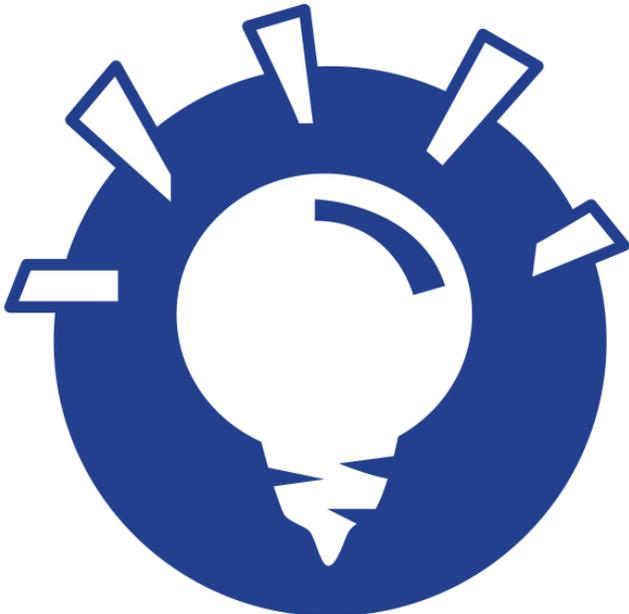
Step 2: Develop asset management objectives

- Examples of asset management objectives:

We will account for and consider natural assets in the same way as engineered assets.

Relevant asset information is captured and managed to enable informed decision-making

Our limited resources are allocated based on life cycle modeling and risk management.

Activity

See page 60 in Workbook
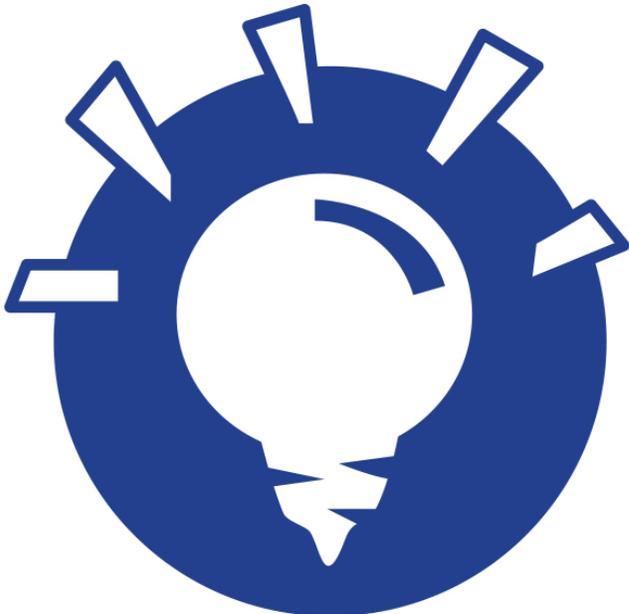
Activity

See page 61 in Workbook
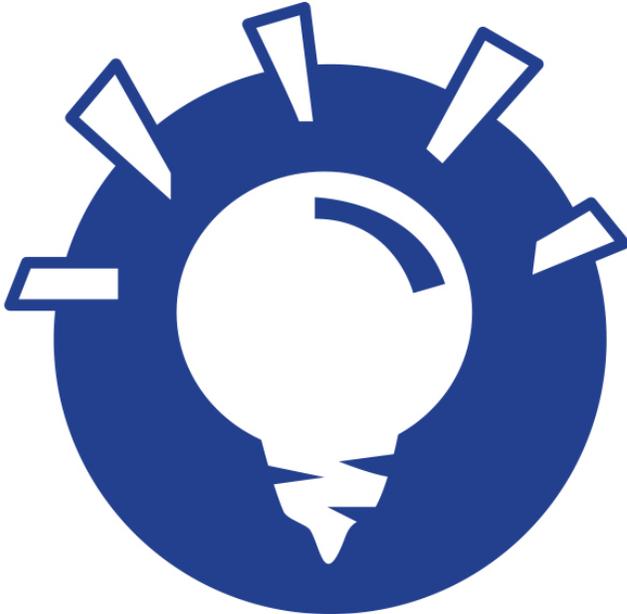
Process for Developing an Asset Management Strategy

1. Establish a baseline
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Source: Alberta Handbook and Toolkit

Step 3: Develop goals for each objective

- **What are the steps that need to be taken in the next five years to move toward your objectives?**

Objective: Reduce lifecycle costs of major infrastructure

Goals:

- *We have defined the current lifecycle costs of major asset classes.*
- *We have optimal predictive maintenance programs in place to extend the life of the assets.*
- *Design and procurement decisions consider lowest lifecycle cost options.*

Step 3: Develop goals for each objective

- A process of developing a strategy is valuable for thinking through
  - What you could do
  - What you will do
  - What you will **not** do

- You will come up with many goals. What do you need to prioritize?

Step 3: Develop goals for each objective

- Not sure where to start? Consider these common first goals:

  1. Consolidate an inventory
  2. Develop an asset replacement forecast
 3. Communicate about AM with staff and council

Activity

See page 64 in Workbook
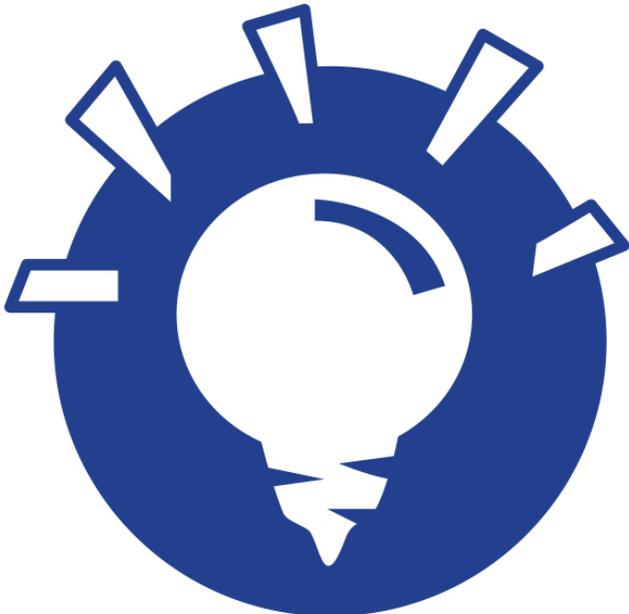
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Source: Alberta Handbook and Toolkit

Step 4: Outline an approach for the next five years

- Now that you have objectives and goals:
    - What actions will you take?
    - When?
    - Who will do them?
    - What other resources do you need to accomplish them?
- 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?

Activity

See AM Strategy Template
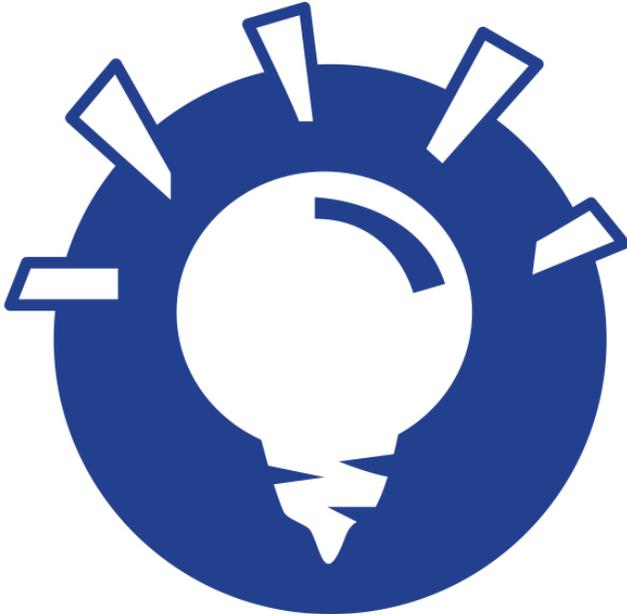
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Final action: Select an optimal regime to reduce lifecycle costs

Process for Developing an Asset Management Strategy

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Source: Alberta Handbook and Toolkit

Step 5: Communicate the strategy

- It's important to communicate to all stakeholders:
  - What the strategy is
  - How it connects to and supports the community's vision
  - What the roles are in implementing the strategy

  We'll be talking more about this tomorrow!

Process for Developing an Asset Management Strategy

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Source: Alberta Handbook and Toolkit

Step 6: Use and update the strategy

- Reasons to review/revisit your strategy:
  - Periodic check-ins throughout the year to monitor progress
  - Questions from council or the public about the contents of the strategy
  - Evaluation of additional activities outside of what is defined in the strategy
  - Turnover in council
  - Turnover in staff
  - Others?

Step 6: Use and update the strategy

- Reasons to update/revise your strategy:
  - Timeframe on the roadmap has passed
  - You have completed all or most activities ahead of time and need to plan for your next steps
  - Your community has seen a major shift in priorities, and some or all your objectives are no longer relevant
  - Others:

You've Made It!

Looking forward…

Tomorrow we will be:

1. Developing your asset management team terms of reference
2. Finishing up drafts of both your strategy and team terms of reference
3. Developing and delivering a presentation about your strategy

Questions?

Module 5 (Day 2)—Develop your Asset Management Team Terms of Reference

Learning Goal 1—Review importance of an asset management team

Learning Goal 2—Develop asset management team Terms of Reference

15-minute refreshment break

Module 6 (Day 2)—Communicate Asset Management Strategy to others

Learning Goal 1—Articulate the importance of communicating your strategy

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Module 5

Develop your Asset Management Team Terms of Reference

Asset Management Team

- Considerations when building a team:
  - Your team is scalable
  - Identify a champion
  - Identify cross-functional representation
  - Identify roles and responsibilities
  - Identify gaps

- Why is it important to have a team terms of reference?

Asset Management Team Terms of Reference

Document that identifies:

1. Purpose of the asset management team

2. Membership and structure

3. Accountability and reporting

4. Roles and responsibilities

5. Communication and meetings

6. Succession planning approach

Asset Management Team Terms of Reference

Team Purpose:

- What is the team's function?

- What are you trying to accomplish?

Asset Management Team Terms of Reference

Membership and structure:

- Who should be on the team? What perspectives and roles?

- Who is the AM champion, and who is supporting them?

- Are there gaps?

Asset Management Team Terms of Reference

Accountability and reporting:

- Where does approval authority lie?

- How will the team report on progress? To whom?

Asset Management Team Terms of Reference

Roles and responsibilities:

- What is each role responsible for?

Asset Management Team Terms of Reference

Communication and meetings:

- Lines of communication (if necessary or applicable)

- Team meetings (frequency, preparation and leadership responsibilities)

- Communications to the rest of the organization (purpose, frequency, responsibilities)

- Communications to Council (purpose, frequency, responsibilities)

Asset Management Team Terms of Reference

Succession planning approach:

- How often will your team revisit your terms of reference, and update if necessary?

- Identify any gaps in current membership, articulate risks of not having that perspective present

Activity

See AM Team Terms of Reference Template
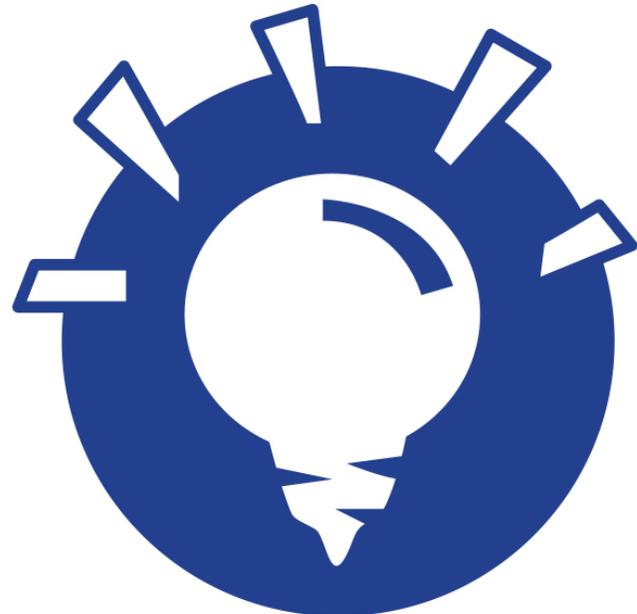
Module 6

Communicate Asset Management Strategy to Others

Why communicate your strategy?

Asset management helps municipalities:

- evaluate and communicate trade-offs

- make evidence-based decisions

- defensibly prioritize projects and resources

- align organization with things that matter most

- decide what infrastructure needs to be replaced or renewed

- determine how much should be saved for future infrastructure renewal

- demonstrate accountability to community

Change Management

- Improvement in asset management requires some vulnerability

- The act of questioning how you currently function can be challenging

- If participants in communication do not feel safe, movement is unlikely

- Your challenge: communicate the benefits of AM and how it will make their job easier

Council Perspectives

- offer citizens a level of service and added value
- respect the strategic plan
- adopt and follow the sustainable development plan
- maintain a balanced budget
- minimize risks
- preserve community identity
- others?

Management Perspectives

- implement council's vision by respecting the strategic plan

- oversee administration of municipality

- implement policies and maintain regulatory compliance

- leave a positive legacy

- retain internal expertise and develop staff

- others?

Finance Perspectives

- implement council's vision by respecting the strategic plan

- oversee administration of municipality

- implement policies and maintain regulatory compliance

- leave a positive legacy

- retain internal expertise and develop staff

- others?

Staff Perspectives

- Work in accordance with regulations, standards, and policies
- Operate as per departmental budget allocations
- Conduct projects on time and on budget
- Showcase the community by developing built environment and bylaws
- Maintain business licenses, assets and project tracking
- Provide service and resolve any service delivery issues despite constraints

Staff Perspectives

- Communicate relevant field information to management
- Comply with operating permit requirements and preserve them
- Ensure management of natural assets, including any legislative requirements
- Consultation and awareness internally and externally about service delivery and sustainable development issues

Activity

See page 70 in Workbook
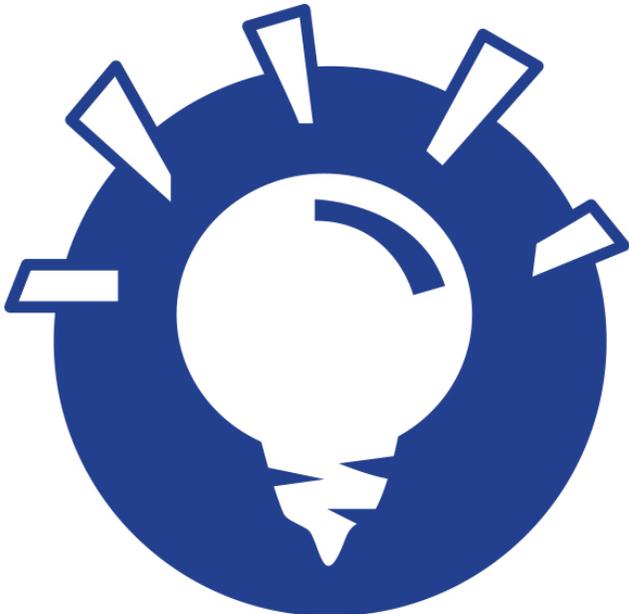
Activity
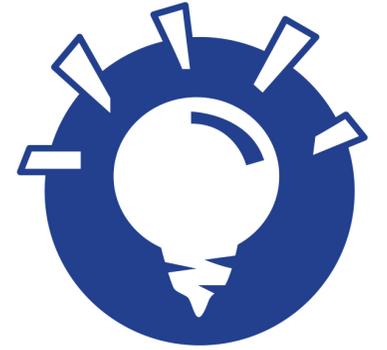
- Prepare a 5-7-minute presentation about asset management to your identified target audience.

- You can use the presentation outline provided , or parts of the FCM sample presentation, or you can use neither of those things and choose to go your own way!

Tasks to complete before the next workshop:

- ✓ Share your asset management strategy with other staff

- ✓ Deliver your strategy presentation to your target audience

- ✓ Share your asset management strategy with council (if they were not your target audience)

- ✓ Take a moment to reflect on where you started at the beginning of this workshop series, and celebrate how far you've come!

Implementation Support

- We are here for you!

- Options for consideration:
  - WebEx check-ins as a group?
  - Individual phone calls?
  - In person meetings in either Black Diamond or Taber?

Evaluation Form