



## Asset Management Newsletter

TWELFTH EDITION – FALL 2014 ISSUE



### Feature Article: Hell or High Water – How Asset Management Assisted the Calgary Flood Response and Recovery

*By Lorin McConnell, Leader, Corporate Asset Management,  
The City of Calgary.*

In June 2013 The City of Calgary and many other parts of Southern Alberta experienced the largest flood in its modern history where large portions of the city were damaged, thousands evacuated, and a State of Local Emergency was declared. The devastating events impacted built, economic, natural, and social environments within the city and include:

- \$460 million in initial damage and cost estimates
- 26 communities and 50,000 people evacuated
- 30 parks flooded
- 20 bridges closed



*Prince's Island Park during the 2013 flood event*

The response to the flood was incredible due to the fast mobilization of city staff, volunteers, civic partners, Canada Taskforce 1 and 2, community based organizations, the Canadian Forces, and numerous personnel from other municipalities and other levels of government.

The heroic and heartwarming stories that occurred when all of these people came together to help the flood recovery effort were countless and will never be forgotten.

A little known, but extremely important helping hand in the response and subsequent recovery was Calgary's Asset Management System. In short this system is the application of asset management at the city which incorporates the economic assessment of trade-offs among alternative investment options and uses this information to help make cost effective decisions.

This sustainable approach to asset management appears at the surface to be a long term planning tool, but it is critical to improving response times during emergencies. In particular, an accurate inventory and value of assets is critical to properly respond to a disaster situation and is core to the city's asset management system. This is illustrated by The City of Calgary's Manager of Corporate Project & Asset Management, Steve Wyton. Mr. Wyton is a practicing professional engineer and was deployed to assess all parks locations to assess infrastructure damages. Within 24 hours of flood waters receding, the Parks business unit had provided a list of assets that is contained in their GIS and asset management technology. Within 72 hours Mr. Wyton was able to submit a report to Council containing a high level estimate of the damage.



A “donated asset” left behind by the flood at Sue Higgins Park

With damage estimates coming quickly from all asset managing Business Units and more than 200 flood related projects identified, The City continued to leverage its asset management practices to prioritize investments in order to minimize risk, resume service, and even dispose of assets where required. As a result, The City was able to quickly move to a state of normalcy and establish an unprecedented level of pride within the community.



Prince's Island Park during the 2013 flood event

Moving forward the city's asset management system will be a critical part of addressing vulnerabilities in the city's assets and making them more disaster-resilient in the event of another disaster. This involves ensuring the resiliency of critical assets and the sustainment of at-risk service lines by prioritizing investments and conducting vulnerability assessment in order to help the community get back up and running with the lowest economic and social impacts.

“Of course in any disaster situation peoples' will and dedication to recovery can never be overstated, but a little help from a strong asset management system never hurts.”

## Articles in this Edition:

- Feature Article: Hell or High Water – How Asset Management Assisted the Calgary Flood Response and Recovery
- Provincial Direction with Asset Management
- Asset Management Primer Released
- Infrastructure Canada - Canada Helping Strengthen BC's Public Infrastructure
- The Sustainable Foundation
- Mark your calendar – Vancouver May 2015
- References on Asset Management
- Tips and Tactics: The People Component

## Provincial Direction with Asset Management

*Liam Edwards, A/Executive Director  
Infrastructure and Finance, Local Government Division  
Ministry of Community, Sport and Cultural Development*

The Ministry of Community, Sport and Cultural Development (MCSCD) has been a strong advocate and supporter of advancing asset management (AM) in British Columbia (BC) for many years. MCSCD has leveraged its planning and capital grant funding programs to promote and encourage local government adoption of AM practices across the province. Support has been provided through funding from the Infrastructure Planning Grant Program for targeted asset management planning initiatives, strategic funding for several training initiatives across the province and a strong commitment by the Ministry to participate in the creation and development of **Asset Management BC** (AM BC).

As discussed in an article written by the Union of BC Municipalities (UBCM) for the AM BC summer newsletter, the renewed tri-party (Federal-Provincial-UBCM) Gas Tax Agreement places a clear priority on asset management. In support of this priority, the Partnership Committee of the Gas Tax Agreement are developing an Asset Management Framework to help guide local governments through the asset management requirements over the life of the 10 year Gas Tax Agreement. The Framework is anticipated to be finalized later this year.

Additionally a province wide asset management strategy that goes beyond the requirements of the Gas Tax Asset Management Framework, would be beneficial for all local governments, as well as other organizations. The Province intends to recognize and potentially endorse a strategy developed by stakeholders, rather than develop its own strategy for local governments. A province wide, made in BC, asset management strategy will provide a high level overview of what is needed to develop, implement and maintain strong asset management practices for local governments. It is important to consider a unified approach, engaging all stakeholders, including local governments, representative associations and industry organizations to avoid competing frameworks and to maximize resources and efficiencies in development of such a strategy. To this end, AM BC may well be the best organization to coordinate the development of such a strategy.

Asset management has always, and will continue to play a key role in MCSCD assessment criteria for capital infrastructure programs. More and more, MCSCD grant program assessment criteria look at **'how'** local governments are managing their assets, rather than **'what'** is being applied for. The **'why'** of the application is equally if not more significant than the project ask itself. For example, if a local government applies to upgrade a drinking water treatment facility that is no longer in compliance with a regional health authority operating permit, MCSCD staff asks the question **'why'** is the facility no longer in compliance? Is it because of neglect? - In which case the application is likely ranked low; or is it because the regulations have changed and the applicant can demonstrate strong ongoing efforts towards adequate service delivery and asset management? If this is the case the project would likely be ranked high.

In future funding programs, like the New Building Canada Fund's Small Communities Fund (SCF) and the renewed Gas Tax Fund's Strategic Priorities Fund (SPF), local governments can expect to see increased assessment criteria based around asset management principles. As always, varying capacity, community size, and project complexity is also considered in assessment criteria. It is understood that not all local governments have the same capacity or resources to develop or enhance their asset management principals.

On September 24 2014, the Minister of Community, Sport and Cultural Development announced that the

New Building Canada Fund's Small Communities Fund (NBCF-SCF) would be launched and ready to receive applications by the end of October 2014. The program was launched October 15<sup>th</sup> and eligible applicants can access application forms and program guides online at [www.gov.bc.ca/SmallCommunitiesFund](http://www.gov.bc.ca/SmallCommunitiesFund). Applicants will have until February 18, 2015, to submit their applications. This will represent the first of at least two intakes envisioned under this program. The Ministry is asking local governments to place a high priority on addressing critical infrastructure issues in areas such as drinking water, wastewater and solid waste management – particularly those projects associated with achieving provincial or federal regulations or standards. Under this fund, more than \$327 million cost-shared between the federal, provincial and local governments will be invested in supporting critical infrastructure of communities with populations under 100,000 over the next 10 years.

For information on the broader program and national allocations visit Infrastructure Canada's Building Canada Plan website ([www.infrastructure.gc.ca](http://www.infrastructure.gc.ca)) or read AM BC's 2014 summer, Issue #11, newsletter article written by Infrastructure Canada. ([www.assetmanagementbc.ca](http://www.assetmanagementbc.ca))

With the ever-increasing need for infrastructure investment, coupled with fiscal constraints, implementing asset management practices is not only the smart thing to do, it's critical. Strong asset management practices require the support of the entire organization, from the elected officials who provide direction on priorities, to the teams in the field who build, repair and replace the assets, and everyone in between. Once a local government (or any organization for that matter) adopts an asset management approach to doing business, then sustainable service delivery actually becomes attainable.

## Asset Management Primer Released

**Canadian Network for Asset Managers (CNAM)** has released a primer on asset management as part of the Canadian Infrastructure Report Card (CIRC) project.

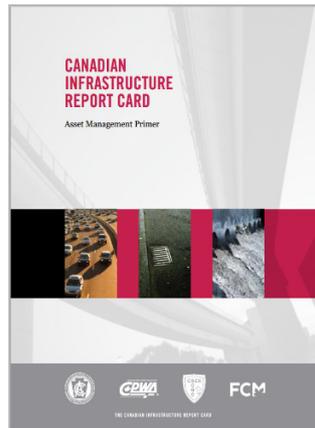
The Asset Management Primer was created by CNAM to:

- increase the awareness of the state of asset management practice;

- improve the consistency and reliability of the information being reported in future Canadian Infrastructure Report Cards, including standardizing the provision of the data across Canada; and,
- to increase the participation rate by municipalities in the upcoming 2015 CIRC recognizing that all municipalities are managing assets.

CNAM recognizes that no matter the stage of development, asset management information is essential to infrastructure planning and the development of support programs in Canada.

The full document can be accessed in English and French on the CNAM website at [www.cnam.ca](http://www.cnam.ca)



## Canada Helping Strengthen BC's Public Infrastructure

*(from Infrastructure Canada)*

When we invest in modern and efficient public infrastructure across Canada, we create jobs, promote economic growth and provide a high quality of life for all Canadians and their families.

Ultimately, over 95 percent of all public infrastructure assets in Canada are owned by provinces, territories and municipalities. Our Government respects their jurisdictions and is doing its part by working with all levels of government, stakeholders and the private sector to help build, sustain and modernize a network of world-class infrastructure assets.

Since 2006, our Government has nearly doubled the average annual funding for provincial, territorial and municipal infrastructure. No other federal Government in our nation's history has made these levels of investment.

Our infrastructure programs have been designed to meet the needs of municipalities, provinces, and territories, while achieving the best value for taxpayers' dollars. There are three levels of government, and the private sector, which all have a role to play in

supporting public infrastructure. Projects are cost-shared to maximize federal investments, create jobs and stimulate the economy while leveraging greater funding from other sources.

The \$53-billion New Building Canada Plan was designed with these same principles in mind. The New Building Canada Plan is the largest and longest infrastructure plan in Canadian history, providing stable funding for a 10-year period. Under the New Building Canada Plan, funding is available through several different components, including the renewed federal Gas Tax Fund, the National Infrastructure Component and the Provincial-Territorial Infrastructure Component.

Since its inception, the federal Gas Tax Fund has offered a flexible approach to infrastructure financing, allowing municipalities to choose and plan their own infrastructure priorities. Our Government has made significant improvements to the Gas Tax Fund. It has been extended, doubled from \$1 billion to \$2 billion per year, and legislated as a permanent source of funding to provide Canadian municipalities with long-term and predictable funding that supports local infrastructure priorities. It has also been indexed at two per cent per year, which means that it will grow by \$1.8 billion over the next decade.

The federal Gas Tax Fund has already delivered nearly \$1.6 billion to municipalities in British Columbia and the province will receive an estimated \$2.76 billion over the next decade.

In addition to this funding, British Columbia will see almost \$1.1 billion under the New Building Canada Fund, which includes nearly \$109 million for communities with populations of fewer than 100,000 people.

Our Government's commitment to enhancing Canada's infrastructure has never been stronger. While we work with the province to identify and fund the projects that municipalities have identified as priority, existing programs will continue to provide funding to eligible infrastructure projects across British Columbia and the rest of the country. This represents \$6 billion under existing programs that will continue to flow to projects across the country beyond this year.

Robust asset management plays an important role in helping to identify local infrastructure priorities. As part of Economic Action Plan 2013, our Government reiterated the importance for all levels of government to develop asset management plans so that they can

maximize the value of their investments for taxpayers and ensure sustainability over time.

Our Government’s unprecedented infrastructure investments have led to real, tangible infrastructure benefits that provide jobs and help improve transportation, commerce and business across the province.

As we move forward with our infrastructure investments, we do so in tandem with our partners to provide meaningful and lasting benefits for our communities across Canada.

With the New Building Canada Plan, we are well on track to surpass the successes we have achieved to date. We will continue to support job creation, economic growth and modern public infrastructure that contribute to the quality of life of Canadians.

*The Honourable Denis Lebel, Minister of Infrastructure, Communities and Intergovernmental Affairs and Minister of the Economic Development Agency of Canada for the Regions of Quebec.*

## The Sustainable Foundation

*Andy Wardell, Manager, Financial Services, District of North Vancouver*

### **Service, Asset and Financial Sustainability at the District of North Vancouver**

Maintaining the District’s current financial health and providing for a long-term sustainable future are top priorities for the District. One of the ways we are working to achieve this is through our work in asset management.

With senior levels of government now starting to focus on local government asset management it is of fundamental importance for local governments to realise that asset management is not a compliance exercise to satisfy a legislative requirement to have an asset management plan. It is about stewardship of communities, sustaining a way of life and bringing levels of service into alignment with the price citizens are willing to pay.

With clear Council direction, staff expertise and the use of international best practices in asset management, our interdisciplinary Asset Management Steering Committee has been working since 2006 to continuously improve and manage our existing infrastructure assets.

The cornerstone of our work is Australia’s National Asset Management Strategy (NAMS) developed by the Institute of Public Works Engineering Australia, a scalable guided pathway that empowers municipalities, helps develop asset management plans and facilitates their integration with long-term financial plans. The District was an early adopter among local governments in Canada and we are one of over 80 other municipalities in Western Canada adopting NAMS.

At the District, our asset management is grounded in what we call “The Sustainable Foundation”; a fully integrated asset management approach that brings our entire organization into alignment. Integration is achieved by:

- **Developing asset management plans from the bottom up and setting policy at the top. Strategy brings it all together.**
- **Combining best practices in accounting, engineering, financial planning and sustainability performance measurement.**
- **Shifting our culture away from silos to a corporate mindset focused on building organizational capacity.**
- **Training staff in finance, engineering, operations and planning together on how to develop asset management plans and integrate these requirements into long term financial planning.**

### **The Sustainable Foundation 1**

The Sustainable Foundation has five levels we consider essential to developing robust local government asset management.



**PSAB inventories** lay the foundation for a consistent, repeatable inventory with additions and disposals reviewed each year by our auditors.

**Asset Management Plans** are developed for each major asset group including an assessment of three asset conditions (physical, demand/capacity and functionality), levels of service at both the customer and technical levels and risk assessments on each asset within the group. Asset requirements are articulated in ten and twenty year plans for operating, maintenance and capital. These ten and twenty year requirements feed our long term financial plans and help chart the path toward financial sustainability.

**The Roadmap** is a guide on how to develop Asset Management Plans that are backstopped by Risk Registers and Public Sector Accounting Board Inventories. Our Roadmap and Asset Management Plans use NAMS and the Asset Management BC Roadmap. The Roadmap and Asset Management Plans are made more reader friendly by mapping all requirements into InfraGuide’s seven questions. For the District these are:

1. What is the asset?
2. What do we own and where is it?
3. What is it worth?
4. What condition is it in?
5. What needs to be done and when do you need to do it?
6. How much will it cost?
7. What is next?

**Strategy** essentially summarizes Asset Management Plans into a consolidated corporate view and quantifies infrastructure backlog, funding gaps, corporate deliverables and expected outcomes that will move the organization forward toward sustainability.

**Policy** supports a long term vision of asset management that transcends Council terms. Gaining Council support takes time and experience shows that working from the bottom up developing asset management plans first gives Council solid information and confidence that the policy is designed on a foundation of best practices. Said another way, “there are votes in sustaining existing infrastructure and your community”.

**The Sustainable Foundation 2**

The Sustainable Foundation also shows how we bring together best practices in accounting, engineering,

financial planning and sustainability performance measurement.

**Canadian Public Sector Accounting Board (PSAB).** PSAB’s Conceptual Framework Task Force (CFTF) is undertaking a comprehensive review of the concepts that underlie the reporting of financial performance in the general purpose financial statements of public sector entities. In the opinion of the author, the current standards work well but lack fair value measures (replacement values) for depreciation and tangible capital assets. Further, the concepts of intergeneration equity are being debated but require future oriented thinking about the next generations.

Infrastructure deficits (backlog) have been long in their creation. For long lived assets in particular, past generations have laid a solid foundation of assets that have been paid for. Today generations continue to enjoy the services these assets support but lacking a willingness to sustain them (pay for them). The challenge for PASB’s CFTF is that financial statements traditionally report on the past and don’t look to the future. PSAB has an opportunity to play a significant role in financial sustainability if they bringing PSAB standards into alignment with fair value measures used by other professions charged with the renewal and replacement of existing infrastructure.



**NAMS** is based upon the International Infrastructure Management Manual (IIMM). We have found the NAMS templates and guided pathway to be an excellent approach to progress toward sustainable asset management. The NAMS approach is: training must be interdisciplinary (key to breaking down professional silos and siloed thinking), asset management plans are reader friendly (less than 30 pages per plan), risk registers and risk management plans support each asset

management plan, asset strategy integrates those plans, policy leads from the top. We assess progress using the NAMS Core Maturity Assessment tools that are integral to the NAMS guided pathway. Asset Management BC has been making NAMS available to BC municipalities since 2010.

Concurrent with the work of Asset Management BC, the BC Government Finance Officers Association has been developing a best practices approach to long term financial planning. The idea is that regardless of your approach to asset management you should be able to easily integrate your long term asset management requirements into your long term financial plans (which ultimately support the service vision of your municipality). At the District this is exactly what we have been doing. The integration of these best practices provides a clear understanding of your infrastructure backlog (if any), future investment needs and the financial challenges to be overcome to ensure that services, assets and finances are sustainable.

**Financial sustainability** needs to be monitored! So just how do you do that? The key is to find others that are leaders in financial sustainability and model their deep and well thought out approach. Look to South Australia and their award winning Financial Sustainability Program (FSP). There you will find 27 Information papers (revised in February 2012) that put Australia far ahead of Canada and others in the measurement of financial sustainability.

At the District we have researched and studied the FSP. One particularly relevant paper is Information Paper #9, Financial Indicators. These indicators are also recommended best practice by the Institute of Public Works Engineering Australasia. Here's how they work:

- |                              |  |
|------------------------------|--|
| <b>Financial Performance</b> | • <b>0% to 15% Operating surplus ratio</b> (inclusive of Fair Value Depreciation) = sufficiently funded to sustain existing assets (the built environment).                              |
| <b>Financial Position</b>    | • <b>(100%) Maximum Net financial liabilities ratio</b> (the significance of net amount owed compares to revenue) = okay to borrow strategically   |
| <b>Asset Performance</b>     | • <b>90% to 110% Asset sustainability funding ratio/Asset renewal funding ratio</b> (the extent to which assets are being replaced over the required funding in Asset Management Plans). |

**Operating Surplus Ratio** – Start with your Canadian PSAB audited Statement of Operations:

1. Numerator - Use only major controllable revenues (exclude land sales as they are not sustainable over the long term in the

replacement of assets + 1X grants from senior governments + minor revenues like donations).

2. Denominator - Use total expenses but replace historical cost depreciation on the Statement of Operations with fair value (replacement value) depreciation.

Indicator #1	Operating Surplus Ratio				
	2009	2010	2011	2012	2013
Major Controllable Revenues \$	136	\$ 143	\$ 151	\$ 158	\$ 166
Operating Expenses @ Fair Value	152	154	158	163	166
Surplus (Deficit) with FV depreciation	(16)	(12)	(7)	(5)	0
Operating Surplus (Deficit) Ratio	-11%	-8%	-5%	-3%	0%
Minimum Benchmark Target	0%	0%	0%	0%	0%

To see progress you need to have strategies in play to address your infrastructure backlog via cost containment, service reduction and revenue generation. Track progress annually.

The operating surplus ratio moves you toward steady state replacement of existing assets. At the District we have had strategies in place for a decade. In 2013 we hit the minimum best practice benchmark.

**Net Financial Liabilities Ratio** – Use your PSAB audited Statement of Financial Position:

1. Numerator - Use your Net Financial Assets/Liabilities per PSAB
2. Denominator - Use your major controllable revenues

Indicator #2	Net Financial Assets (Liabilities) Ratio				
	2009	2010	2011	2012	2013
Net Financial Assets (Liabilities) \$	38	\$ 50	\$ 60	\$ 72	\$ 86
Major Controllable Revenues	136	143	151	158	166
Potential Debt Room	(174)	(193)	(211)	(230)	(252)
Net Financial Assets (Liabilities) Ratio	28%	35%	40%	46%	52%
Maximum Benchmark Target	-100%	-100%	-100%	-100%	-100%

In general terms the amount of debt is subjective. Research on debt shows that a cap on debt is recommended and that debt referenced to major controllable revenue is a better measure than others. Holistic and strategic use of debt is best when it augments progress toward steady state replacement of existing assets. Under the FSP, total debt is capped at 100% of major controllable revenues. Local governments with positive, growing net financial assets might be viewed as being “debt adverse” if their infrastructure backlog is not actively being managed.

**Asset Sustainability Ratio** – Tracking progress on infrastructure backlog reduction

1. Numerator - What you actually spend on existing assets each year

- Denominator – Option 1 – use fair value depreciation until you have your asset management plans for each asset group. Option 2 – Use what your asset management plans say are required to sustain existing assets.

Indicator #3	Asset Sustainability Ratio				
	2009	2010	2011	2012	2013
Sustained Capital Investment \$	16	\$ 15	\$ 16	\$ 17	\$ 13
Asset Management Plan Requirements	20	21	21	22	22
Annual Asset Sustainability Ratio	77%	72%	76%	77%	58%
Three Year Moving Average			75%	75%	70%
Minimum Benchmark Target		90%	90%	90%	90%

This ratio is not about funding power (that is essentially covered by the Operating Surplus Ratio). This is about monitoring if you are using that funding power to reduce your infrastructure backlog and sustain your existing assets. Expect some variability when projects are delayed or some large gains if you have some major assets being replaced. Think about it... you can reach sustainability in the Operating Surplus Ratio but still have some way to go to recover infrastructure backlog under the Asset Sustainability Ratio.

When these three FSP ratios are combined they effectively track progress toward:

- Making your operations capable of sustaining your assets.
- Learning to use debt strategically and holistically.
- Renewal and replacement of existing infrastructure.

Building a sustainable foundation takes time but if you don't start you will not finish. In the context of systems thinking "seeing a system" helps bring it to life. Once you have a vision you need to make it a shared vision. That is what The Sustainable Foundation is really all about; having a shared vision, bringing alignment to the organization and the key stakeholders that all play a role in stewarding local government to long term sustainability.

*"As a community we too often take our core infrastructure for granted until it breaks down. It is too easy for local governments to starve capital replenishment and bring in artificially low tax rates in order to balance budgets – the long term consequences of this can be catastrophic. Financial sustainability is critical for the guarantee of future liveability within our community".*

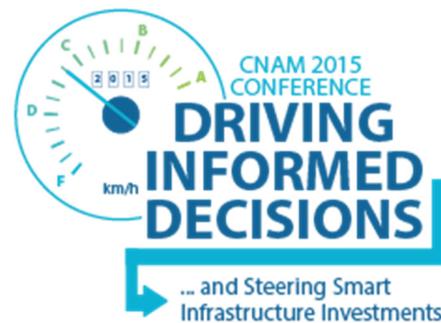
*Richard Walton, Mayor, District of North Vancouver*

**Final Comments**

At the District we leverage all parts of The Sustainable Foundation seeing our work as a continuous quality improvement project that moves our municipality toward service, asset and financial sustainability. Policy may stand the test of time but all other parts are moving, updated annually in ways that demonstrate we are a learning organization, training staff, building corporate memory and bringing an asset-centric mindset to all parts of our business.

**Mark your calendar – Vancouver May 2015**

**2015 Canadian Network of Asset Managers Conference**



Asset management is no longer a buzz word that communities strive for, it is best practice. Engineers and accountants now have access to data, advanced mapping, modeling and assessment tools as well as guidance from local, provincial and international policy and standards to help them drive smart asset management decisions and steer infrastructure investments to the best use, and for maximum benefit.

Join us **May 11-14, 2015** in **Vancouver BC** at the **Vancouver Marriott Pinnacle** for the 9th Annual CNAM Conference.

Government and private sector leaders from across the country will gather in May 2015 to strap on seatbelts, put a collective foot on the gas and work together to accelerate the practice of asset management in Canada.

The Call for Presentations is now open and keep your eye open for our conference registration launch in early 2015. Visit our website for more details. [www.cnam.ca](http://www.cnam.ca) or email us at [conference@cnam.ca](mailto:conference@cnam.ca)

## References on Asset Management

*From Asset Management BC Newsletters*

The following provides a list of Case Studies and Knowledge Articles from each edition of the Asset Management BC Newsletter published to date. Copies of all Newsletters are available on the AM BC website.

### Case Studies

- Edition One (Fall 2010): **Town of Qualicum Beach** - geoautomation processes and asset management. **City of Prince George** - 'As-builts', Old Issues New Realities.
- Edition Three (Summer 2011): **District of Lake Country** – A Random Act of Asset Management: Capital and Asset Management Planning.
- Edition Four (Winter 2011): **South East Kelowna Improvement District** – Doing more with less: Streamlined Asset Management using Microsoft Excel.
- Edition Six (Fall 2012): **Town of Golden** – How Golden has Progressed Asset Management.
- Edition Seven (Winter 2013): **Town of Creston** – Taking Steps: On the Path to Assessment in Creston.
- Edition Eight (Spring 2013): **Town of Banff** – Size Doesn't Matter: The Town of Banff's Award Winning Approach to Asset Management.
- Edition Nine (Fall 2013): **City of Grand Forks** – Taking a Bite out of Grand Forks' infrastructure Elephant.
- Edition Ten (Winter 2014): **City of Prince George** – Developing a Long-term Civic Facilities Renewal Program for Prince George
- Edition Eleven (Summer 2014): **City of Kelowna** – Kelowna's Asset Management Journey.

### Knowledge articles

- Edition One: Interview with Mayor Frank Leonard, Mayor of Saanich respecting Asset Management
  - Our Asset Community (interview with Glen Brown)
  - Moving Saskatchewan Municipalities towards Asset Management (Steve Brown)
- Edition Two - Bridging the Abyss- The Infrastructure Funding Gap (Therese Mickelson for LGMA)

- Infrastructure Canada Contributes to a Competitive Economy, a Cleaner Environment and Livable Communities
- Integrated Rainwater Management: Move to a Level-of-Service Approach to Sustainable Delivery (K. Stephens)
- CSA's (Canadian Standards Association) Infrastructure Solutions Program (M. Mortimer)
- Tips and Tactics: Asset Components – How much detail is enough detail?
- Edition Three - Comox Valley Local Government Showcase "A regional Response to Infrastructure Liability".(K. Stephens)
  - Australia NAMS Process Piloted In BC and Saskatchewan (AM BC)
  - Roadmap for Asset Management Published (AM BC)
- Edition Four - Infrastructure Canada Launches Consultation Program (Andy Wardell)
  - Asset Management is Alive and Well in British Columbia(AM BC)
  - What should I expect from Asset Management BC
  - Tips and Tactics: Decision Making
- Edition Five - Role of the Chief Financial Officer in Asset Management (Andy Wardell)
  - MMCD Asset Management Data Register Provides Standards for Infrastructure Data
  - Your assets? Drainage Infrastructure Screening Tool Saves Money!
  - Infrastructure Canada – Consultation Across Canada are Steps to Building a Prosperous Future.
  - Asset Management, What's in a Word? (AM BC)
  - Tips and Tactics: TCA and Long Range Financial Planning
- Edition Six - Why Planners Need Asset Management: A conversation.....(Kim Fowler)
  - Infrastructure Canada – Success Through Partnerships
  - Asset Management – Building Local Government Capacity in BC (Glen Brown)
  - Asset Management in Alberta making Progress (Joel Sanchez)

- Asset Management BC – It’s all about Partnerships (AM BC)
- Partnership for Water Sustainability aligns efforts with the Ministry of Environment to deliver “Living Water Smart”.
- Tips and Tactics: Simplicity Works
- Edition Seven - A Perspective on Asset Management (Gord Hume)
  - Infrastructure Costs and Urban Growth Management (Patricia Gordon)
  - Stewardship – Public Works’ Role in Asset Management (Gordon Brown)
  - Learning on the Job: Gameti Woman Asset Manager (Kassina Ryder)
  - Do you have an approved Asset Management Policy? (AM BC)
  - Tips and Tactics: Creating Real Stewardship
- Edition Eight - Government of Canada to Make Record Investment (Infrastructure Canada)
  - What is our Infrastructure Worth? (AM BC)
  - The Birth of CNAMpedia (CNAM)
  - MMCD Announces Data Register.(MMCD)
  - Tips and Tactics: Risk Mitigation
- Edition Nine - Service, Asset and Financial Sustainability at the District of North Vancouver (Mayor Richard Walton)
  - Asset Management and the “New Normal” (Cathy LeBlanc and Deborah Carlson)
  - Saanich Council Comments to Funding (Interview with Mayor Frank Leonard)
  - If I am an Elected Official.....(AM BC)
  - Tips and Tactics: Does Condition Make a Difference?
- Edition Ten - Why Asset Management? (AM BC)
  - Cross Canada checkup – Alberta, Ontario, NWT, Saskatchewan, CNAM
  - Vancouver Island 2065: Moving Towards Sustainable Service Delivery (Kim Stephens)
  - Infrastructure Report Card- The Next Version (CPWA)
  - Tips and Tactics: Finding the Right AM Path for you
- Edition Eleven - Earthquakes and Linear Assets (Tom Barnes – Municipal Insurance Association of BC)
  - Infrastructure Canada Explains Funding (Infrastructure Canada)
  - Grand Forks Partners with Industry (Doug Allin)
  - More Community NAMS Training for Asset Management (AM BC)
  - The Renewed Federal Gas Tax Agreement Part one (Glen Brown, UBCM)
  - Tips and Tactics: Big Everyday Decisions

## Upcoming Events

### Government Financial Officers Association of BC

December 3, 2014

Capital Project Process Workshop

Vancouver BC

[www.gfoabc.ca](http://www.gfoabc.ca)

### Federation of Canadian Municipalities

February 9 – 12, 2015

Annual Sustainability Conference

London ON.

[www.fcm.ca](http://www.fcm.ca)

### BC Water & Waste Association

With PWABC and AM BC

Spring 2015

Asset & Maintenance Management Processes

[Grand Forks, BC \(Selkirk College\)](http://Grand Forks, BC (Selkirk College))

[www.bcwwa.org](http://www.bcwwa.org)

### Canadian Network of Asset Managers

May 11-14, 2015

Vancouver Marriott Pinnacle

**8<sup>th</sup> Annual Workshop**

Vancouver BC

[www.cnam.ca](http://www.cnam.ca)

### Government Financial Officers Association of BC

May 27 – 29, 2015

Penticton, BC

**Annual Conference**

[www.gfoabc.ca](http://www.gfoabc.ca)

## Tips and Tactics: The People Component

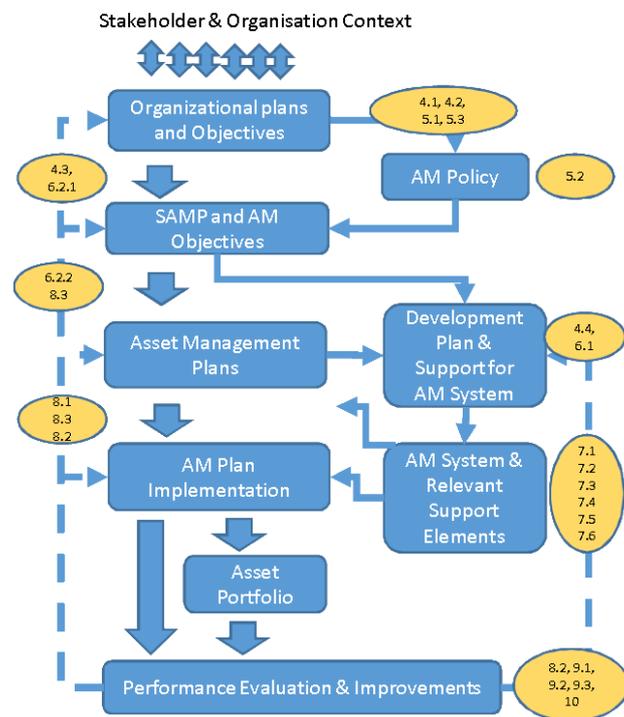
By Wayne Hatcher & Bernadette O'Connor  
Opus International Consultants (Canada) Ltd

It is people who make Asset Management successful (or not) within an organization. Therefore attempting to implement Asset Management change or improvement without attending to change management and considering the cultural impacts will always deliver less than optimal results and may even fail in its endeavours.

The following quote from Penny Burns in edition #393 of the Strategic Asset Management publication speaks to the wider impact of Asset Management;

*“No longer is asset management merely technical, it is increasingly being recognised as both behavioural and cultural which maybe [sic] why there is growing interest from senior management levels.” Penny Burns SAM #393*

The international asset management standard ISO 55000 includes people issues in its framework.



### ISO 5500(1) Section 7: Support – People elements

- 7.1 Resources
  - Provide resources to establish and maintain the AM system

- Provide resources to implement the AM plan
- Consider and evaluate internal and external resourcing
- 7.2 Competence
  - Determine competency requirements
  - Ensure competency and take actions if required
  - Document evidence and periodically review
- 7.3 Awareness
  - Awareness of the AM policy
  - Awareness of contribution to the AM system
- 7.4 Communication
  - Determine and implement communication requirements
  - Develop a Consultation Plan
- 7.5 Information requirements
- 7.6 Documented Information

Asset Management has commonly been referred to as a “journey”. It is now also becoming recognized as a “culture”. So what do we mean by this?

An organization’s culture can be thought of as simply “The way we do things around here”. However it is more than that. It is driven by the shared subconscious, tacit beliefs, and assumptions of the people within the organization.

This is the underlying reason that many successful Asset Management improvement programs emphasise communication of the “why” to staff and use a highly collaborative approach to assist staff within an organization to develop their own ‘tailor-made’ program.



- Asset management will not succeed without a wider organisational view
- Approaching asset management as a cultural change exercise as well as a technical exercise increases the likelihood of success

So what is cultural change? And how might you go about making and sustaining the right cultural changes?

A quote from the NY Times on cultural change advises;

*“As a manager, you may have the power to change your organization’s policies with the stroke of a pen. And you may have the ability to hire, fire, promote and demote people with relatively little effort.*

*But changing an entrenched culture is the toughest task you will face. To do so, you must win the hearts and minds of the people you work with, and that takes both cunning and persuasion.”*

Whilst I do not subscribe to the concept of “cunning and persuasion”, preferring an open transfer of knowledge and helping staff to realize the benefits of Asset Management, the importance of cultural change stands.

Lewin’s three-step model gives an overview of the key concepts for cultural change;

1. Unfreeze
2. Moving
3. Freezing

Put in more specific terms for Asset Management initiatives, this would be that;

- People need to understand why things need to be done another way. They also need to feel heard and understood. Therefore change is more successfully achieved when affected personnel are collaboratively involved in defining issues and determining solutions
- Everyone involved needs to develop new insight, attitudes and skills. Therefore awareness, education, and training in Asset Management concepts, principles, and skills should be part of every Asset Management Improvement Program
- Newly acquired skills must be developed into a new routine. This requires training, practice, and suitable mechanisms for encouraging compliance such as;
  - Positive role modelling,
  - Active enquiry,
  - Feedback loop,
  - Visible use/usefulness of new outcomes
  - Performance measurement
  - Compliance auditing/reporting
  - Benefits tracking

Most people do not like change and Change Management is an art form all to itself.

The ‘take away point’ is that Asset Management cannot be successfully implemented in isolation of people issues and with all people issues comes the need to address cultural change and change management.

Implementing change will always be more successful if people affected believe in the change proposed and their direction (end vision) is aligned.

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## Asset Management: Questions and Answers

*Responses provided by Editorial Panel*

**Note to Readers:** You are invited to email questions or comments to Asset Management BC or to the editor – see final page - and you can note in your email whether you wish your comment or question to be published.

Raising questions and making comment are strongly encouraged as this newsletter is provided for the greater good of all types of Local Governments managing infrastructure and for the advancement of Asset Management within the Province.