



ASSET MANAGEMENT BC POSITION STATEMENT: Appendix B - Definitions

Definitions

1. **Asset Management** is defined by Asset Management BC as an integrated process, bringing together skills, expertise, and activities of People; with Information about a community's physical Assets; and Finances; so that informed decisions can be made, supporting Sustainable Service Delivery

A similar definition from FCM states: **Asset Management** is an integrated approach, involving all organization departments, to effectively manage existing and new assets to deliver services to customers. The intent is to maximize benefits, reduce risks and provide satisfactory levels of service to the community in a sustainable manner – providing an optimum balance. Good asset management practices are fundamental to achieving sustainable communities.

2. **Community** or **Communities** in this paper refers to asset owners or authorities with municipal responsibilities. i.e. local governments, First Nations, incorporated local bodies, or any organization involved in the delivery of services critical to the well being of the community using physical infrastructure or natural assets
3. **Sustainable Service Delivery** is defined as a process of providing services to the community in a way that fosters the economic, social, and environmental well-being – today and into the future. Sound asset management practices support sustainable service delivery by integrating community priorities, values, and an informed understanding of the trade-offs between risks, costs, and services.¹
4. **Natural Assets** are the stock of natural resources or ecosystems that are relied upon, managed, or could be managed by a local government or First Nation for the provision of one or more services to a community. They provide critical services and functions to communities both on their own and as part of infrastructure systems with engineered assets.²

¹ "Asset Management for Sustainable Service Delivery: A BC Framework", Asset Management BC, 2019. <https://www.assetmanagementbc.ca/wp-content/uploads/Asset-Management-for-Sustainable-Service-Delivery-A-BC-Framework-.pdf>

² "Integrating Natural Assets into Asset Management: A Sustainable Service Delivery Primer." Asset Management BC, 2019. <https://www.assetmanagementbc.ca/wp-content/uploads/Integrating-Natural-Assets-into-Asset-Management.pdf>



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This is similar to a definition provided by the CCME:

Municipal Natural Assets are the stock of natural resources and ecosystem elements that are (or could be) relied upon and managed by a municipality, regional district, or other form of local government for the sustainable provision of one or more municipal services (MNAI 2017).³

That same CCME Framework defines Natural Assets as:

Natural Assets “refers to the use of preserved, restored, or enhanced elements or combinations of vegetation and associated biology, land, water, and naturally occurring ecological processes to meet targeted infrastructure outcomes”.²

5. **Enhanced Assets⁴ (Green Infrastructure²)** refer to “land, water and vegetation features alongside human-made elements to sustain ecosystem functions and services...”. “...green infrastructure is distinguished from grey infrastructure based on its ability to emulate many of the functions of Natural Assets”.
6. **Level of Service (LOS)** refers to the overall quality, quantity, availability, and location of services that are provided to users or customers. It is an essential concept in asset management that ensures services meet the community's goals, customer expectations, and willingness to pay in terms of what is provided, where it is available, and how well it performs. The community's goals to meet a particular Level of Service may directly affect the user fees or taxation levels.
7. **Community (Customer) Level of Service** refers to the quality, availability, and reliability of municipal services (like water, roads, recreation facilities) from a customer perspective, focusing on community needs and experiences.
8. **Technical Level of Service** refers to specific, measurable targets for physical assets (like water pipes, roads) related to capacity, quality, reliability, safety, or other measurable values and are used to manage infrastructure, set community expectations, and guide investment decisions. Technical levels of service are often defined as legal requirements or performance standards for infrastructure and operations and communities are required to meet the service levels.

³ “Natural Infrastructure Framework: Key Concepts, Definitions, and Terms”, Canadian Council of Ministers of the Environment, 2021.

https://ccme.ca/en/res/niframework_en.pdf

⁴ “Natural Assets Management Considerations for Engineering and Geoscience Professionals”, (Municipal) Natural Assets Initiative, 2021.

<https://naturalassetsinitiative.ca/wp-content/uploads/2024/08/MNAI-EGBC-companion-guide-mar2021-105.pdf>



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9. **Current Levels of Service (LOS)** refers to a statement giving several details about the quality and reliability of the service currently being provided. When determining level of service, it is important to consider where or when the service is available, how much of the service is being provided (Quantity), and to what standard (Quality).
10. **Desired Level of Service (LOS Objective)** refers to the level at which the community aims to deliver services to customers or stakeholders. It outlines the optimal service expectations in terms of quantity, quality, availability, and cost. The desired LOS reflects what the community and its customers hope to achieve in service delivery, balancing customer needs with the community's operational capabilities and financial resources. This may be subjective or descriptive for community levels of service and quantitative for technical levels of service.
11. **Cost of Service** is the total expenses incurred to provide a defined level of service.
12. **Organizational Risk** refers to the potential negative impacts on an organization due to failures or poor performance of assets. This includes the ability to maintain service delivery and controlling costs, as well as the perceived reputational risks to the community.
13. **Customer Risk** is a potential threat to the functionality and safety of infrastructure assets and the quality of service impact on customers, stakeholders, and users.
14. **Asset Risk** is the risk to assets identified in evaluating the condition or deterioration of the asset (Asset Level), or impact of external forces like natural disasters, human influence, or climate change (Event Level).
15. **Reputational Risk** is the potential damage to public and employee trust due to negative publicity, ethical lapses, or service failures.
16. A **Long-Term Financial Plan** links asset management with financial decision-making by predicting full lifecycle costs of infrastructure — including operations, maintenance, renewals, and replacements — and aligns them with available funding and risk. The plan estimates full infrastructure lifecycle costs of the organization for 10 – 100 years, or a time frame that includes at least one renewal of all the infrastructure assets.
17. **Sustainable Funding** is the practice of funding infrastructure replacement over the lifetime of assets. In practice, this approach imposes infrastructure costs to ratepayers as infrastructure is used, spreading out the cost of infrastructure across its full age, rather than compressing costs at the end of an asset's useful life.



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18. **Lifecycle Costs** means the total costs associated with an asset, program, or service over its entire life, from initial deployment to ongoing operation, maintenance, and eventual disposal, renewal, or replacement.
19. **Useful Life** is the estimated period of time of the service life of an asset, or how long it is expected to remain functional, economically viable, and provide benefits to the asset owner.
20. **Reserves** refer to a dedicated financial account where communities set aside money over time to fund future infrastructure projects, asset replacements, renewals, or repairs.
21. **Debt Financing** refers to the practice of borrowing money from external sources to fund infrastructure projects or asset replacements, with the obligation to repay the borrowed amount, plus interest, over a specified period of time.
22. **Intergenerational Equity** is a principle that emphasizes the moral obligation of the current generation to ensure that the generation of people that benefit from an asset is also the one paying for it and that future generations have the same opportunities and resources available to them as the present generation and advocates for sustainable development that does not compromise future needs.
23. **Municipal Infrastructure**⁵
The Canadian Oxford Dictionary defines “infrastructure” as “the basic structural foundation of a society or enterprise; roads, bridges, sewers, etc. regarded as a country's economic foundation”. Organizations may also use the term civil infrastructure systems (CIS) to describe this type of built asset to distinguish it from other forms of infrastructure like computer networks. Municipal infrastructure, a distinct portion of civil infrastructure, includes those assets managed by communities. These may include, but are not restricted to, the following classes of assets: buried utilities, roads, transit systems, bridges, water/sewage systems, plants and parks. Some jurisdictions are responsible for a variety of buildings (i.e. emergency services, indoor swimming pools, and community centres) but their responsibility could also extend to other types of buildings like social housing, schools and vehicle maintenance depots. Typically, one identifying aspect of municipal infrastructure is the diversity of assets in any one organization.

⁵ “MIIP Report: A Primer on Municipal Infrastructure Asset Management”, National Research Council of Canada. Institute for Research in Construction, 2004-05-01.

<https://nrc-publications.canada.ca/eng/view/fulltext/?id=bf6708c0-24ea-4c7f-8c85-f8d45c87399d>



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24. Average Annual Asset Consumption (AAAC)⁶

The amount of an organisation's asset base consumed during a reporting period (generally a year). This may be calculated by dividing the depreciable amount by the useful life (or total future economic benefits/service potential) and totalled for each and every asset OR by dividing the carrying amount (depreciated replacement cost) by the remaining useful life (or remaining future economic benefits/service potential) and totalled for every asset in an asset category or class.

⁶ "Australian Infrastructure Financial Management Manual", Institute of Public Works Engineering Austrasia (IPWEA), Australian Edition 2015. <https://higherlogicdownload.s3.amazonaws.com/IPWEA/e5f045c3-43de-4e66-b9ad-8af5523dc4e2/UploadedImages/Bookshop%20images/AIFMM%20Glossary.pdf>