



## Asset Management Newsletter

NINTH EDITION – FALL 2013 ISSUE



### Feature Article: Service, Asset and Financial Sustainability at District of North Vancouver

*By Richard Walton, FCA, Mayor*



Maintaining the District's current financial health and providing for a long-term sustainable financial future are top priorities for the District. One of the ways we are working to achieve this is through an asset management strategy: the selection, maintenance, inspection and renewal of such things as our

roadways, underground pipes, and publicly-owned buildings. We intend to get optimum use out of these assets through the right combination of maintenance and future replacement.

In September 2012 Canada's First Report Card on Municipal Infrastructure was released and the amount required nationwide to bring all municipal infrastructure into a good state of repair was estimated at \$172 Billion. This national concern was not new to us in North Vancouver District. In 2009, after completing a comprehensive inventory of all municipally owned assets (water, sanitary, drainage, roads, buildings, etc.), we had already turned our attention to preparing detailed analyses of asset management and financial sustainability to avoid the problems faced in many Canadian communities.

With clear Council direction, staff expertise and the use of international best practices in asset management, our Engineering and Finance Departments have worked closely together 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 process that empowers municipalities, develops 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 now joined by a growing number of other municipalities in Western Canada adopting NAMS.

*(Feature Article continued on page 2)*

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The District continues to be a pioneer and a leader, sharing with other municipalities our approach to integrated thinking and improved asset management practices. An example of this is our now 10-year-old policy of including an additional 1% annually within the property tax levy to ensure maintenance and repairs are performed to provide the level of service our community expects.

By using well-defined Asset Management Plans, we are able to budget for future financial requirements using a long-term view (20 years) from an asset life cycle perspective. In doing so, we take into consideration asset condition, risk management models and the need to balance service levels, asset reliability and financial sustainability.

We are confident that by following the discipline of asset management, we will optimize the useful lives of our assets, provide sufficient funds for their replacement once their lives are over and ensure a more sustainable financial future for succeeding generations of residents.

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.

## Asset Management Workshop

*October 10, 2013 the Hotel at River Rock, Richmond*

Asset Management BC and Local Government Management Association are co-sponsor major workshop

The feature will be both federal and provincial updates on programs and funding for infrastructure.

This will be followed by presentation from our CAO's and Mayors on how their community has engaged in developing asset management programs and strategies and the challenges they have faced. Two case studies will be presented. The District of North Vancouver, Rick Danyluk, Manager of Financial Planning, will focus on how preparation of a long range financial plan based on the technical information from their asset inventory and condition rating leads to better decision for Council planning. The Town of Golden through Mayor Christina

Benty and David Love, Manager Strategic Initiatives, will present, as a small community, how they embraced the NAMS training for integrated asset management, developed their asset management strategies and how this whole process has streamlined operations and long term planning.

Winning political support is an important element in any program. Our Mayors of the City Grand Forks, Brian Taylor, and the Town of Golden, Christina Benty, will outline for us what it took in their community to engage in asset management and the benefits they see both at Council and for the public. Our CAO's are integral to the process. We will hear from three CAO's, David Allen of the City of Courtenay, David Stuart of the District of North Vancouver and Emanuel Machado of the Town of Gibsons will tell us how they positioned their organizations to meet the challenges.

The Municipal Insurance Corporation has a great interest in all of our community assets. Risk in management and operations and risk in insuring an asset have common elements. The MIABC will discuss the relationship between maintaining our infrastructure, risk and insurance.

Finally, 'communicating the message' clearly from technical and financial personal to Councils and from Councils to our paying public is always a challenge. Therese Mickelson, will lead us on learning to communicate.

And you get all this plus coffee, tea and lunch for \$155 +GST.

The program is available at:

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

Registration is through CivicInfo. Hotel reservations are made directly with the hotel. The room rate is \$109.



**Marie Lemay**

Associate Deputy Minister  
Infrastructure Canada



**Glen Brown**

Executive Director  
Local Government, Infrastructure  
and Finance Division  
Ministry of Community,  
Sport and Cultural

## Asset Management and the “New Normal”

By Cathy LeBlanc and Deborah Carlson



City of Burnaby culvert, photo courtesy of Opus DaytonKnight

The climate is changing and many communities have experienced and are anticipating impacts such as more extreme weather events, increased risk of flooding and forest fires, rising sea levels, and the possibility of seasonal water shortages. This is becoming the “new normal”.

Asset management has an important role to play in helping local governments prepare for the new normal, through an integrated and forward-looking approach to decisions about infrastructure. Working collaboratively, financial officers, planners, engineers, emergency personnel and others can explore how to address community risks and vulnerabilities to climate change impacts in the context of long term planning for asset management, and can develop targeted and cost effective recommendations for decision-makers.

As local governments review the operation, maintenance and replacement of aging infrastructure, and apply the lens of climate change, it is a good time to look into green infrastructure options. Expanding the use of green infrastructure may offer opportunities to increase the capacity of drainage infrastructure, or help reduce water use. An asset management approach can take into account life cycle costs and evaluate community benefits more realistically, and lower the risk of future unfunded infrastructure liabilities that may be associated with simply replacing or upgrading existing infrastructure.

To assist communities in understanding how the new normal will affect local government services and functions, the Ministry of Community, Sport and Cultural Development (MCSCD) and West Coast Environmental Law have produced a guide on climate change adaptation. ***Preparing for Climate Change – An Adaptation Guide for Local Governments in BC*** is available free online at <http://wcel.org/adaptation>

The guide includes:

- Information on climate impacts and developing adaptation strategies at the local government level
- Over 90 links to communities throughout BC (and elsewhere) that are already taking action on adaptation
- Specific chapters on Asset Management and Infrastructure
- 3 scenarios, a number of tools, and checklists with over 125 questions
- Asset management is ensuring that the lifestyle that we’re living today and the services we have today are around in the future—“climate change is a key component.”
- Asset management is ensuring that the lifestyle that we’re living today and the services we have today are around in the future—“climate change is a key component.”

In the face of climate change, Asset Managers can collaborate with their colleagues to protect infrastructure investments and to ensure community resiliency and future liveability.

The Plan2Adapt website, developed by the Pacific Climate Impacts Consortium, offers information about regional climate impacts in BC.

See:

[www.pacificclimate.org/tools-and-data/plan2adapt](http://www.pacificclimate.org/tools-and-data/plan2adapt)

Contact:

Cathy LeBlanc, MCSCD, [Cathy.LeBlanc@gov.bc.ca](mailto:Cathy.LeBlanc@gov.bc.ca) or Deborah Carlson, West Coast Environmental Law, [deborah.carlson@wcel.org](mailto:deborah.carlson@wcel.org)

## Saanich Council Commits to Funding



Mayor Frank Leonard

*Saanich Council has committed to an overall plan to increase capital spending to sustainable levels by the year 2019. This includes capital spending for water, sewer, drainage, transportation, park and facility infrastructure.*

**Glen Brown:** At a recent Local Government Leadership Academy (LGLA) workshop, you mentioned the continued need to approach local government financial/funding requirements at 2 levels; (1) Continue to dialogue with senior government to improve local government funding opportunities (grants, alternative taxation approaches, etc.), and (2) Look internally to your own organization to improve financial sustainability and service delivery. Saanich appears to be very proactive when it comes to looking internally and supporting best management practices like asset management. Can you provide an overview on your approach to Saanich's infrastructure replacement plan?

**Mayor Leonard:** *In the late 90's, staff had done considerable work in assessing our infrastructure assets, the services we provide and the long term costs associated with service delivery in order to identify our infrastructure gap or deficit. My concern with this information was how we presented this to the public. It was important to identify the needs, but at the same time maintain the public's trust and inspire confidence that their tax dollars are being spent wisely. So our approach was not to describe the problem as if the 'sky was falling' or the result poor management because it wasn't, but rather as a problem that needed to be addressed and could be addressed over a longer period of time. As identified in the Saanich Infrastructure Summary, the solution was an incremental, long term approach that would be*

*achieved over a 15 to 19 year period. Effective public consultation, as well as political consensus, allowed us to proceed with a yearly property tax increase of 0.75% to support the capital replacement of water, sewer, drainage, transportation and park infrastructure. This is now embedded as policy into the Saanich Strategic Plan and after 10 years of implementation, Saanich is very close at achieving our goal of sustainable levels of funding for these assets.*

**Glen Brown:** At the LGLA, you effectively and simply articulated the importance of public awareness, consultation and education. To recall your words, "Never advance a solution to an issue prior to having public awareness of the issue, or the solution may become the issue." How did you proceed with public awareness/education with respect to the tax increase Saanich implemented to support the financial sustainability of your critical infrastructure (roads, water, sewer, drainage, parks and facilities)?

**Mayor Leonard:** *It is important to look at this as a problem solving exercise. In the public sector/political governance sector, you have to take a different approach than that of small business or a big corporation. My approach is, when the solution will require time and/or money, you should follow 2 simple rules; (1) You can't solve a problem in advance of public awareness, and (2) You can't propose a solution in advance of political debate. Saanich spent considerable effort in ensuring all communications described the infrastructure gap- this included communications through the financial plan, the AGM, the Strategic Plan and all speeches. We focused on identifying what we need to spend, what we are spending, and how we will increase spending/taxation to solve the problem. It was also important how the information was provided – it was clearly understood that a 'Chicken Little' approach would not be effective with the public as we needed to ensure that the public maintained or built confidence in the job we were doing. This, over a period of a few years, addressed rule #1. During the same time, we also focused on rule #2, debating the issue at council, at all candidate's*

meetings and at community meetings. The implementation of the plan only began when there was a political consensus and public awareness.

**Glen Brown:** At a high level, asset management is really about looking at the services being delivered by a community, then balancing the public's expectation on 'level of service' with the public's expectation/ ability/ desire to pay for the service. Of course, there are certain services where the level of service is entirely or partially controlled by legislation, code, or bylaw. Do you think the average taxpayer is able to make this connection? Is there something collectively we (local governments, provincial government, LG associations such as BC Asset Management) can do to improve public awareness?

**Mayor Leonard:** *In Saanich, I believe we have been successful in educating and making the public aware of this connection. Saanich has been able to do this through a number of different communication approaches. Through a more scientific approach, we have Public Opinion Polls, as part of our Strategic Plan. This provides input on the public's understanding of the issues and allows us to do some benchmarking. A less scientific approach for me occurs at tax notice time. There is a letter from the Mayor which is enclosed with the tax notices, highlighting the changes to taxes, what we need to do, what we are going to do, and the cost of doing it. We log the calls and complaints that come in, and over the last 10 years, complaints have steadily declined, to the present, where the majority of the complaints are focussed on assessment concerns, rather than how Saanich is utilizing the tax revenues to provide services. I believe our public, and certainly our community groups and associations, are well educated and aware of the issues affecting service delivery in Saanich. So for other local governments, I see the need for public awareness as a key to being successful. Any opportunity to support smaller communities, with resource and capacity issues, can only be seen as a benefit.*

**Glen Brown:** It is recognized that a significant challenge in managing service delivery and

infrastructure is the time differences that exist between an elected official's 'life cycle' (3 years), a financial plan's 'life cycle' (5 years) and infrastructure's 'life-cycle' (25 + years). What do you consider your biggest challenge with respect to ensuring that the services provided to the taxpayers of Saanich are sustainable?

**Mayor Leonard:** *The biggest challenge is something that Saanich has been successful in addressing – having stability with our Council. Saanich has had no radical shifts in the make-up of Council for the last decade. This does not mean that all members of Council agree on every issue before them, but it does eliminate Council being fearful of not being able to achieve their goals in a short time frame (3 years). It allows us to address issues with more confidence and look at issues with the long term view. A major key to our success has been the consequence of this stable culture, which also provides lots of political experience.*

**Glen Brown:** Are there any other thoughts, or words of wisdom, you would like to share with the BC asset management community?

**Mayor Leonard:** *It is important to understand that in the political world, change must occur incrementally. A good example of this is what Saanich has done with bike lanes. The key was starting small, but at the same time, taking the initial first step. Initially, getting something small in the budget for bike lane capital improvements provided the opportunity to continually grow the program. Politically, if we started big, it would never have been approved by Council. Now, with the budget line for bike lanes growing annually, we have an excellent biking network. We have taken the same approach with our critical infrastructure. While we have a long term plan, it was the incremental approach, year by year, that allowed us get to where we are today. In 2000, it looked overwhelming, in 2010, we are now close to reaching our goal of having our critical infrastructure services being sustainable. It all started with small, incremental steps. As I like to say, 'in Saanich, we specialize in happy endings!'*

## If I am an elected official.....

*Wally Wells, Executive Director, AM BC*

The language we use in “Asset Management” has created a new silo and a mystic not intended. Is the term ‘asset management’ correct? Probably not but we are likely a couple decades too late in changing it. So we need to live with it and explain it.

We talk about doing asset management plans, but are they really a *plan*? As a result of the accounting standard PSAB 3150, we have financial information on the historic value of our assets owned by our local government. Is this information of value? Absolutely! Knowing the value of what we own gives us a sense of duty as to what we really are responsible for in public trust. While the value is given as the historic value and the depreciation stated, firstly it provides us a base to calculate and update replacement costs and secondly, in simple terms, the depreciation tells us what we should be spending or saving each year to sustain our existing infrastructure in order to maintain existing services. We also have an inventory of the assets by class, something many likely did not have before the requirement to implement the standard. And we have at least some information on the condition of our assets and an estimate of their remaining life. But this really is only a starting point – a good starting point, not the end point.

So what do we do with all this information? Is it really that simple? Yes and no! Ultimately we can plan our financial needs for longer terms for our community and develop our financial plans to meet this. We can evaluate our services levels to see what is affordable and make changes as necessary to match both community demands and financial capacities. We can communicate with our residents and business who ultimately pay the bills to gain a longer term understanding of the direction and financial commitment we must take.

Asset Management must therefore be an integrated approach. What does that mean? Without the informed input of our technical, planning, financial and operations staff, we just cannot assemble all this information in a meaningful way. Our Chief Administrative Officer must organize the team to ensure each skill set integrates with the other to give us the *best* answers. Why do we say *best* other than the right *answer*? Because we are predicting needs, level of

service, and costs some distance out into the future. This is a continuing process with annual updates to provide the basis of decision making for Councils and Boards.

Training is available through a number of areas. After reviewing training programs and opportunities, [Asset Management BC](#) has focused on the Nationals Asset Management System (NAMS) training program for local government employees. The strength of this training program, developed in Australia and now having been delivered to over 60 communities in Western Canada, is it specifically train’s local government technical and financial staff how to work together with information and data from each department. Local government staff can then update information routinely and keep Council/Board advised of the status of their assets and services. There is still role for the consulting community in providing software, analysis and investigations and the basis of the plan. Our experience, however, indicates that local government staff must be positioned to continuously update your assumptions and changes to your asset stream

So a solution on the language issue may be to use the words ‘*Built Environment*’ to describe all those assets we constructed, operate or use, maintain, and either decommission or replace over time. Our financial plans, levels of service, Long Term Financial Plans and implementation strategies conveniently fit within this category. More important, we understand what ‘built environment’ means.

## NAMS Training for Asset Management offered through [Asset Management BC](#)

NAMS (National Asset Management System) is a training program developed in Australia specifically for municipal employees. The NAMS program is designed specifically for municipal employees, is ‘hands-on’ and integrates the expertise of our technical, operational and financial disciplines. NAMS which has been extremely successful and is a proven program delivered in over 150 communities in Australia. With NAMS training now given for governments BC, Alberta and Saskatchewan and NWT, Canadian knowledge and experience is built into the program. Three workshops have been held and included Golden. East Kootenay,

Nakusp, Cranbrook, Kelowna, Burnaby, District of North Vancouver, Powell River, Nanaimo, Vancouver, Coquitlam, City of Vancouver and Central Saanich to name a few. The feedback to date from all users is very positive and worth the investment of time and the little cost.

NAMS is a 3 day training program. To date the success has been each community ensuring they bring both technical and financial personnel who then work together to create an asset management plan using their own data. The training is based on use of WORD sample documents and EXCEL templates.

There is every indication that new and enhanced government funding programs, at both the Federal and Provincial level will require or give preference to communities who have carried out their asset management strategies and can document their financial needs. Below is a statement from the Federal Budget report for 2013.

*To maximize the value and ensure the sustainability of investments in our public infrastructure, the Government encourages all jurisdictions to undertake life-cycle cost assessments and develop robust capital asset management plans. These tools allow governments to take into account the costs associated with building the asset, as well as maintenance and rehabilitation costs over the projects full life cycle. By incorporating such analysis and planning in infrastructure investment decisions, governments maximize the value of these investments for taxpayers by minimizing the costs of maintaining assets at an acceptable standard and ensuring sustainability over time. This approach contributes to improved benefits for our communities.*

We expect our province will follow suit in requiring a higher standard of information with funding requests. Training to staff to meet these requirements is just a good investment.

[Asset Management BC](#) will again offer NAMS training program in the in early 2014. For more details contact Wally Wells, Executive Director of [Asset Management BC](#) at 250-741-9887 or e-mail [info@assetmanagementbc.ca](mailto:info@assetmanagementbc.ca)

## Taking a Bite out of Grand Forks' Infrastructure Elephant

*By Doug Allin, CAO, City of Grand Forks,  
Scott Shepherd and Catherine Simpson, Urban Systems*

Unless you've been living under a rock these days, it's hard not to hear about Canada's looming infrastructure deficit - \$123 billion in 2007 and growing. While stable and reliable infrastructure funding from senior levels of government would certainly be welcomed, it is vital that each community understands and embraces the management of its individual assets. Infrastructure is the backbone to the health and vitality of our communities, and an asset management program that is embraced by the entire community – from Mayor and Council to senior staff, from public works operators to the public at large – is a key component in managing the business of community infrastructure.

Grand Forks, BC had a similar infrastructure story to many communities throughout the Province, but four years ago this story began to change. **The community has embraced their infrastructure challenges, making bold decisions that have set the City apart as a leader in asset management.**

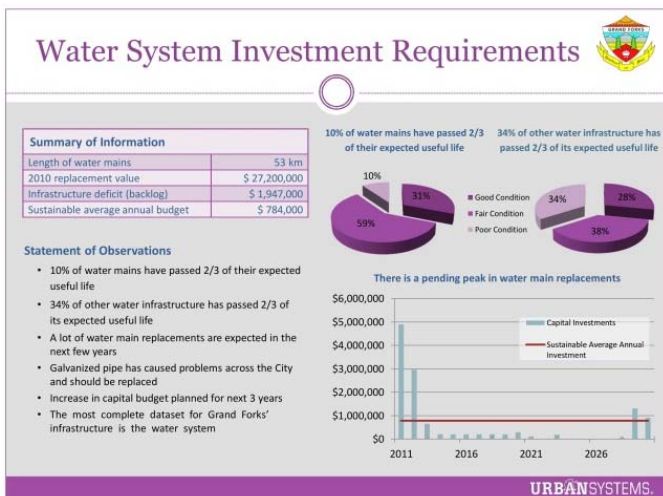


*A de-commissioned watermain in the Kettle River, which was originally buried in the riverbed*

Incorporated in 1897, this community of 4,000 people has several buildings which are over 100 years old, with similarly aged infrastructure that supports them. Most of the “modern” underground works – water and sanitary sewer – were installed in the 1950's (although some date back to the 1930's). The majority of roads were constructed at the same time and re-surfaced in

the 1980s. In 2009, the City commissioned an infrastructure assessment which identified the need to spend \$35 million over the next ten years. Sounds easy enough – except where was Council going to find \$35 million to tackle this elephant?

A team of infrastructure consultants from Urban Systems Ltd. was commissioned to help break up the problem into bite-sized components. The City of Grand Forks adopted the Sustainable Community Plan (SCP) which highlighted the need to connect land use, with affordability, with infrastructure services. The implementation steps and measures for infrastructure within the SCP took shape through an asset management framework. The City is currently implementing the latest in a series of high priority asset management projects within this framework.



An *Asset Management Investment Plan* was developed, which calculated the value of Grand Forks' tangible capital assets at \$127 million. This plan indicated an average remaining life of only 36%, and showed that many of the City's water, sanitary, storm water and roadway sections have already reached the end of their expected service lives. "We must be prepared to respond before this infrastructure starts failing; once it starts failing the renewal costs and the costs of responding to emergencies will be very expensive," explained the City's Director of Finance. The City estimates the current backlog of renewal work (i.e. an infrastructure deficit) at approximately \$32 million.

An *Asset Management Financial Plan* was then prepared, which includes a 20 year financial model for infrastructure asset replacement and upgrading based on the City's anticipated growth rate (1%). The analysis

considered available revenue, reserves, borrowing, renewal of existing assets, and new capital needed for ongoing service provision. It identified key priority areas totalling \$5.5 million over the next 5 years – \$1.3 million for emergency water supply for fire protection; and \$4.2 million for the capital renewal of roads, water and sewer infrastructure. Mayor Brian Taylor explains, "Council had to make a decision on how big a (financial) bite we would take, over what period of time we would do it, and where this would come from." This Financial Plan, presented in a public document, provided the information needed to make an informed decision.

Council's decision, during a pivotal election year, was to take this information out to the public and conduct a referendum to borrow the full \$5.5 million. **Thanks to the leadership of Mayor and Council, and the efforts of staff at all levels of the organization, both referendum questions passed with over two-thirds positive support** (68% and 73% respectively). This 5 year renewal is based on a multi-utility approach which will, says Mayor Taylor, "address a number of high-priority areas where there are multiple services in the ground that we can do all at once".

In order to refine the costs, needs, and timing, Grand Forks is undertaking a focused multi-utility review and assessment of its key infrastructure priorities in 2013. The City is starting with condition, capacity and risk assessments of the water and sewer systems, and an integrated roads and transportation program. "We need to put some science into our infrastructure planning and conditions assessments" explains Sasha Bird, Manager of Technical Services and Utilities, "[which is] a great way to inform our capital planning priorities".

Urban Systems is working with Grand Forks to develop a GIS-based Multi-Utility Prioritization Model, using condition and capacity assessments to define the City's most urgent needs. This will create a clear, quantifiable and logical list of projects. For example, if existing fire protection levels of service are not being met in key areas of the City, then a gap in service is defined and a capital project identified to close the gap. Other water and sewer projects that fill a risk-gap will be ranked against each other for the capital program. Shelf-ready designs follow, based on the capital plan, with the knowledge that previous steps in the multi-utility



process identified this project as a priority. A key outcome for this project is a realistic capital program that is grounded in affordability.

## Tips and Tactics: Does Condition Make a Difference?

By Bernadette O'Connor



CAPACITY				CONDITION			
Likelihood of Failure		Consequence of Failure		Likelihood of Failure		Consequence of Failure	
d/D	0.16	Land Use	MF RESIDENTIAL	CCTV	No	Road Class	ARTERIAL
Score	1	Modified Score	4	Age	52yrs Material design life 40 yrs	Score	4
				Modified Score		Modified Score	5

This risk-based, logical process will allow Council and staff to communicate the rationale to businesses and residents for prioritize list of projects. The City recognizes that continued buy-in from everyone is essential to the long-term success of the asset management program and SCP. The intent is that the City’s 2013 budget and the budgets thereafter, are a demonstration of a sustainable approach to managing infrastructure in Grand Forks.

Although the community will continue to evolve, the leadership shown by the current staff and Council of Grand Forks will help the City continue to bite off pieces of the infrastructure elephant, and provide long-lasting and reliable infrastructure for the next generation.

Most condition monitoring programs are set up at least in the first instance, to undertake inspections of all assets of a certain type, over a defined period of time. This may be all at once in a project, or over a period of time such as a year or once every three years. This sets a benchmark for state of the infrastructure, assessment of remaining life, and planning for replacements. After the initial inspections are complete, many of these programs are then continued on a regular cycle of inspecting all of a particular type of asset repeatedly every year or three years.

I do believe having an understanding of condition and likely mode of failure supports good decision-making. However, I am not convinced that we need to measure the condition of all assets, or that we need to measure condition on a regular cycle throughout the life of the asset.

When we are thinking about monitoring condition, or reviewing programs we already have in place, it is good to critically consider:

- Do we need to know the measured condition for these assets?
- What are we going to use the information for?
- How are we going to use this data (measured condition)?
- Will this information truly influence (or be irrelevant to) my decision making?

If data collected and stored does not have a direct influence on decision-making, then why are we collecting it? The key uses for measured condition data are:

1. Compliance monitoring (legislative, contractual, development and construction verification)
2. As a performance indicator (state of infrastructure, rate of deterioration over time)

3. For more accurate renewal planning (estimated remaining life, coordination of projects)
4. For risk mitigation (monitoring state of critical assets, reducing risk of unplanned failure)

I have known about programs that do CCTV inspections of particular pipe sections every year because they are deemed to be 'critical' assets. Your first thoughts may be that this is entirely appropriate and a prudent use of funds, you may even have such a program in your organization. My challenge to you is to regularly review of the logic or business case for the program; consider the results collected against your intended purpose for collecting this data. Over time, situations change; information is gathered and knowledge improved; work is done; and needs change. It is good practice therefore, to periodically review any data collection programs to ensure they stay relevant and appropriate.

You may discover that one or more of your condition programs (as they are currently set up) are not the best option for what you are trying to do. For example in the case of critical pipes, you want to avoid having a sudden failure, so you set up a program to regularly monitor condition. But if the pipe is young compared to its expected life, and you have no other indicators that it is at risk of early failure, then what real benefit is gained from annual inspections of the entire pipeline? The pipe may have a lifespan of 100 years and be only 30 years old.

This point is also relevant for non-critical assets when we measure condition for renewal planning. Unless it is cost effective to measure the condition of all the assets, would you not get better value for money by customizing your data collection to more closely match your need/risk. For example set rules to filter which assets are condition inspected at what frequencies. You might set one or two condition inspections at intervals after installation to check for early failure warning, after that, set next inspection protocol for when the assets enter a failure risk zone (i.e. are in the last 10% – 15% of expected life), and after that, increase frequency of condition checking relative to age/last condition results and level of adverse consequence of failure (criticality).

Consider also that some of your asset types will be of a type that deteriorate in a very uniform way with few exceptions. For these assets consider if age can be used as a reliable proxy for condition? Will having measured condition information (in addition to age details) add sufficient value to justify the total cost of collecting, storing, analysing and managing this data? Will the information collected have a discernible impact on your decisions, schedules, budgets or programs? If it will, then you should design an appropriate condition monitoring protocol. But if this data will not provide any better guidance to decision-makers than they would get from age information, then the money you are spending on condition rating could be better used to improve some other aspect of data quality that will deliver a greater cost-risk-benefit to your decision process.

## Upcoming Events

### **Public Works Association of BC**

**September 16 – 18, 2013**

Annual conference and Trade Show

Conference Centre - Nanaimo BC

[www.pwabc.cpwa.net](http://www.pwabc.cpwa.net)

### **Union of British Columbia Municipalities**

**September 16-20, 2013**

Annual conference and trade show

Convention Centre – Vancouver

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

### **Asset Management BC / LGMA**

**October 10, 2013**

Asset Management Workshop

The Hotel at River Rock, Richmond

Program: [www.assetmanagementbc.ca](http://www.assetmanagementbc.ca)

Registration: CivicInfo

### **Government Finance Officers of BC**

**November 4-6, 2013**

Long Term Financial Planning

Four Season Hotel, Vancouver

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

### **BC Water & Waste Association**

**May 3-7, 2014**

Annual Conference and Trade Show

Whistler BC

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

### **Canadian Network of Asset Managers**

**May 21 - 23, 2014**

7<sup>th</sup> Annual Workshop, Toronto ON

**"Call for Papers"** Deadline September 30, 2013

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



## Asset Management Newsletter

NINTH EDITION – FALL 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:

- What does PSAB data tell us and how to use it?
- Where will the money come from – a look at programs and sources
- Level of Service - What it means
- Asset Management progress

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