

ASSET MANAGEMENT 101



SETTING THE PARAMETERS FOR SUSTAINABLE ASSET MANAGEMENT

1. What do we have?
2. What is it worth?
3. How do we take care of it?
4. How much does cost to take care of it?
5. How long will it last?
6. How do we plan to replace it and can we afford it?



Asset Management Framework

WHAT IS ASSET MANAGEMENT?

The goal of asset management is to ensure cost-effective and environmentally responsible service provision for present and future citizens through the creation, acquisition, maintenance, operation, rehabilitation and disposal of each asset.

A key issue facing local governments across Canada is managing aging assets and resources effectively while maintaining acceptable levels of service.

To help achieve this goal, the Town of Gibsons employs a formalized asset management program.

Our asset management team has divided the Town's assets into eight classes: Sanitary, Water, Stormwater, Transportation, Gibsons District Energy Utility, Fleet and Equipment, Parks and Civic Lands, and Buildings and Structures.

Staff is currently developing an asset management plan for each of the eight asset classes, which will help decision-makers address unique levels of services, future demands, lifecycle management, finances, improvements and monitoring.

FINANCIAL SUSTAINABILITY

While funding requirements for operational and maintenance needs at **existing** levels of service are in place, establishing sufficient and reliable funding for asset **renewal and replacement** is a challenge many municipalities are grappling with.

In addition to looking for efficiencies in operations and renewal programs, mechanisms that support sustainable funding include: appropriate rate setting, suitable reserve levels, strategic use of debt and reduced reliance on grant funding.

COMMUNITY GOALS

Community goals for each asset primarily come from the Official Community Plan, which summarizes the Town's focuses, priorities and goals.

Stakeholder requirements and expectations also arise from conversations between staff, Council and the public.

Council considers staff recommendations as well as public concerns to make important "levels of service" decisions.

LEVELS OF SERVICE

A common dilemma of local government is that the community wants increased services, with little or no rate increases.

Accordingly, a key challenge is to clearly define and articulate various "levels of service" and their associated costs, so that the community can make informed decisions on the levels of service they receive and are prepared to pay for.

Additionally, it is easy to focus on delivering new infrastructure (i.e. increasing levels of service) while overlooking the renewal requirements of existing infrastructure (i.e. maintaining existing levels of service.)

The challenge is to define meaningful levels of service that meet the community's expectations, and from which informed, sustainable budget decisions can be made.