



Asset Management Newsletter

SEVENTH EDITION – WINTER 2013 ISSUE



Feature Article: A Perspective on Asset Management

By Gord Hume

Metro Vancouver recently hosted a symposium on the future of municipal government financing. It was a significant event, and I was honoured to be the keynote speaker.



A lot of smart minds assembled in the room, and there were a number of ideas and suggestions offered, all of which helped to start an important new debate for British Columbia's towns and cities on how to finance our municipalities.

A key part of this new thinking is better Asset Management. Smart municipalities are increasingly aware of and committed to strengthening their asset management practices, procedures and policies.

This is vital to building strong, prosperous communities, because Canada's municipalities own more than half of the nation's infrastructure. And with the costs of replacing and renewing pipes, bridges, roads and the myriad of other civic infrastructure, this is an increasing burden for local Councils.

The simple reality is that we can't pay for this infrastructure renewal on the local property tax base. And while the federal government's promise to renew

the Building Canada fund that expires next year is modest but useful, the time lines for confirmation are already causing big problems for municipal planning.

But there is a second part of this problem that hasn't gotten as much attention. As I explained in my speech in Vancouver, I think we are significantly underestimating the true municipal infrastructure deficit in Canada. The public doesn't yet fully understand the scope and seriousness of this problem.

A 2007 FCM report estimated the municipal infrastructure deficit in Canada at \$123 billion. That was a very useful baseline, but today we need to look at the problem in a different way. I think we are badly under-reporting the deficit and the problems municipalities are facing. Metro Vancouver has some very large and expensive projects to fund—secondary sewage treatment plants, water projects, solid waste management costs and so on. Look at the seemingly endless debate in Victoria about their billion dollar

(Feature Article continued on page 2)

Articles in this Edition:

- Feature Article: A Perspective on Asset Management
- A Message from David Allen
- A Message from Andy Wardell
- Asset Management BC shares Knowledge
- Learning on the Job:
 - Gameti woman Tlicho region's first asset manager
 - Taking Steps: On the Path to Asset Management in Creston
 - Stewardship – Public Works' Role in Asset Management
 - Notes on Infrastructure Canada
 - Do you have an approved Asset Management Policy?

sewage treatment plant. There is an urgent need to invest in housing and water/sewer projects on First Nations' lands. All in all, these are very big dollars for BC municipalities.

What I'm proposing is a new, five-part definition of the total Canadian municipal infrastructure deficit. We understand the *physical*—the roads and bridges, water and sewer systems. Many municipal leaders believe that figure in 2013 may be closer to \$200 billion.

Second, we need to include *technology*. If our cities don't have a reliable electricity grid, business collapses--as we saw a few months ago in India. And if our cities aren't fully wired with the latest technology, clusters of creative economy people won't move there. The Conference Board of Canada identified the cost over the next 30 years to upgrade our national grid at \$300 billion. The cost for improving hi-speed, broadband and so on is billions more.

The third element is what I've termed '*Creative*'. If we don't offer in our cities the amenities and lifestyle that people desire, then we won't attract bright minds, families and the entrepreneurs who create jobs. That's why building libraries and parks and theatres, and providing appealing public spaces and places, are part of a dynamic, sustainable and appealing city.

The global hunt for talent and attracting and retaining bright young minds is driving many companies and cities. Brazil is investing \$2 billion to send 100,000 of its brightest young minds in science, math, technology and engineering to cities around the world for a couple of years...a brilliant strategy. India now has 10 times more business schools than the US and Canada combined.

Attracting immigrants and foreign students, and understanding the new demographics, are hugely important for successful municipalities. A strong sense of place and offering a great quality of life are competitive advantages that smart Canadian cities can offer.

Vancouver has done a terrific job of using density bonusing to build the public realm and to create lovely, green urban spaces. Nanaimo's harbour district is a civic treasure that also has important economic and social benefits for that community. Surrey's commitment to life-long learning is a dynamic civic pledge that other cities should be following.

The fourth element of this new way of looking at infrastructure and asset management is the *growing cost* for new and expanded hospitals, colleges and universities. More and more municipalities are

contributing tens of millions of capital dollars or giving tax breaks to support their local institutions, often inveigling them to come downtown. But, if money is going to a university building or hospital wing, there is less for roads, libraries, bridges, sewer systems, bike paths and more. Local council members have some really difficult choices to make in the years ahead.

The final part of this new equation is the *investments* that the federal, provincial and territorial governments need to make for their responsibilities that directly impact municipal prosperity. The Trans-Canada highway is in rough shape in many places. Ferry service, bridges and harbours and dams, Hi-speed rail all need investment. How many more billions do we add to the total? The Canadian Urban Transit Association says we need \$53 billion over the next five years just for public transit. How is BC going to fund TransLink in the years ahead?

The bottom line: we are badly underestimating the true municipal infrastructure deficit in Canada. When you look at it this way, over the next 20-30 years it may be approaching a throat-catching one trillion dollars.

Nobody knows the exact figure. Whether it is 600 billion or 800 or whatever, the key point is we don't have a number, we don't have a plan, and we don't have the financing. As Calgary Mayor Naheed Nenshi said to me, "I cannot imagine a world in which you can pay for capital using only the property tax." We need a better system.

As the infrastructure needs and investments grow, then strong stewardship of these assets becomes even more critical.

Changing the system, recognizing the growing importance and leadership of local government, and ensuring that proper management of our public assets becomes a dedicated civic practice are now critical elements of building strong, creative and prosperous municipalities.

That's what "Taking Back Our Cities" is all about.

Gord Hume is the author of four books that deal with building strong, sustainable, creative, dynamic and prosperous towns and cities. His conclusion is that for most people and most businesses, most of the time, local government has become the most important order of government. That is why designing, restructuring and supporting strong local communities is so important to our national economy as well as our own sense of place. Gord was a city councillor for the City of London Ontario for 13 years and is an acknowledged expert on our communities, municipal government and cultural planning. His recent book, published in February 2013, is "*Ten Trends for Smarter Communities*". www.gordhume.ca

A Message from Our Co-chair

David Allen, CAO Town of Golden



I first became aware of **Asset Management BC** (AMBC) shortly after I arrived in Golden in March of 2010 to take over from the previous CAO, who was retiring after many years of local government service. I was fortunate to have a month-long transition with the outgoing CAO, who introduced me to the key initiatives and projects that the Town of Golden was involved in at the time. One of these was the development of an Asset Management Plan.

For a small municipality of just under 4,000 people, Golden was well on its way to developing the groundwork necessary to eventually create an Asset Management Plan. A staff-led Asset Management Working Group (AMWG) had been formed in the Fall of 2009, and the Town's IT and GIS department (all two staff) had developed a robust AM registry that was beginning to effectively identify, locate, and track the Town's essential infrastructure.

It soon became apparent that there was a wide range of buy-in and enthusiasm among the AMWG members, but their efforts lacked endorsement from the most senior levels. Following a series of meetings with managers and staff, I realized that there was a need to support the initiative by providing the group with effective direction and leadership. Although I had already come to realize that Asset Management was arguably the greatest challenge facing Canadian municipalities, the issue was relatively new to me and I wasn't sure where to find somebody to support me - the team's new leader! Enter Asset Management BC.

In the Fall of 2010, I found out about the recently formed AMBC through the first edition of its Asset Management Newsletter. Defining themselves as a, "community of practice", AMBC offered exactly what I was looking for, a group of people from diverse disciplines, a home for the exchange of ideas, and the provision of information and tools to assist in moving forward with the development of an Asset Management Plan.

In January 2011, I attended my first AMBC meeting, and in April 2012 I was fortunate to be selected Co-Chair.

One of the most important lessons I have learned during this time is that effective Asset Management requires leadership at the top. While local government political support is essential, the role of senior administration is also key. Asset Management is a "team sport", and City Managers and CAO's need to eliminate the silos that often exist between departments, and foster cooperation and a common sense of purpose. In my role as Co-Chair of AMBC, I hope to engage my colleagues in recognizing their role in this endeavour.

With the support of AMBC, Council and staff at the Town of Golden have taken great strides in developing an Asset Management Plan, which is on track to be introduced to Council in the Spring of 2013.

A Message from Our Co-chair

Andy Wardell, Manager, Financial Services
District of North Vancouver

I was recently asked why I agreed to take on the role of Co-chair with Asset Management BC and what asset management means to me and my community.



Why asset management? That is where I believe the need is in local government and I was compelled to volunteer through a desire to help others and make a difference.

Unlike many of the great causes that the public sector leads such as health care and education, municipal infrastructure is not high on the general public's radar as something they can get passionate about... in short a worthy cause. In local government you will not find fundraising foundations or marketing campaigns raising money to replace buildings or research new technologies. You could say that municipal infrastructure is silent; it has no voice, no compelling story. In that silence, the general public assumes that the services they enjoy day in and day out will be there.

As a modern society, essentially we have just completed the first 100 years of intensively investing in local government infrastructure. The generations that built the majority of it after World War II are, for the most part, no longer with us. Current generations need to now start thinking beyond asset maintenance toward asset replacement. It is fundamentally important that we have a strong interdisciplinary approach to asset management

ensuring that the entire life cycle of major assets is considered in both long term financial plans and annual budgets. Beyond that we need to work together across municipalities to leverage knowledge and talents bringing the whole story of municipal infrastructure to life.

To truly integrate asset management into long term financial plans finance professionals need to be involved beyond the numbers, understanding asset condition, risk and expenditure prioritization. As the pressure to contain costs never goes away, Councils and executive teams need to understand what their municipality's infrastructure gap is, mitigate the risks that go with it while also bringing levels of service and financial resources into alignment.

At **Asset Management BC** we are an interdisciplinary team and a community of practice that is beginning to see our efforts gain some traction not only within BC municipalities but being leveraged in other provinces such that similar groups have been formed in most of the Western provinces. As co-chair I am proud of the work the team has done. However, the issues we face require continuing education within local government, across professional associations and with the general public. Helping municipalities through our knowledge sharing endeavours, online free asset management tools and by bringing international best practices to BC, is what we do; each a step down the path to better asset management and a better long term future for everyone in BC.

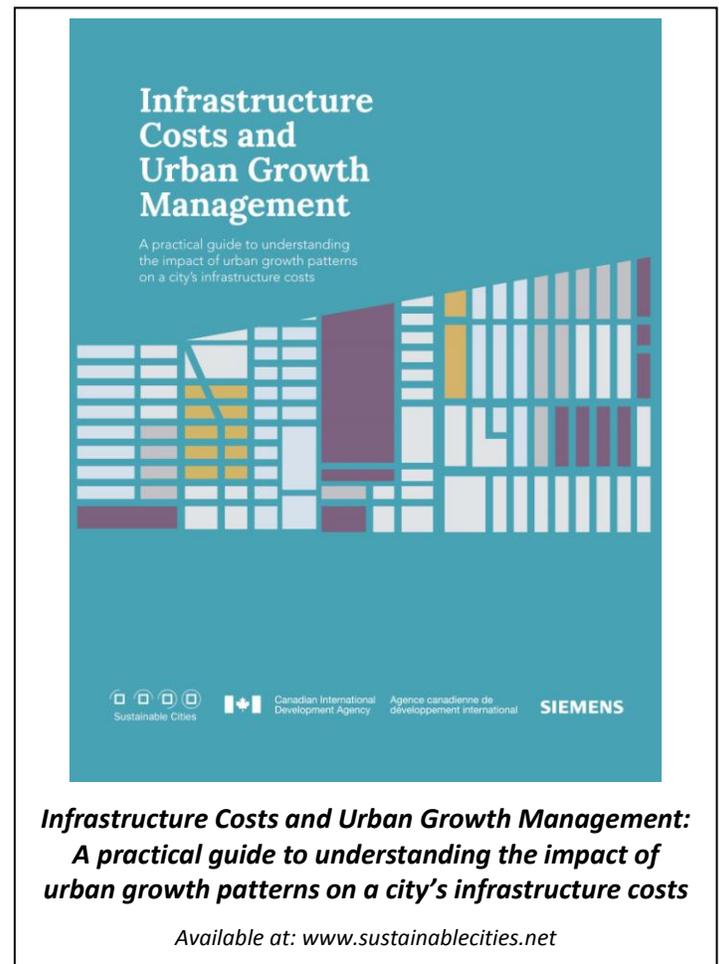
Infrastructure Costs and Urban Growth Management

By Patricia Gordon, Sustainable Cities International

Meeting the infrastructure needs of a growing population can overwhelm the capacity of a city to pay for new infrastructure while maintaining its existing stock of roads, water and wastewater facilities, schools and other public facilities and services. Tackling this problem begins with local governments and their stakeholders and citizens making better choices on growth management – how, when and where a city should grow. Growth decisions have a tremendous impact on the quality and quantity of infrastructure assets and asset managers must be part of the dialogue and decision making at an early stage.

Providing infrastructure services in a city that grows through low density urban fringe development costs more than providing those services in a more compact city where growth is accommodated through higher

density infill and redevelopment. Due to the complexities of the way cities finance growth, the opposite is often considered the truth – that redevelopment costs more. This can result in a continuation of fiscally unsustainable growth patterns. To assist practitioners and decision makers a new document is available that provides guidance on how to undertake a study on the cost of different growth patterns. The Guide has been written in non-technical language so that it can be used by the wide range of professionals and other stakeholders that should be involved in growth management decisions – engineers, planners, politicians and community members.



Currently, most cost of growth studies focus on shorter term projections (usually within a range of 10 years) that help a city to understand the impact of growth on its near term capital and operating budgets for public infrastructure. However, new tools and approaches (highlighted in the Guide) are available to practitioners that will enable them to inform decisions on the long term cost of growth. It is now possible to understand the impact of decisions from a much earlier point in the growth management process – enabling practitioners to

reduce the costs of expensive infrastructure and, in some cases even avoid having to build it from the outset.

The Guide was developed by Sustainable Cities International, a not for profit organization located in Vancouver, and is based on the experience of The City of Calgary. From 2007 – 2009 Calgary undertook a joint review of its municipal development plan and transportation plan through the Plan It Calgary Project. A multidisciplinary team of land use and transit planners and transportation engineers led the two year initiative which resulted in an integrated, sustainable plan for the city's land use and transportation systems. As part of the process, Calgary developed a series of future growth scenarios that showed different development patterns ranging from a compact scenario supported by high levels of public transit, walking and cycling to a more dispersed version supported by greater development of roads to support the automobile. A study was designed that would help the team and stakeholders to understand the cost of growth with these different development patterns.

The outcome of the study identified savings of up to 35% on the capital costs of infrastructure and savings of up to 14% on the operating costs in the more compact scenario. Roads, transit, water and wastewater showed the most significant savings but the study also analyzed the impact on recreation centers, parks, schools and emergency services (police and fire).

A study led by The City of Calgary identified significant savings (35% capital and 14% operating) in the costs of infrastructure when comparing compact growth patterns with dispersed growth patterns.

Study available at: www.calgary.ca/planit

The Guide is available on the Sustainable Cities International website and support is available to municipalities wishing to undertake this type of study.

Patricia Gordon is the Director of the Sustainable Cities International Network. Before joining SCI she was the project manager of Calgary's land use and transportation planning project 'Plan It Calgary'. She has a BSc in Geography and an MSC in Earth Science and the Environment.

Case Study: Creston BC

Taking Steps: On the Path to Asset Management in Creston

The Town of Creston was incorporated in 1924. Situated in an agricultural valley and surrounded by the Selkirk and Purcell mountain ranges, Creston attracts residents and visitors from around the world. The Creston & District Community Complex with an indoor aquatic center, fitness center, arena and curling rink is a bright and energetic community gathering place. Creston is also home to the Columbia Brewery.

The Town faces many challenges in sustaining our aging infrastructure and managing growth. Our growth rate of over the last 5 years neared 10 percent. In February 2012 the Canada Census placed the population of the Town of Creston at 5,306. With a population over 5,000, the Town is now required to pay 70% of policing costs. Faced with the need to increase taxes over the next several years to fund this requirement has led to funding pressure on other areas of the Town's budget and service delivery.

The information in our PSAB 3150 asset register was leveraged to develop an Infrastructure Asset Management Plan and Capital Asset Survey. Here are the steps we took.



Step 1 – The Foundation

The first step in the process was establishing an asset register and valuation in order to satisfy the requirements of PSAB 3150 reporting. We also wanted to use the same data for infrastructure asset management. The asset register template we adopted

was originally developed for PSAB inventory data collection and condition assessment information for a number of communities in northern Saskatchewan. Using this already tested data model and asset register helped defined the data we needed to collect and automated calculations for Annual and Accumulated Amortization, Disposals and Net Book value (NBV) needed to produce our PSAB TCA reporting.

Step 2 – Data Collection

With the asset register in place, a thorough, methodical approach was applied to completing the inventory. All historical information was reviewed and compiled before collecting any field data. The search for records included all available construction records for community infrastructure. A recently completed Road Infrastructure Study gave us verification of road quantities and current condition.

In addition to all the attributes for PSAB reporting, location data was also used to create mapping of all the Town's infrastructure assets in a Manifold GIS System [Geographic Information System] linked directly to the asset register.

Next we did a data gap analysis that clearly outlined missing information, particularly noting any missing elements key to establishing PSAB valuation and reporting such as, quantities, materials, in-service dates and historical costs.

Step 3 – Valuation

Another gap became apparent when determining historic costs of the assets; much of the information was not available for older assets. This led to another search through insurance values and recent contract tenders for communities in the area. For more recently constructed assets where actual invoice or tender pricing was available these values were used for valuation. The valuation threshold was set at \$5,000.00. Critical assets or components below this threshold value were aggregated to an amount above the threshold. Every asset has also been assigned a unique ID for tracking purposes. This helps to ensure each asset is only accounted for once in the register and reporting.

Useful Life estimates were taken directly from the Ministry of Community, Sport and Cultural Development "Guide to the Amortization of Tangible Capital Assets" published in May 2008.

These steps establishing our asset inventory and TCA reporting in our financial statements, but only took us

so far on the steps toward asset management, time for the next steps.

Step 4 – Quality Checking and Filling the Gaps

The data gap analysis produced at Step 2 was a trigger for collecting data directly from the assets. This step also allowed us to confirm and correct data where necessary. All of the inventory information was reviewed and field verified to confirm the location and type of infrastructure. This process completed many of the information gaps.



Step 5 – Establishing Internal Processes

Managing the data on an ongoing basis – establishing roles and responsibilities and trust

TCA reports are produced by our Director of Finance Steffan Klassen, for inclusion in the Town's financial statements. The audited asset inventory is maintained on an ongoing basis in a collaboration between the Finance and Engineering departments, by tracking additions, betterments and disposals. As we continue to build and refine the asset inventory our goal is to keep this information current and make use of it not only for reporting requirements but also to assist staff and Council with decision making and strategic planning.

Step 6 – Condition assessment

The Town will continue to add and refine asset condition ratings on a day-to-day basis as well as scheduled annual inspections. Over a period of time the frequency and method of data to be collected will be refined to account for the service being provided by the particular asset.

The aim of condition and maintaining condition assessments will be to ensure data is used to determine need and timing of some preventative or remedial action to maintain the desired level of service.

Generally core condition ratings from 1 (very good) to 5 (unserviceable) will be implemented.

As a sub-set to Condition Assessments, each asset class will have its own particular risk profile that needs to be considered in terms of the Town's corporate and strategic objectives. This rating criteria show up as Asset Criticality.

Step 7 – Ownership

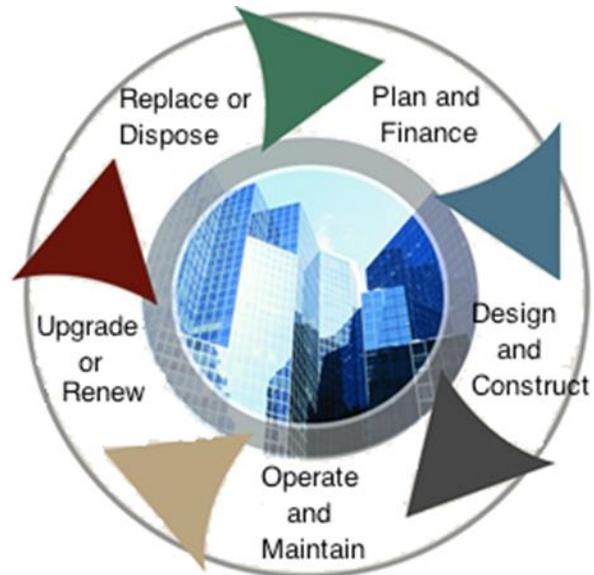
In addition to meeting the requirements of PSAB reporting, Creston now has an applied GIS and Spatial Data Management system! We have established ownership and trust in the data and the information produced with it. In addition to the basic PSAB inventory and reporting, the desktop GIS enabled us to map important operations information including snow clearing routes and waste collection areas. The building blocks are in place for making informed, evidence based decisions on where to target spending for capital and maintenance investment. With these systems in place Town of Creston is ready to face the challenges of managing infrastructure and move on to the next steps of asset management.

For more information contact:

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Stewardship – Public Works' Role in Asset Management

By Gordon Brown, ASCT.



The Merriam-Webster dictionary defines stewardship as 'the careful and responsible management of something entrusted to ones' care'.

Ask any Public Works professional (whether from a small village or a large city) what they feel their role is in their community and the overwhelming response will be to operate and maintain the municipality's infrastructure in such a way so as to provide the most cost effective service to the taxpayers for as long a period as practicable.

Sounds like stewardship to me.

In any municipal organization many individuals and departments play a part in Asset Management.

Planners look into the future to determine what it is the community needs to grow and thrive.

CFOs work to create a stable financial environment that fosters sustainability.

And Engineers construct the infrastructure that is turned over to Public Works to operate and maintain.

This 'Life-Cycle Wheel' depicts the traditional view of Asset Management.

The problem with this view is that after the Upgrade or Renewal stage there is another Operate and Maintain

stage. In fact many assets can be renewed or upgraded several times before they become totally obsolete.

This recurrence results in a very long 'ownership' of the asset by Public Works. Therein lies the Stewardship aspect of Asset Management for Public Works. Being entrusted to operating and maintain an asset for decades and in some cases for generations results in an intimate knowledge of how the asset is performing.

With this stewardship knowledge, Public Works is a key member of any Asset Management team

Asset Management BC shares Knowledge

Wally Wells, our Executive Director for **Asset Management BC** was in Yellowknife and the fly-in Community of Gamètì in November to study asset management for a small remote community, meet with local staff, then assist NWT staff with organization of a Municipal Conference for February, 2013. Wells, along with David Allen (co-chair of **Asset Management BC**), David Love and Mayor Christina Benty of the Town of Golden, and Kim Fowler now with the City of Red Deer, are all speakers carrying the message at the conference.



Wally Wells, Executive Director Asset Management BC visits Gameti with Sudhir Kumar Jha, Manager, Community Infrastructure Planning, GNWT, North Slave Region

Assigning staff to asset management is key. Four communities are undertaking a pilot project with the assistance of Associated Engineering. Gamètì is training Melinda McGee as their asset management coordinator. We are pleased to reprint the article of her story.

Learning on the Job: Gamètì woman Tlicho region's first Asset Manager

By Kassina Ryder, Northern News Services



Melinda McGee is the Tlicho region's first asset management trainee. The Gamètì resident is training to become the community's asset manager – the first position of its kind in the region.

"I've been looking for work and this ad came up, so I looked into it, asked information about it, and that's when I thought I would apply," McGee said.

"Right now I'm enjoying it, learning all the information that's being brought forward to me."

Currently, McGee's job is primarily focused on learning how asset management works. That means doing a lot of Internet research and participation in online conferences with other jurisdictions with asset management experience.

"I'm getting all the information off the internet and learning from it and having webinars with other places down south," McGee said.

Greg Morash, Gamètì's senior administrative officer, said although McGee had never worked in asset management before, her determination helped her get chosen for the job.

"Melinda had no experience, but she had the drive to do it," Morash said. "We're now learning what asset management is as we go."

Morash said Gamètì is working on its own asset management plan, which will help decision makers determine how the community's money is spent. This includes figuring out the community's inventory.

Morash said, for example, if a municipal vehicle needed repairs, an asset management plan would help determine whether it would be more cost effective to fix the vehicle or to purchase a new one. The same rule applies for other municipal infrastructure.

That's where McGee comes in, Morash said.

Another aspect of McGee's job is to detail every machine, vehicle and parts stored in the community's garage.

"She's gathering all the information, we'll make assessment judgments." Morash said. "It's a lot of background work, taking inventory of your materials, your vehicles, buildings."

Having a clear picture of the town's assets and infrastructure requirements will help hamlet staff advise council about how to spend the community's budget.

"We give council the right advice then let council make the final decision," he said.

Asset Management BC continue to share resources from us and others to undertake knowledge and technology transfer to all our partner communities

Notes on Infrastructure Canada

Prepared by Asset Management BC from INFC website

Have a good look at the **NEW** Infrastructure Canada website www.infrastructure.gc.ca. There is a mountain of information there and worth a regular visit. As Infrastructure Canada moves through the consultation process on the review of Build Canada 2014, updates appear as they are released.

Infrastructure Canada have defined infrastructure very simply.

What is infrastructure?

Simply put, it's the physical backbone of a community. It helps:

- efficiently move people and goods and get them to where they need to be.
- provide safe drinking water.
- keep the air and water clean.
- offer public facilities for recreation, sports and culture.

Infrastructure is all around you: roads, sidewalks, public transportation systems, water treatment plants, museums and galleries, sports facilities, parks and trails, just to name a few.

One of the best resources is the background studies available on the site. Here is a list of the subjects, where

there are many references under each category. Happy hunting!

- [Infrastructure and the Economy](#)
- [Infrastructure and the Environment](#)
- [Infrastructure and Stronger Communities](#)
- [Financing Infrastructure](#)
- [Planning and Sustainability](#)

Watch for announcements from Infrastructure Canada in our newsletter and on their website.

Do you have an approved Asset Management Policy?

A key element of your approach to asset management is having your Council approve a policy on Asset Management. The policy can be complex or very simple. There are three fundamental reasons to pass such a policy:

- Bring asset management to Council's attention and ensure that Council see the long term on-going approach to asset management.
- Authorize staff to carry out asset management activities and use corporate resources to carry out necessary tasks
- Start to engage the public, the taxpayer, in the issues of asset management

Asset Management BC prepared and posted on our website a draft Asset Management policy for all to use as a guide. Today, the approaches to asset management have continued to evolve and it is time to update the draft policy. We will be carrying out this review over the next few months and posting the updated version for your use on our website.

Do you have an existing asset policy? If so, please send a copy to **Asset Management BC**. We will use the best of them all the update the policy plus post your policy on the website. Send a copy of your policy to info@assetmanagementbc.ca.

Visit our website at www.assetmanagementbc.ca

Tips and Tactics: Creating Real Stewardship

By Bernadette O'Connor

In this edition of the AMBC Newsletter there have been several references and comments about 'Stewardship' of infrastructure assets. This is a common objective, goal, or aspiration, of most municipalities. It is often mentioned in strategic goals or initiatives around asset management and sustainability.

There are many descriptions and definitions of what it is and most of us understand the aspiration of 'good stewardship'. But do we have a clear understanding of how to make it happen? Can we picture what 'stewardship' would look like in our organization?

If we want to achieve a goal or aspiration, it is not sufficient to define it in words. We have to define it in actions and most importantly we have to assign responsibility. If no one is directly responsible, or being held accountable for an action, then the aspiration in words will rarely come to fruition.

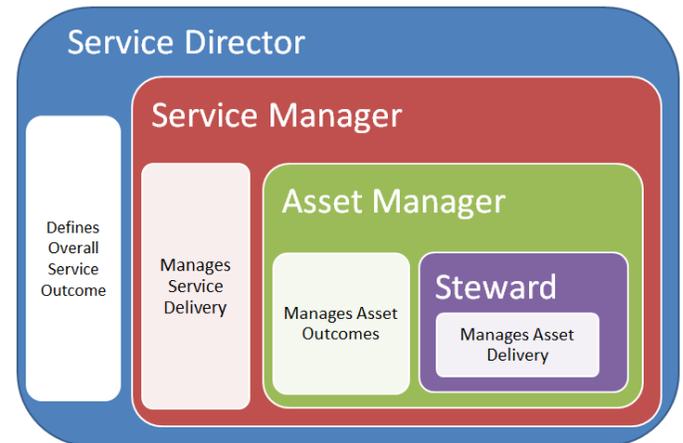
A practical starting point to create real stewardship in any organization is to assign responsibility and authority for asset management roles. This is also an opportunity to align understanding within the various levels of management and ensure that the focus of asset management is on the bigger picture of delivering services and not limited to just looking at good care and maintenance of the physical assets.

The following diagram represents the functional relationships between defining the service to be delivered and managing the physical assets that the service needs or uses.

Most municipal services are delivered by a combination of asset and non-asset elements. The degree to which physical assets influence the delivery of a required service is dependent on the type of service.

For smaller organizations one person may fulfill the role of both Service Director and Service Manager or the combination of Service Manager and Asset Manager; the role of Asset Steward may be contracted out. How these roles are filled is not as important as defining that these roles need to exist. The requirements, authority, and accountability of each role should be defined just as

you would for any position description. And once defined, they should be assigned to people.



The conceptual relationships in the diagram are that the 'Service Director' sets the parameters within which the 'Service Manager' makes decisions and the Service Manager sets the parameters within which the 'Asset Manager' makes decisions. And the Asset Manager defines the parameters within which the 'Asset Steward' looks after the physical assets.

This provides the context for the Asset Steward role. It shows the connection between the responsibility on the Steward to operate and maintain the assets and the accountability of the Service Director for the final product delivered to customers (the level of service).

This functional model also highlights the 'why' assets are to be managed and operated. And this is important to avoid the trap of becoming 'asset-focused' when municipalities should be 'service-focused'.

An organization that is 'asset-focused' tends to put primacy on operation and maintenance of the assets. The understanding of 'good stewardship' is wrapped up in 'quality of maintenance'. The driver is to have assets that are maintained and operated to a high standard and as a result, a good level of service will be provided to customers. In these situations, the 'service' is not being as actively managed as the 'assets' are. A common outcome of this management model is an 'over-delivery' on service quality and higher asset costs.

An organization that is 'service-focused' puts primacy on the outcome service delivered. The driver tends to be more about optimizing maintenance, operations and asset replacements, and finding just the right balance for delivery of the services for the least total cost.

A 'service-focused' organization is generally more open to innovation, and incorporating non-asset solutions

such as demand management through education. These organizations understand 'good stewardship' as being so much more than good asset maintenance. The role descriptions for an 'asset-focused' organization will therefore be quite different to those of a 'service-focused' organization.

The effectiveness of role descriptions to create real stewardship will depend on the maturity of the organization to understand stewardship in a 'service delivery' context.

Real stewardship cannot be achieved in an environment that isolates quality of maintenance from customer service outcomes. It is through remembering the purpose of the assets and the part they play in providing services, that we more easily recognize opportunities to do things differently for a better total outcome.

The right context for definition of roles is therefore critical to an organization. However even with good role definition, real stewardship will not be created if the assignment of roles is ineffective. Roles need to be assigned with the authority to do the role and the accountability for outcomes. Performance in this regard must be measured and reported. Without this, the role descriptions will be no more effective in creating real stewardship than the aspirational statements we mentioned at the beginning of this article.

In summary therefore the tips to creating real stewardship in your organization are:

- Define asset management roles using a 'service-focus'
- Be specific in role descriptions to include definition of responsibilities, duties, and accountability
- Assign roles to people
- Provide the critical authority to people assigned a role so that they can manage the situations they are accountable for
- Define performance measures for role assignments
- Include role assignments and performance targets in position descriptions
- Measure and report performance at least quarterly. This provides opportunity to improve and facilitates a successful year end result

Upcoming Events

BC Water & Waste Association

April 20- 24, 2013

Annual Conference and Trade Show
Delta Grand Resort, Kelowna BC

www.bcwwa.org

Canadian Network of Asset Managers

May 5- 8, 2013

7th Annual Workshop
Westin Hotel, Edmonton AB

www.cnam.ca

Local Government Management Association of BC

May 15-17, 2013

Annual General and conference
Victoria Conference Centre, Victoria BC

www.lgma.ca

Federation of Canadian Municipalities

May 31 – June 3, 2013

Annual conference and Trade Show
Vancouver Convention Centre, Vancouver BC

www.fcm.ca

Government Financial Officers Association of BC

May 29 – 31, 2013

Annual conference
Whistler Conference Centre, Whistler BC

www.gfoabc.ca

Planning Institute of BC

July 6 – 9, 2013

CIP – PIABC National Annual conference
Westin Bayshore, Vancouver BC

www.pibc.bc.ca

Public Works Association of BC

September 16 – 18, 2013

Annual conference and Trade Show
Conference Centre - Nanaimo BC

Training Course – PWABC

INFR 1120 April 25 – March 1, 2013

INFR 1110 April 8 – 12, 2013

INFR 1130 May 6 – 10, 2013

www.pwabc.cpwa.net



Asset Management Newsletter

SEVENTH EDITION – WINTER 2013 ISSUE



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 and Agencies managing infrastructure and for the advancement of Asset Management within the Province.

It is usual that the answer to one person's question will be of use to many. Therefore publication of these will not only be helpful but can also generate productive discussion on a topic and sharing of different perspectives that may otherwise have not been identified.



Coming in the Next Edition:

- How Asset Management BC moves forward
- What happened at CNAM
- A CAO perspective on the role of Asset Management
- Update on Build Canada beyond 2014 from Infrastructure Canada
- Asset Management - a plan? a strategy? or both?

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