LAKE COUNTRY
Life. The Okanagan Way.

ASSET MANAGEMENT CASE STUDY

May 2011

Asset Management
CASE STUDY

District of Lake Country
May 2011

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Contents

1 Introduction 1
1.1 District of Lake Country 1
1.2 Infrastructure Assets 1
1.3 Following on from PSAB 3150 2
1.4 Case Study Team 2
1.5 Development Process 2
1.6 Document Organization 3

2 Status of Asset Management 4
2.1 Review of Current Status 4
2.2 Comparison of Current Status 8

3 Gap Assessment Outcome 10
3.1 Know Your Assets 10
3.2 Know Your Financial Position 11
3.3 Decision-Making 13
3.4 Manage Your Asset Lifecycle 14
3.5 Know the Rules 14
3.6 Sustainability 15

4 Strategy Recommendations 17
4.1 Know Your Assets 17
4.2 Know Your Financial Position 17
4.3 Decision-Making 18
4.4 Manage Your Asset Lifecycle 19
4.5 Know the Rules 20
4.6 Sustainability 21

5 Proposed Key Actions 23
5.1 Know Your Assets 23
5.2 Know Your Financial Position 23
5.3 Decision-Making 24
5.4 Manage Your Asset Lifecycle 24
5.5 Know the Rules 25
5.6 Sustainability 25

1 Introduction

1.1 District of Lake Country

The District of Lake Country located in the Okanagan Valley between the municipalities of Kelowna and Vernon has a population of approximately 11,409 (2009 BC Stats). Lake Country is made up of four distinct communities of Carr's Landing, Okanagan Centre, Oyama and Winfield. Lake Country is a beautiful and unique area rich in cultural history.

As the name suggests, there are a number of lakes within the vicinity and outside the municipal boundaries in the hills to the east. Okanagan Lake acts as the western boundary, while all of Wood Lake and the southern-most portion of Kalamalka Lake are encompassed by the municipality.

Lake Country is home to world-renowned wineries, and is only minutes away from the Kelowna International Airport, UBC Okanagan, world-class golf courses and beautiful ski hills. The area offers a balance of rural and urban experiences with the major income sources being agriculture and tourism. Forty percent of the District lies within the Agricultural Land Reserve. Major crops include apples, peaches, pears and cherries. A large portion of apples grown in Canada are from the District's orchards.

Since its incorporation on May 2, 1995, the District of Lake Country has continued to grow and thrive.

1.2 Infrastructure Assets

The District of Lake Country plans, develops and maintains millions of dollars worth of community infrastructure and associated services to support the economic, social and environmental well-being of the community. The infrastructure assets relating to this report have been grouped into twelve linear and non-linear asset groups and are listed below:

- Water System;
- Wastewater System;
- Stormwater System;
- Roadway System;
- Fleet;
- Fire and Emergency;
- Solid Waste Management;
- Parks and Recreation;
- Transit;
- Hydro;
- Environmental Protection; and
- Program Support Costs.

The District's infrastructure assets represent a sizeable investment by past, present and future generations. Understanding the long-term implications of asset management decisions is vital to ensure that services are sustainable and to promote equitable and responsible distribution of costs for all generations.

1.3 Following on from Tangible Capital Assets Reporting

Recent changes to the accounting standards and the introduction of Public Sector Accounting Board 3150 (PSAB 3150) Assessment of Tangible Capital Assets (TCA), has required local government to change how they report Tangible Capital Assets on their Statement of Financial Position. It has also required that Tangible Capital Assets be amortized on the Statement of Operations.

Compliance to the new accounting standards required the District to undertake a significant amount of work. In doing so, the District now has an inventory and a historical based valuation of all their infrastructure assets. The degree of knowledge, completeness and detail in the inventory data for each asset group varies. However all major assets and financially significant assets have a good level of base data known and documented.

1.4 Case Study Team

This Asset Management Case Study has been developed through a collaborative team approach. Qualified professional, financial and technical advisors from Opus International Consultants (Canada) Limited and representatives from the District of Lake Country have assisted in the provision of information and preparation of this report.

Key individuals that were involved are:

- Bernadette O'Connor, *International ET, Certified ETP, NZCE (Civil), Senior Asset Management Specialist*;
- Martin Gordon, *P.Eng, M.Sc.Eng, CMA, Senior Asset Management Consultant*;
- Hamish Johnson, *NZCE (Civil), Asset Management Consultant*;
- Sonia Periard, *B.Eng, Civil Engineer (EIT); and*
- Sid Smith, *AScT, Engineering Technologist.*

1.5 Development Process

The purpose of this case study was to understand the District of Lake Country's current state of knowledge about their assets and to map a way forward.

The case study process included an Asset Management Review and Gap Assessment. The project commenced with a meeting at Lake Country and a discussion of issues. This was followed with a review of existing documents and reports, research and completion of a questionnaire covering all notable aspects of asset management practices.

A summary of the current status of asset management within the District of Lake Country was then compiled from the available data (refer Table 2-1). The outcome from this phase was then

compared to the minimum requirements for a basic level of asset management practice (refer Figure 2-2).

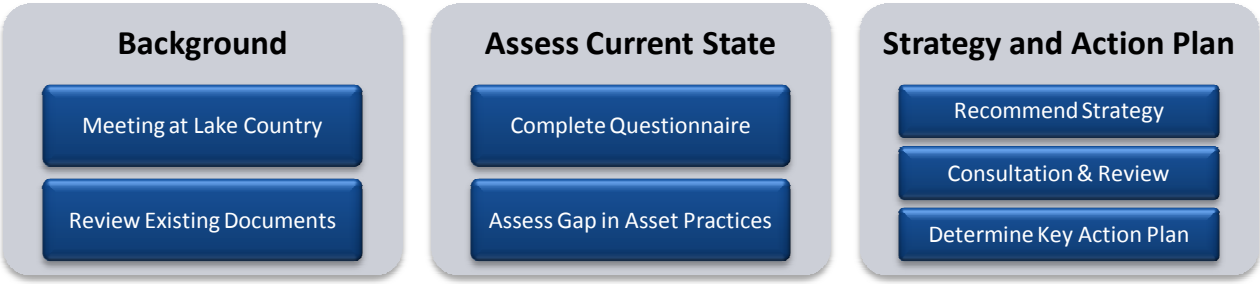
The minimum requirements are those identified in the Asset Management BC Roadmap. A gap assessment was completed to identify the key areas for improvement in asset management practice (refer Section 3).

Following on from the gap assessment, a strategy customized for Lake Country was developed (refer Section 4).

The outcomes were then reported to the District of Lake Country for review. This provided opportunity for consultation and feedback to confirm findings and the appropriateness of the strategy going forward.

The outcomes from this consultation were then used to update the recommended strategy and create an initial asset management Action Plan (refer Section 5). The purpose of the Action Plan is to identify a number of key tasks that will assist the District to advance sustainable asset management.

The following diagram outlines the complete development process:



1.6 Document Organization

The Case Study Report has been structured into the following main sections:

- Section 1: Introduction, Development and Organization;
- Section 2: Status of Asset Management;
- Section 3: Gap Assessment Outcome;
- Section 4: Strategy Recommendations; and
- Section 5: Proposed Key Actions.

2 Status of Asset Management

2.1 Review of Current Status

The District of Lake Country has categorized their infrastructure into twelve linear and non-linear asset groups which are listed in the introduction to this report.

It is likely that future versions of this document will incorporate individual detail for each asset group. However for this initial review, the status of asset management practice has been assessed across all asset groups. The assessment rankings are therefore average outcomes.

Table 2-1 below provides a summary of the District's current status of asset management practice.

Table 2-1 : Asset Management Status February 2011

Asset Group : All Linear and Non-Linear Assets (high-level assessment on overall status)		
AM Practice Area	**Current Status**	**AM Ranking**
Asset Inventory: Know Your Asset	The District has good asset inventory for key asset groups, with 80% completeness and 90% accuracy. There are some asset groups that information is still required for and some data gaps however in general these data issues are well known, are documented (refer IAMCP) and a program for resolving the most significant data gaps has been identified. Most data is available electronically with 80% of known asset data available in GIS and more than 90% available in hardcopy.	Intermediate
Financial Data: Know your Financial Position	The District's understanding of the value of their infrastructure is at a high level compared to many similar sized municipalities. Historical asset cost is recorded in Tangible Capital Asset datasets and current replacement costs are recorded in the IAMCP spreadsheets. Operation and maintenance costs are known but only as combined values. Operational costs not separately recorded from maintenance and repair costs. Cost records also do not identify which specific asset or component they relate to. Therefore at this time, O&M costs cannot be used for condition tracking, deterioration modeling or to inform decisions regarding the optimal time for intervention. Initial long-term financial forecast and funding needs are understood and documented in the IAMCP and within other strategic documents such as Master Plans for transportation, water and parks and recreation.	Basic +

Asset Group : All Linear and Non-Linear Assets (high-level assessment on overall status)		
AM Practice Area	**Current Status**	**AM Ranking**
Financial Data: Know your Financial Position (continued)	The future capital costs forecasts in the IAMCP separately identify existing asset renewals (i.e. replacements) and new assets (i.e. need for new infrastructure). The amount of revenue and revenue sources as well as funding sources are known and documented. Details of potential revenue, funding policy, and funding constraints are not recorded although key staff is likely to have a reasonable understanding of what these might be. Expenditure details are available electronically however work history and activity records are not. Future operations and maintenance costs forecasts have not been developed. Financial performance is monitored using financial records. However the discrete cost of current levels of service for particular asset groups cannot be identified from the current system for recording financial transactions.	Basic +
Accountability: Understand Decision-making	Details of who the decision-makers are and how decisions are made are known but no formal process is documented. The DLC management structure is documented in an organizational chart. Also, the number of FTEs required, roles and responsibilities, and work contracted out in relation to infrastructure assets have been documented. No formal information regarding external stakeholders is documented. However it is likely that key personnel could readily identify who these might be as and when any need arises to consult stakeholders. DLC does have a Water Services Advisory Committee (internal stakeholders). Various catalogues and the internet are used to determine what services and products are provided by suppliers and a Purchasing Policy exists that provides the procurement basis for those suppliers.	Basic

Asset Group : All Linear and Non-Linear Assets (high-level assessment on overall status)		
AM Practice Area	**Current Status**	**AM Ranking**
Stewardship: Manage your Asset Lifecycle	Condition data is progressing and although as an overall assessment only 40% of assets have recorded condition data, it is important to note that 100% of roads and 50% of water assets have known condition information. The use of condition data for modeling asset deterioration over time and improving predictions of remaining asset life for planning replacements and maintenance strategies is yet to be developed for most asset groups other than some work completed for transportation and water asset groups. Similarly, technical and operational levels of service are known intuitively but they are not clearly articulated or recorded. Therefore performance levels are also not currently tracked or measured in regard to level of service. There are however some compliance monitoring requirements for specific asset groups such as water quality. DLC does have a good understanding of some lifecycle issues and long term planning for asset management and these are recorded in key strategic documents. These documents include the Transportation Master Plan and Road Inventory Study, Water Facilities Assessment and Water Master Plan, as well as the Greenspace Plan and Parks and Recreation Master Plan and specifically in the IAMCP. However this understanding relates primarily in regard to demand and utilization rather than optimized intervention strategies and formal maintenance and renewal strategies. The identification and management of risk in relation to infrastructure asset groups is not currently known for most asset groups and is not recorded in an integrated system that would allow comparison across asset groups. However some risk issues relating to asset condition can be derived from the IAMCP and other strategic documents listed above.	Improvement Needed
Governance: Know the Rules	It is understood that at a technical and operational level, District staff will have a good understanding of legislation, codes and standards that govern service delivery. However the documentation of this could be improved to collate requirements for each asset group and clearly document requirements for compliance monitoring.	Basic

Asset Group : All Linear and Non-Linear Assets (high-level assessment on overall status)		
AM Practice Area	**Current Status**	**AM Ranking**
	Specific rules for some asset groups are documented such as Guidelines for Drinking Water Quality and International Health Standards Policy documents related to assets, land, expenditure and funding, and procurement exist as do organizational goals and objectives relating to infrastructure. These are noted in IAMCP. A management structure exists and roles and responsibilities are assigned. Details of health and safety management procedures are provided in the DLC OH&S Manual.	
Achieve Sustainability: Long-term Planning	Long-term forecast for operation and maintenance is not available. However renewal forecasts are reported in the IAMCP. A strategy in support of long term sustainability or a review process for updating financial forecasts and policies does not exist, but some information in support of this can be found in the Road Inventory Study which documents prioritized improvement tasks and also in the IAMCP which documents the outcome of an asset management gap analysis and sets out a list of prioritized improvement tasks. Currently there is no formal strategy documented for the specific monitoring and assessment of financial performance in regard to long-term sustainable practice.	Improvement Needed

Description of Rankings for Status of Asset Management:

Ranking	**Description**
Improvement Needed	Asset management practices below basic level or non-existent.
Basic	Asset management practices meet minimum requirements for basic level asset management
Intermediate	Asset management practices meet minimum requirements for intermediate level asset management
Advanced	Asset management practices meet or exceed minimum requirements for advanced level asset management

Refer to the Roadmap for detailed descriptions of each level of asset management practice.

2.2 Comparison of Current Status

The diagram on the following page provides a comparison between the current state of Asset Management at Lake Country and the AMBC Roadmap.

- The green colored ticks indicate asset management practices that have been actioned and are at or near a compliance level for basic asset management.
- The orange colored ticks indicate asset management practice areas where some work is complete but additional work is required to achieve basic level asset management.
- The remaining unmarked modules are asset management practice areas that have yet to be implemented or evaluated.

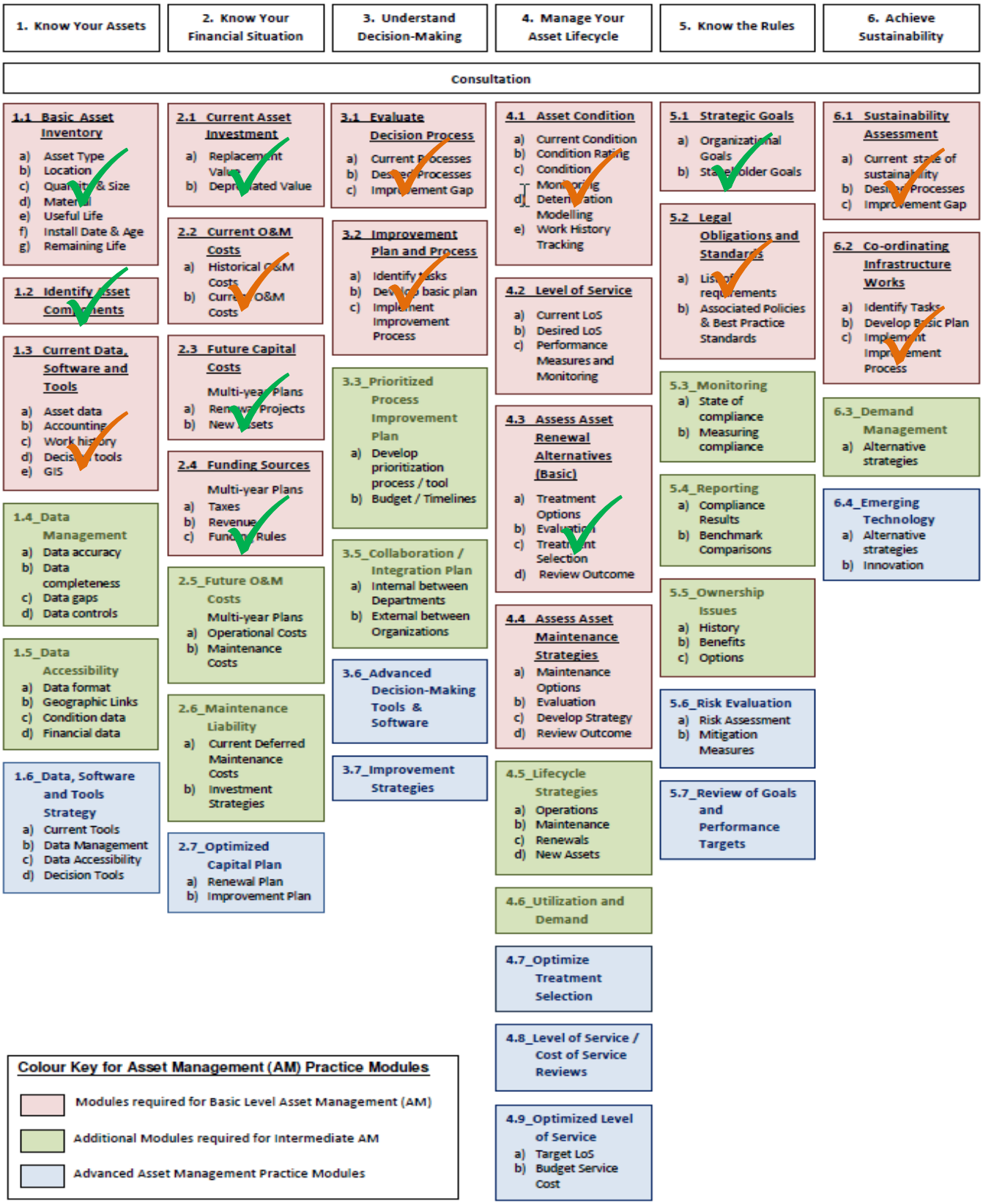


Figure 2-2 : Current Status compared to Asset Management BC Roadmap

3 Gap Assessment Outcome

3.1 Know Your Assets

The District has a high level of asset knowledge for key asset groups but little documented information on other groups.

Asset Inventory data is critical for asset management. Compilation of an electronic inventory for each asset group creates a starting point which can be improved upon over time. This is true even if you only have data to support a relatively generic high-level listing and quantification of the assets.

It is necessary therefore to ensure that at least a minimum level of asset inventory information exists for every group of assets of the same type. The tables below (Table 3-1 and Table 3-2) provide an assessment of the current gap between existing information and minimum requirements for basic level asset management.

Table 3-1 : Status of Asset Information March 2011 (Non Transportation Assets)

Asset Group	Asset Type	Location	Qty & Size	Material	Useful Life	Install Date	Rem Life
Sewer	Pipes						
	Manholes						
	PS Equipment						
Water	Pipes						
	Manholes						
	Fire Hydrants						
	Valves						
	PS Equipment						
Storm	Pipes						
	Manholes						
	PS Equipment						

Colour Key:	Accuracy	High	Medium	Low
Completeness	High			
	Medium			
	Low			

Table 3-2 : Status of Asset Information March 2011 (Transportation Assets)

Asset Group	Asset Type	Location	Qty & Size	Material	Useful Life	Install Date	Rem Life
Transport	Road Surface						
	Basecourse						
	SubBase						
	Bridges						
	Signs						
	Curbs						
	Catchpits						
	Barriers						
	Islands						
	Medians						
Parks							
Facilities							

The District has GIS data for most of the key asset groups and they have additional inventory information in spreadsheets.

The inventory details currently available need improvement for some asset groups. It is not necessary however, to have detailed information on all asset groups, nor is it essential to have all attributes known with certainty.

The District is confident that they are aware of their data gaps and they already have a program for resolving the most significant data gaps.

3.2 Know Your Financial Position

The District of Lake Country has an excellent understanding of their financial position with respect to capital renewal and new assets for most asset groups. However there are some notable gaps and therefore some room for improvement.

The following table provides an indication of the status of documentation and knowledge regarding key financial elements:

Asset Group	Cost Element	Comment	Status
All Assets	Historic Value	*Financial records have historic values for PSAB TCA Reporting.*	High
	Replacement Value	*Replacement values are provided in IAMCP Spreadsheets.*	High
	Depreciated value	*Not specifically detailed but could be calculated from available data.*	Med
	Historic O&M	*Operation costs not separate from Maintenance costs.*	Low
	Current O&M	*Operation costs not separated from Maintenance costs but totals for current budget are known.*	Med
	Fwd Capital New Plan	*In IAMCP Spreadsheets for main asset groups and further details exist in asset group Master Plans.*	High
	Fwd Renewal Plan	*In IAMCP Spreadsheets for main asset groups.*	High
	Fwd Income Plan	*Financial records have income predictions but potential revenue may not have been explored. Analysis of asset deterioration relative to funding levels from IAMCP should be developed further to inform budget decisions and impact on performance and service levels.*	Med

The following gaps have been identified. However it will not be necessary to achieve 100% resolution of every gap for every asset group to attain a basic level of asset management practice. Some items could be scheduled for completion at a later date as part of an on-going improvement plan:

- Historical maintenance records are not in a format that will allow analysis for the purpose of:
  - Identifying cost trends;
  - Indicating condition of assets;
  - Indicating rate of deterioration: or
  - Understanding the impact of cost fluctuations on funding needs.
- Work history and activity records do not currently:
  - Provide field verification of asset attributes;
  - Categorize the type of work undertaken or fault found;
  - Provide condition rating or comments for assets viewed on site;
  - Link to specific assets in the Asset Inventory;
  - Include or link to cost information; or
  - Produce an electronic record that could be linked to the GIS for mapping faults.
- The Infrastructure Asset Management Capital Plan (IAMCP) is an excellent asset management step toward sustainable practice. However it does not take into account at this time, the relevant operations and maintenance costs. These costs, when included, will provide an even more accurate picture of the District's financial position over the next 20 years; and
- There is no evidence of a specific requirement on anyone to:
  - Actively explore funding options;

- Determine details of potential revenue;
- Define and document a funding policy specific to infrastructure assets; and
- Identify and document funding constraints for optimal asset management.

3.3 Decision-Making

It is generally understood within the District that relevant people are aware of who makes what decisions and how those decisions are made. However there is no formal documentation of decision processes. The organization is therefore vulnerable to change in personnel which may cause a loss of understanding of decision processes.

Consistency in decision-making cannot be demonstrated without at least a checklist of things to consider. It is preferable however to have a written procedure so that the process can be fully explained.

The following table provides an indication of the status of documentation and knowledge regarding key decision-making and decision-control elements:

Asset Group	Process Element	Comment	Status
All Assets	Decision-makers	*General awareness of who makes what decisions but no documentation. However, job descriptions will include some details on roles and responsibilities.*	Med
	Decision Processes	*There is no formal documentation on the basis, procedure or tools used for various decisions. However, it is expected that this information could be easily articulated by the personnel involved.*	Low
	Integration	*There is no evidence of any formal processes for integrated or collaborative decision-making across different departments.*	Low
	Management Structure	*It is expected that this would be readily available or easily produced. The District organization is not large nor complex therefore lines of communication and responsibility/accountability are well known.*	Med
	Accountability	*Roles of various personnel involved with management of the assets and their respective responsibilities are well known and are documented in job descriptions. It would be relatively easy to identify and assign the best person to be accountable for each decision, when these decision processes are documented.*	Med
	Procurement Policy	*A purchasing policy exists.*	High

There are a number of gaps in documentation and understanding of decision processes within the organization. The current status is not an issue with existing staff. However, because there are no documented decision processes, vulnerability exists should staff change or the District be challenged on its decision-making.

Decision outcomes are not easily audited, verified or able to be defended unless they have a documented process. In association with documenting the decision processes, there are other gaps that need improvement. These include:

- Clarification in recorded information generally;
- Formal list of who is accountable for what decisions;
- Whether any cross department collaboration should occur; and
- Details of functional relationships within the organization relating to decision making.

3.4 Manage Your Asset Lifecycle

The following table provides an indication of the status of documentation and knowledge regarding three main elements of asset lifecycle management:

Asset Group	Lifecycle Element	Comment	Status
All Assets	Levels of Service	*Anecdotally levels of service can be defined by various operation and maintenance tasks however there does not exist any definitive statement or measure of the current level of service.*	Low
	Performance Measures and Monitoring	*As levels of service are undefined, related performance measures are also undefined. However, there are various indicators being monitored and some are recorded.*	Med
	Condition	*There is some condition monitoring of some assets occurring. However improvements in regard to structured programs, approved rating systems, analysis and outcome reporting etc are desired*	Med

There are a number of gaps as indicated in the table above. The most critical gap is the lack of adequate definition of what level of service is being provided. Without a definition of the required service it is difficult to identify opportunities for efficiency and cost reduction.

The resolution of gaps relating to definition of performance measures can only occur after levels of service are clearly defined.

The third gap however, relating to improving condition monitoring, documentation, analysis and reporting can and should be actioned as soon as practicable.

3.5 Know the Rules

The District staff involved with managing the assets are familiar with all the rules and regulations relating to the assets and activities. However there is no collated list of these references. Therefore vulnerability exists should current staff change. The City will be heavily reliant on the knowledge of new staff. Also, without suitable documentation, there is limited ability to audit and verify that all compliance matters are being adequately dealt with.

The following table provides an indication of the status of documentation and knowledge regarding rules associated with management of assets:

Asset Group	Process Element	Comment	Status
All Assets	Legislation, regulation, guidelines, policy etc	*Operation and technical staff have a good understanding of the legal parameters governing asset activities. They are also aware of District policy, industry guidelines and organizational goals. However references to this information have not been collated into a check list or document that could be used to ensure all compliance matters are being appropriately dealt with and attended to.*	Med
	Stakeholders	*Some stakeholders are known. A forum for consultation has been established for at least one stakeholder group (Water Committee). Contact details are readily available for most known stakeholders. Some information regarding stakeholder expectations is known but there may not be a process for regular review of goals*	Med

The District's organizational goals are stated in the District of Lake Country's 2010 Integrated Asset Management Capital Plan (IAMCP) and the Official Community Plan.

It is evident that some stakeholder consultation has occurred however there does not appear to be clear documentation of outcomes or defined stakeholder goals.

The improvement gap relating to knowing the rules that the assets must be managed within, consists primarily of:

- Documentation of legislation and standards relating to the assets;
- Defining the requirements for monitoring; and
- Documenting the goals and objectives of relevant external stakeholder groups.

3.6 Sustainability

The District of Lake Country has made a good start toward implementing sustainable practices. Projects of note include the analysis and prioritization of tasks in the IAMCP and the Road Inventory Study. The following table provides an indication of the status of documentation and knowledge regarding sustainability elements for asset management practice:

Asset Group	Process Element	Comment	Status
All Assets	Long Term Work and Cost Forecasts	*The District has achieved good work on forward forecasts for new assets and renewal of aging assets. However some improvement is desired with regard to realistic forecasts for operations and maintenance costs and the collation of all these plans into one overall plan matched against revenue expectations.*	Med

	Asset Management Improvement Tasks	*This report includes an action plan for Asset Management Improvement Tasks. This is the first step and the process for reviewing the status of asset management practice and updating the improvement action plan should be repeated at least annually.*	High
	Strategies for Sustainability	*Some information in support of sustainable strategies for managing assets is included in the Road Inventory study and the IAMCP. More consideration of these issues is required.*	Med
	Financial Sustainability	*There is no strategy for monitoring and assessment of financial performance in a way that would measure if current practices are likely to be sustainable in the long term.*	Low

The primary gaps in the District's sustainable practices are therefore:

- That a procedure for collating all forecast costs together and reviewing these against revenue expectations for the purpose of assessing the sustainability of current practices, does not currently exist. This assessment would be used to identify where changes in operations or levels of service should be considered prior to committing expenditure;
- Asset management gaps have been identified in this report, however a program and funding must be provided to implement the required actions. In addition to this there needs to be a commitment to review the status of asset management practices at least annually to update the improvement plan;
- There is improvement needed in the development of asset management strategies that support long term sustainability. Currently some exist but a holistic, coordinated approach is required; and
- There is no strategy or procedure in place to routinely assess whether current practices are likely to be financially sustainable.

4 Strategy Recommendations

4.1 Know Your Assets

Completion of data capture for key asset groups appears to be well in hand. The level of detail and the amount of cost to spend on asset inventory data should be relevant to the financial and operational significance of the assets. For low priority assets that are not financially significant, generic assumptions and estimates can be acceptable for implementing basic level asset management practice.

Based on the degree of asset inventory knowledge already existing and documented, it is not recommended that significant money be spent on achieving 100% population of detail. Instead, it is recommended that procedures be developed and implemented to record on-site details when maintenance work is being undertaken. These details can then be verified against the GIS records and a progressive improvement in the completeness and accuracy of asset data will occur over time.

It is also clear that the District is using the corporate GIS to consolidate inventory data and this is commended as an appropriate course of action. A recommendation to further support this is to undertake a review of data sets within the organization. Use this review to identify overlaps in data and redundant databases. Following this, develop a strategy for long-term data management, data maintenance and data control.

4.2 Know Your Financial Position

Understanding the District's long term financial position is a pre-requisite to identifying how to optimize asset costs. Asset costs need to include all costs over the life of the asset. These are installation costs, operation expenses, maintenance costs and renewal or disposal costs.

Many long term financial plans are based only on capital works (new assets and replacing assets). Operations and maintenance costs are often grouped together and budgeted as a linear progression based on current needs. The complete picture of financial relationships between capital and operational budgets is not easily understood in such circumstances. It is important - that forward funding and expense plans are incorporated into one overall plan that includes a realistic forecast of operations and maintenance costs.

Relationships between capital and operational budgets need to be visible in financial planning. These relationships include events such as;

- An increase in expenditure on preventative maintenance may reduce future renewal costs;
- A reduction in maintenance budgets may increase renewal projects because of shorter asset life spans; and
- Expenditure on new assets can impact operational costs and will increase future maintenance costs.

It is recommended that the District develop an integrated forward work plan. This plan must combine Capital Works (new and renewal) with Operations and Maintenance cost predictions.

It is evident from the great work completed to date on the Asset Inventory and the IAMCP, that the District has a relatively high degree of understanding of current and future financial positions. However in addition to the integrated forward work plan discussed above, there are some other key items that need to be addressed to complete this understanding. The majority of these improvement items relate to understanding and predicting maintenance costs.

It is also important that the District implements procedures to track maintenance costs separately from operational costs. This will involve changes to cost structures and charge codes. Ideally maintenance costs should also link to specific assets and be categorized by fault types. Change will therefore be required in the procedure for recording maintenance work. Implementation of these changes should not be onerous and consultation between all parties on the reason for the change is recommended.

It is quite urgent that some procedure to track maintenance costs by work type and by asset is implemented as soon as possible. Every task generates potential information that can be used for better decision making. And every day that passes without a system to capture this information is a lost opportunity.

It would be useful to have work history records available electronically provided they can be:

- Linked to a specific asset or assets;
- Categorized by work or fault type; and
- Linked to the total actual cost.

Other recommendations are, to explore regular and innovative funding options, determine details of potential revenue, develop funding policies, and identify any funding constraints. Use this information to develop mitigation measures to maintain adequate funding levels. This will reduce the risk of increased maintenance backlog, poor asset performance or loss of service quality.

4.3 Decision-Making

Identifying and documenting decision-making processes, is an excellent way of clearly seeing where improvements can be made to the decision process.

Long-term sustainability is driven by decisions made today. For many assets there is a long period between today's decisions and seeing the eventual impact or consequence of that decision.

Good decision-making relies on the quality of people making the decision, the quality and completeness of the information that they have to base their decision on and the robustness and repeatability of the decision-making process that they use.

For this reason we recommend that the District, as a matter of high importance, undertakes to document its key decision processes. It is not necessary to document every process that takes place. However, if you want to demonstrate consistency, transparency and accountability for any decision process it should be analyzed and formally documented.

To start, we recommend selecting just 4 or 5 of the main decisions that have a large financial impact such as:

1. Forward Work Programs – Who proposes the projects? Who decides the timing of when new assets will be built and old assets replaced?
2. Operations and Maintenance budget – Who proposes this budget? What is it based on? Who approves it? (this can include several layers of approval) Who is accountable for the outcomes?
3. Who decides when to repair an asset and when to replace? Are there different people for different circumstances?
4. Who are the decision-makers regarding what treatment method is used on a particular asset?

After these initial decision processes have been documented, work should continue to progressively document other decision processes. These can be completed as part of an on-going improvement program. Only the decisions with a high impact need to be completed to attain the basic level of asset management practice.

An understanding of internal functional relationships will help with identifying accountability for decisions and checking if the right people are being tasked with making those decisions. It is recommended therefore that the functional relationships within the organization (as they relate to decision making), be reviewed and documented.

4.4 Manage Your Asset Lifecycle

A key part of managing assets throughout their lifecycle is understanding what level of service is to be provided by those assets and what is the cost to provide that service. Once known, improvement strategies can be developed and implemented and the relationship between level of service and cost of service can be optimized.

Understanding the level of service and cost of service relationship is critical for ensuring that the District provides services that are:

- Effective and aligned with community expectations, wants, and needs;
- Affordable and sustainable for the long term; and
- Efficient and at the least whole of life cost.

The District does not have clearly defined level of service statements and it is recommended that this be undertaken. The first step is to define what is currently being provided. Later consideration can be given to desired level of service and what actions may be required to

move from current to desired. However the starting point is to define current service being provided. This will involve defining the following elements that comprise a measure of level of service:

- Quantity;
- Location;
- Availability; and
- Quality of Service.

The measure of quality of service needs to include consideration of legislative requirements and organizational goals as well as criteria relevant to each particular asset group. All criteria used to define the quality of service must be able to be measured so that performance achievements can be reported and tracked over time. Condition rating is one excellent indicator of quality of service therefore a formal system to rate the condition of assets should be implemented. Once existing levels of service are known, the cost of service can be determined. It is important to understand the relevant level of service/cost of service relationship to ensure that the current level of service being provided is affordable and sustainable long term.

Once the current level of service is documented, an assessment should be made of what performance measures should be used to monitor if the level of service being provided is meeting the necessary standard.

Condition data is extremely useful for many aspects of asset management, including but not limited to levels of service. Condition monitoring also provides a measure of asset deterioration and assists in estimating remaining life and decisions on treatment options and timing. However not all condition monitoring provides sufficient benefit relative to the cost to capture this information. Therefore it is recommended that before large scale projects for condition assessments are undertaken, that a strategy and a prioritized schedule for capture and recording condition data is developed. This strategy will balance the cost of various condition monitoring options against the use and benefit of that information. If the knowledge of asset condition will not have a significant benefit to decision-makers or prediction of future work needs then it should be a low priority on the schedule of condition data tasks.

At the basic level of asset management practice it is not necessary to have condition data for all assets. Focus should be on major assets and asset nearing the end of their expected life.

All condition data should be available electronically. Paper records are very difficult to analyze and use for prediction assessments and therefore are of low benefit until they are available electronically.

4.5 Know the Rules

To demonstrate good governance, it is necessary to identify all applicable legislation and standards relating to the assets and show that these are being complied with or if not complied

with, then what remedial action is being taken. In addition records should exist in regard to what the District's (and stakeholders of the assets) goals and objectives are for the assets. There should also be some means of tracking and reporting performance against these goals.

Organizational goals and objectives set the direction that the District wishes to take and what it intends to achieve.

The District's organizational goals are stated in the District of Lake Country's 2010 Integrated Asset Management Capital Plan and 2010 Official Community Plan. Having clear goals and objectives (both within the local government and of external stakeholders) provides focus and ensures that asset management practices within the organization work toward achievement of the desired outcomes for the District.

The recommended areas for improvement relative to what the District already has in place include improved documentation relating to;

- Legislative requirements, standards, policies, industry guidelines and all associated 'rules' that relate to the assets;
- Compliance monitoring and reporting procedures; and
- Information about expectations of external stakeholder groups.

Improved knowledge of stakeholder expectations is of lower importance to the documentation of key legislative requirements. However some understanding of stakeholder expectations is required even for a basic level of asset management practice. Therefore it is recommended that some actions are completed to improve on current understanding.

4.6 Sustainability

The ultimate goal of implementing asset management practices is the support towards and achievement of long term sustainability. This includes financial, environmental and social sustainability. Some specific asset management practices that will greatly assist sustainability include:

- Undertaking sustainability assessments;
- Long term financial forecasting;
- Deterioration modeling;
- Assessment of asset remaining lives;
- Program co-ordination;
- Staying informed with respect to future demand; and
- Reviewing emerging technologies that may be useful and cost effective.

The District of Lake Country has made a good start toward ensuring sustainable practice in the Integrated Asset Management Capital Plan and the Road Inventory Study, with the prioritized improvement tasks contained therein. There remains however a number of initiatives and asset

management practices that could greatly assist the District to advance towards sustainability. These improvement areas include:

- Collating all forecast costs and reviewing these against revenue expectations to:
  - Assess the sustainability of current practices; and
  - Identify where changes in operations or levels of service should be considered prior to committing expenditure.
- Ensuring that the improvement action plan identified in this report is implemented;
- Ensuring that a review of the status of asset management practices occurs at least annually to update the improvement action plan;
- Using a holistic, coordinated approach across the whole organization, develop asset management strategies that support long term sustainability; and
- Establishing a procedure for routinely assessing whether current practices are likely to be financially sustainable.

5 Proposed Key Actions

5.1 Know Your Assets

1. Continue approved program for completing asset inventory data;
2. Develop and implement procedures to record on-site inventory and condition details when maintenance work is being undertaken;
3. Develop procedures for verifying field information against GIS inventory data and updating records. Document procedure;
4. Review data sets within the organization. Identify overlaps in data and redundant databases; and
5. Develop a strategy for long-term data management, data maintenance and data control.

5.2 Know Your Financial Position

1. Develop a realistic Operations and Maintenance forward plan. Take into consideration the new assets and asset replacements in the IAMCP and Master Plans, and the impact these will have on maintenance and operations. Take into account also, the relationships and trade-offs between maintenance expenditure and requirement for renewals;
2. Develop an Integrated Forward Work Plan (IFWP) that combines the Operation and Maintenance Plan (refer above) with the IAMCP and any other predicted capital costs;
3. Determine historical operations and maintenance costs if possible in order to establish cost trends. Any information, even just totals per annum over the past 5 to 10 year period would provide some understanding of how costs have changed over time;
4. Implement procedure(s) by which operation costs can be tracked separately from maintenance costs for each component in order to better establish cost trends and predict future costs;
5. Implement systems, forms and procedure to enable work history and activity records to:
    - Be linked to specific assets that they relate to;
    - Record field verification of key attributes for updating the inventory;
    - Record some comment or rating for condition of assets viewed in the field;
    - Record the type of fault being repaired or work being auctioned;
    - Be linked to the cost for the work completed; and
    - Be recorded and available in electronic format.

6. Assign an action on someone to explore regular and innovative funding options and determine details of potential revenue, funding policy required, and any funding constraints. Report on the outcomes of this research and use the information to develop mitigation measures to prevent insufficient funding that could cause maintenance deferrals and poor asset performance or loss of service quality.

5.3 Decision-Making

Completion of the following decision-making tasks will improve the consistency and robustness of decisions made by the District:

1. Document the current decision processes. The documentation should include:

    - Details of who the decision-makers are (role, or position in organization);
    - Details of what data is considered and whether any analysis results are used to support the decision;
    - Details of how the decision is made;
    - Details of who is formally accountable for the decision outcomes;
    - Details of what cross department collaboration may be required; and
    - Details of functional relationships within the organization relating to the decision.

2. Establish a functional relationship and accountability chart. This would augment the organizational chart and show in detail:

    - The position roles or personnel who make the decisions;
    - The position roles that are responsible or accountable for the decisions;
    - Line reporting (management structure) relating to decision-making;
    - Line reporting relating to managing and planning for the assets; and
    - Line reporting relating to operating and maintaining the assets.

5.4 Manage Your Asset Lifecycle

The following tasks are recommended to improve management of assets throughout their lifecycle:

1. Define and document the current level of service being provided. At a later date consideration can be given to what the desired level of service might be and what changes would need to occur. However the starting point needs to be to define what service is being provided now and then to link this to the cost for providing that level of service;

2. Develop and implement a Condition Monitoring Strategy. This strategy should consider the relative benefit of the condition data compared to the cost of capturing that data and prioritize the condition programs accordingly; and

3. Define, document and implement performance monitoring appropriate to the defined levels of service.

5.5 Know the Rules

1. Identify and documentation a reference list or check list of rules relating to the assets. This check list should include:

    - Legislative requirements;
    - District Policies; and
    - Industry standards and guidelines.

2. Define and document the requirements for monitoring legislative compliance; and

3. Improve documented records of stakeholder interests and consultation including:

    - List who the internal and external stakeholders are for each asset group, and record their contact information;
    - Document what their interest is and what their goals are relevant to the assets;
    - Develop, document and implement procedures for planned stakeholder consultation relating to goals, level of service targets and whenever decisions regarding assets may significantly affect them.

5.6 Sustainability

1. At least annually, collate all forecast costs and review these against revenue expectations to:

    - Assess the sustainability of current practices; and
    - Identify where changes in operations or levels of service should be considered prior to committing expenditure.

2. Implement the improvement action plan identified in this report;

3. Establish a procedure to annually review the status of asset management practices and update the improvement action plan;

4. Develop asset management strategies that support long term sustainability; and

5. Establish a procedure for:

    - Routinely assessing whether current practices are likely to be financially sustainable; and
    - Amending and updating financial forecasts, policies and asset management practices as necessary to achieve sustainability.

Owner's Management Checklist Tables

A. Know Your Asset Checklist

No.	Attribute	Known	Reference / File Name / Location
	Asset Inventory Data		
1.	List of Asset Components	Y / N	80%. IAMCP SPREADSHEETS
2.	Essential attribute details for each component		
	a) Type of component	Y / N	"
	b) Size, volume or key dimensions	Y / N	"
	c) Material or type of construction	Y / N	"
	d) Lifespan expected for asset	Y / N	"
	e) Install Date or current age	Y / N	"
	f) Location details / description	Y / N	"
3.	Completeness and accuracy of inventory records.		
	a) The details recorded in the asset inventory are accurate	Y / N	90% "
	b) The details recorded in the asset inventory are complete	(Y) / N	90%. "
	c) Details of what asset inventory information is missing has been assessed (knowledge gap)	(Y) / N	90% - THERE MAY STILL BE UNKNOWNS IAMCP REPORT
	d) An approved program and funding exist to resolve any missing data (knowledge gaps)	Y / (N)	BUDGET SUBMISSION TO GO BEFORE COUNCIL IN CURRENT (2011 F.Y.) CYCLE
4.	Plan records (hardcopy or GIS) showing location of all infrastructure and features	(Y) / N	80%. GIS >90% PAPER

5.	Condition (note other details on method for measuring condition and condition standards are listed in the "Activity / Service" table).		
	a) Existing condition	Y / N	40% OVERALL 50% FOR WATER 100% FOR ROADS
	b) Details of condition rating system	Y / N	RATING SYSTEM VARIES. NO DOCUMENTED SYSTEM OUTSIDE REPORTS
	c) Remaining economic life	Y / N	
6.	Value of all infrastructure		
	a) Details of current day estimated replacement cost for each component of infrastructure	Y / N	IBAMCP
	b) Details of historical value of infrastructure at time of installation / construction and date applicable	Y / N	FINANCE RECORDS
	c) Details of land value	Y / N	LAND HAS NO REAL VALUE
7.	Details of systems and tools used for data management and record keeping in relation to management of the infrastructure and associated activities or services provided.		
	a) An asset inventory system detailing infrastructure components and key attributes is available in electronic format	Y / N	80% COMPLETE IN GIS
	b) Infrastructure details are available on GIS	Y / N	80% COMPLETE IN GIS
	c) The condition ratings of infrastructure components are recorded electronically	Y / N	WHERE AVAILABLE SEE 5.a).

B. Lifecycle Plan Checklist

No.	Attribute	Known	Reference / File Name / Location
	Activity Data		
1.	Details of all legislation and regulations that impact on or relate in any way to the infrastructure (assets and components), land , activities or services provided		
	a) Details of all relevant legislation and regulations.	Y / N	INT. HEALTH / G.D.W.Q.? (OTHERS?) WATERSHED ASSESSMENT / PROTECTION REPORTS
	b) Details of state of compliance relative to legal obligations	Y / N	W.Q. MONITORING? (OTHERS?)
	c) Details of methods of measuring and recording compliance	Y / N	W.Q. MONITORING / REPORTING (OTHERS?)
2.	Details of all standards, guidelines and general requirements that impact on or relate in any way to the infrastructure, land, activities or services provided.		
	a) Details of all relevant standards, guidelines or requirements	Y / N	SEE ABOVE
	b) Details of any compliance monitoring or performance measurement relating to any standards or requirements	Y / N	SEE ABOVE
3.	Details of what is being provided to whom – Levels of Service and related Performance.		
	a) Details of current levels of service	Y / N	NOT CLEARLY ARTICULATED FOR ALL INFRASTRUCTURE CATEGORIES.
	b) Details of any compliance monitoring or performance measurement relating to current levels of service	Y / N	MONITORING & MEASUREMENT W.R.T. SERVICE LEVELS NOT CURRENTLY DONE.

4.	Details on utilization and demand		
	a) Details of the current level of utilization compared to design	Y / N	WATER & W. WATER & TRANSPORTATION MASTER PLANS
	b) Details of design capacity	Y / N	"
	c) Details of current understanding of demand for activity or use of asset components	Y / N	"
	d) Analysis of future demand	Y / N	"
5.	Details of risk assessment and management relating to the infrastructure and activity		
	a) Details of risk assessments relating to the infrastructure and activity	Y / N	?
	b) Details of mitigation measures	Y / N	?
6.	Details of health and safety issues relating to the infrastructure and activity.		
	a) Details of health and safety issues	Y / N	WATER FACILITIES ASSESSMENT
	b) Details of health and safety management procedures	Y / N	~~SEE~~ DLC OCCUPATIONAL HEALTH & SAFETY MANUAL

No.	Attribute	Known	Reference / File Name / Location
	Financial Data		
7.	Historical Operations and Maintenance costs for all Infrastructure.		
	a) Details of actual operations and maintenance expenditure for previous 5 years or more available as a total for activity	Y / N	
	b) Details of actual operations and maintenance expenditure for previous 5 years or more is available as a total per asset component	Y / N	
	c) Details of historical operational expense and maintenance expense are able to be reported separately	Y / N	
8.	Current Operations and Maintenance costs for all Infrastructure.		
	a) Details of current operational expense and maintenance expense are recorded	Y / N	ALL EXPENSES ARE RECORDED BUT ARE NOT SEPARATED FOR OPERATIONAL VS. MAIT. COST
	b) Details of current operational expense and maintenance expense are able to be reported separately	Y / N	SEE ABOVE
	c) Current expenditure is sufficient to maintain the asset components without generating deferred maintenance	Y / N	

9.	Details of any revenue applicable to activity or infrastructure.		
	a) Details of the amount of revenue and source	Y/N	FINANCE RECORDS
	b) Details of potential revenue	Y/N	?
10.	Details of funding sources applicable to activity or infrastructure.		
	a) Details of funding source for operations expense	Y/N	FINANCE RECORDS
	b) Details of funding source for maintenance expense	Y/N	"
	c) Details of funding source for asset renewals/replacements	Y/N	"
	d) Details of funding source for capital works (new assets and improvement upgrades)	Y/N	"
	e) Details of any pre-approved budgets or cost predictions for future works	Y/N	"
11.	Details of systems and tools used for data management and record keeping in relation to management of the infrastructure and associated activities or services provided.		
	a) Expenditure details are available electronically	Y/N	FINANCE SYSTEM
	b) Work history, activity records are available electronically	Y/N	
	c) Details of any other tools and systems used in management of the infrastructure or activity	Y/N	

C. Governance Checklist

No.	Attribute	Known	Reference / File Name / Location
1.	Details of Stakeholders (interested parties, organizations, groups, community)		
	a) List all stakeholders with an interest in the assets, components, land, activity or services provided.	(Y) N	~~THE~~ WATER SVCS. COMMITTEE (OTHERS?)
	b) Detail the scope of interest of each stakeholder group	(Y) N	
	c) Detail the contact or liaison person for each stakeholder group	(Y) N	DISTRICT CONTACTS IN OUTLOOK
2.	Details of all corporate policy documents that impact on or relate in any way to the infrastructure, land, activities or services provided.		
	a) Policy documents governing assets, activity or services	(Y) N	
	b) Policy documents governing the land	(Y) N	
	c) Policy documents governing expenditure and funding	(Y) N	
	d) Policy documents governing procurement	(Y) N	
	e) Details of any other relevant policy documents	(Y) N	
3.	Details of the organizational goals and objectives relating to the infrastructure and service provided	(Y) N	IAWCP REPORT

4.	Details of management structure relating to the asset		
	a) Details of management structure, personnel and line reporting within corporation relevant to the assets	Y/N	ORG CHART ? Do
	b) Details of who are the decision-makers	Y	
5.	Resources relating to the asset		
	a) Details of number of FTEs required for operation and management of assets	Y/N	
	b) Details of roles and responsibilities of relevant personnel in management structure for assets	Y/N	JOB DESCRIPTIONS
	c) Details of any work that is contracted out and reasons why	Y/N	CONTRACTS ·ROADS ·LANDSCAPE/IRRIGATION
6.	Suppliers for key products and services relating to the assets		
	a) Details of suppliers and what services or products they provide.	Y/N	VARIOUS CATALOGS INTERNET
	b) Details of procurement basis for key suppliers	Y/N	PURCHASING POLICY.

D. Sustainability / Forward Planning Checklist

No.	Attribute	Known	Reference / File Name / Location
1.	Forecasts for predictions of cost and timing of future works relating to the assets		
	a) Future Operations and Maintenance expense has been predicted for a minimum of 10 years or more	Y / N	
	b) Future capital expense has been predicted for a minimum of 10 years or more	Y / N	IAMCP
	c) Future capital expense for renewals (replacing existing assets) and improvements (upgrades or new assets) can be separately reported	Y / N	IAMCP
	d) Details of funding policy for each stage of asset lifecycle	Y / N	
	e) Details of funding constraints	Y / N	
2.	Details of monitoring, assessments and strategies to achieve sustainable management		
	a) Details of monitoring financial performance	Y / N	FINANCE RECORDS
	b) Details of review process for updating financial forecasts and policies to manage long term sustainability of assets	Y / N	
	c) Details of assessments completed to guide and support sustainable management	Y / N	IAMCP ROAD INVENTORY/ASSESSMENT WATER FACILITIES ASSESSMENT
	d) Details of existing and required strategies in support of sustainable management	Y / N	IAMCP

3.	Details of decision-making processes relating to the infrastructure and activity		
	a) Details of who makes what types of decisions relating to the infrastructure and activity	Y N	NO FORMAL PROCESS DOCUMENTED
	b) Details of how decisions are made and any formal processes or tools that are used	Y N	"
4.	Details of gap analysis and improvement plans in support of sustainable management		
	a) Details of asset management gap analysis	Y N	IAMCP REPORT
	b) List improvement tasks required to resolve gap in asset management information or processes	Y N	IAMCP REPORT
	c) Details of method of prioritizing improvement tasks	Y N	ROAD INVENTORY STUDY (OTHERS?)