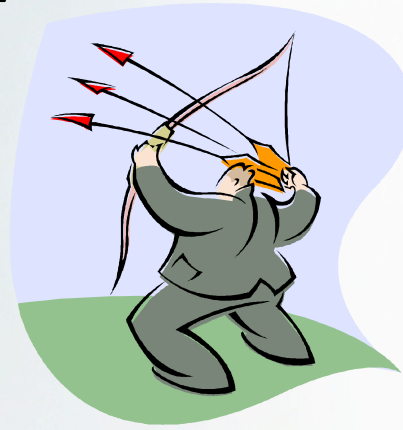




Ready, Fire, Aim!



Keeping an Asset Management Program Dynamic and Successful

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Presentation Objectives:

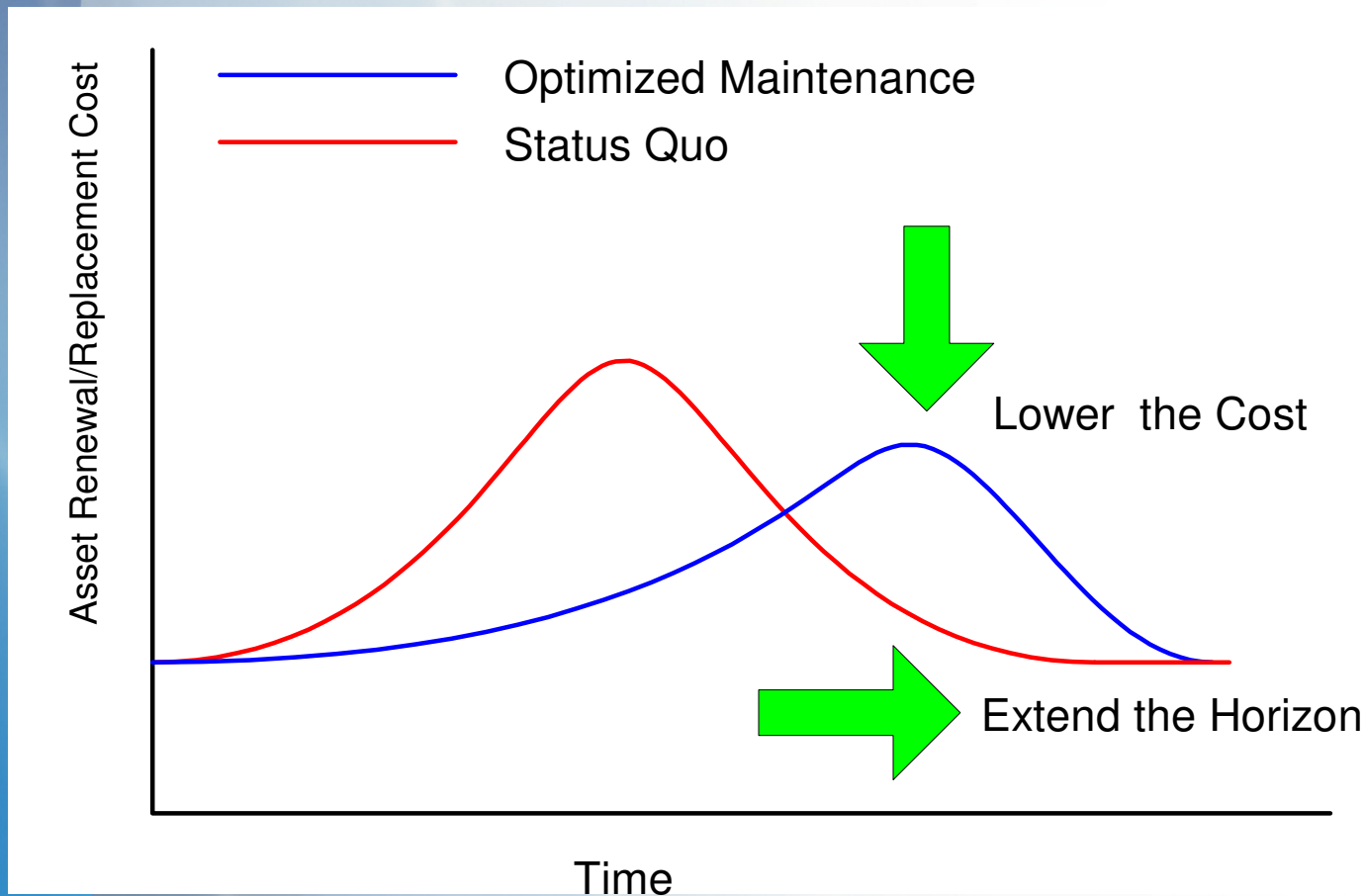
- Review pragmatic experiences in developing an asset management program.
- Recommendations are based on the experiences of dozens of Canadian municipalities through the National Water and Wastewater Benchmarking Initiative.
- Targeted to those who are getting started and may be constrained by limited budgets and resources.



Some Definitions:

- Asset Management Plan: Your documented plan to implement and conduct asset management.
- Asset Management Program: The resources, information, and processes that you use to deliver asset management over the long term.
- Asset Management System: Information management tools you use to deliver your AMP.

How Will You Benefit From an Asset Management Program?





Process benchmarking of asset management (water/wastewater sector):

- 40 Canadian water/ wastewater utilities and related infrastructure
 - Awareness has increased;
 - Most participants are responding with significant planning efforts;
 - Cost implications are beginning to be understood.



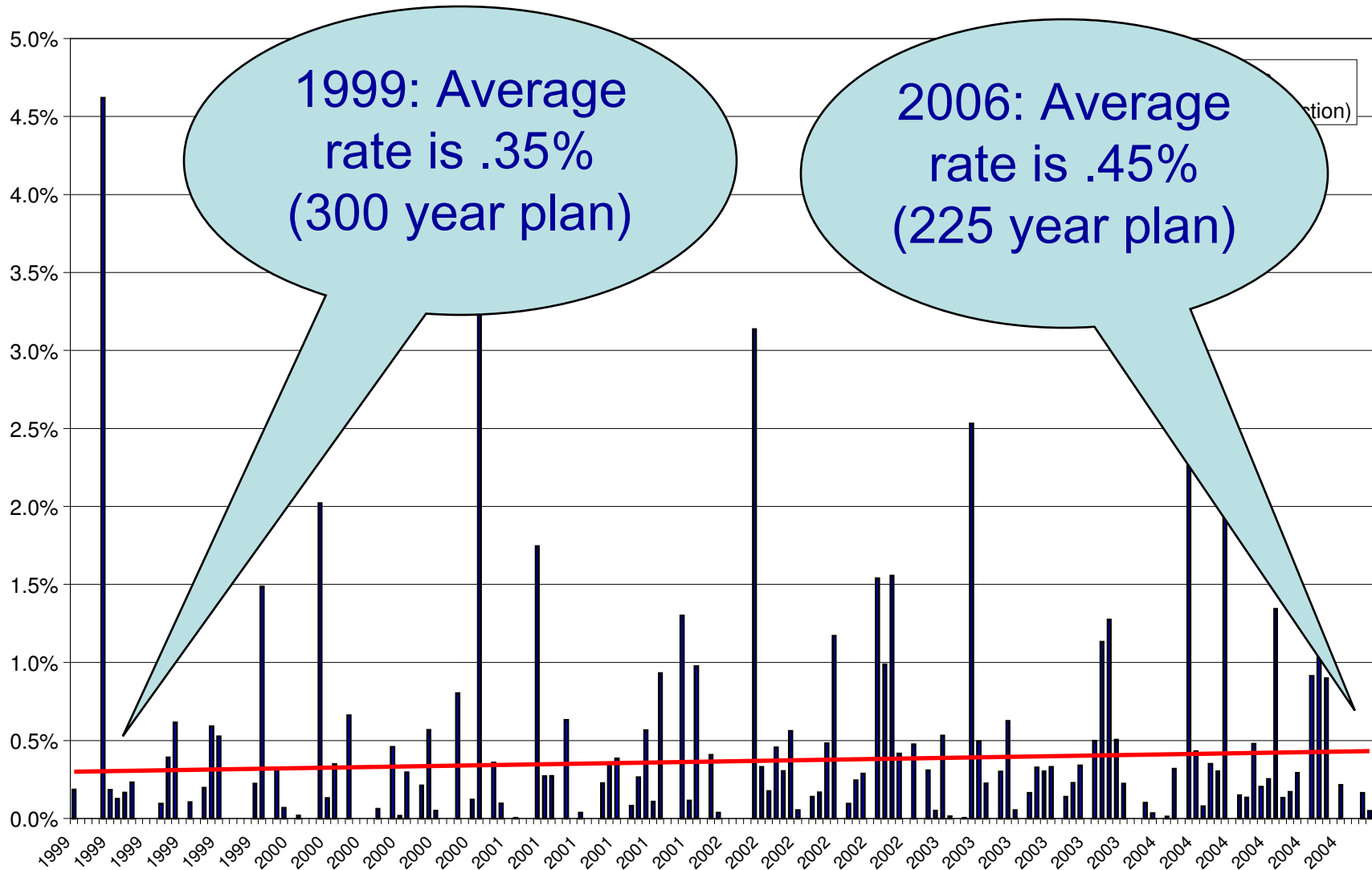
**National Water and Wastewater
Benchmarking Initiative**



Has the Rubber Hit the Road?

Wastewater Collection Systems in Canada

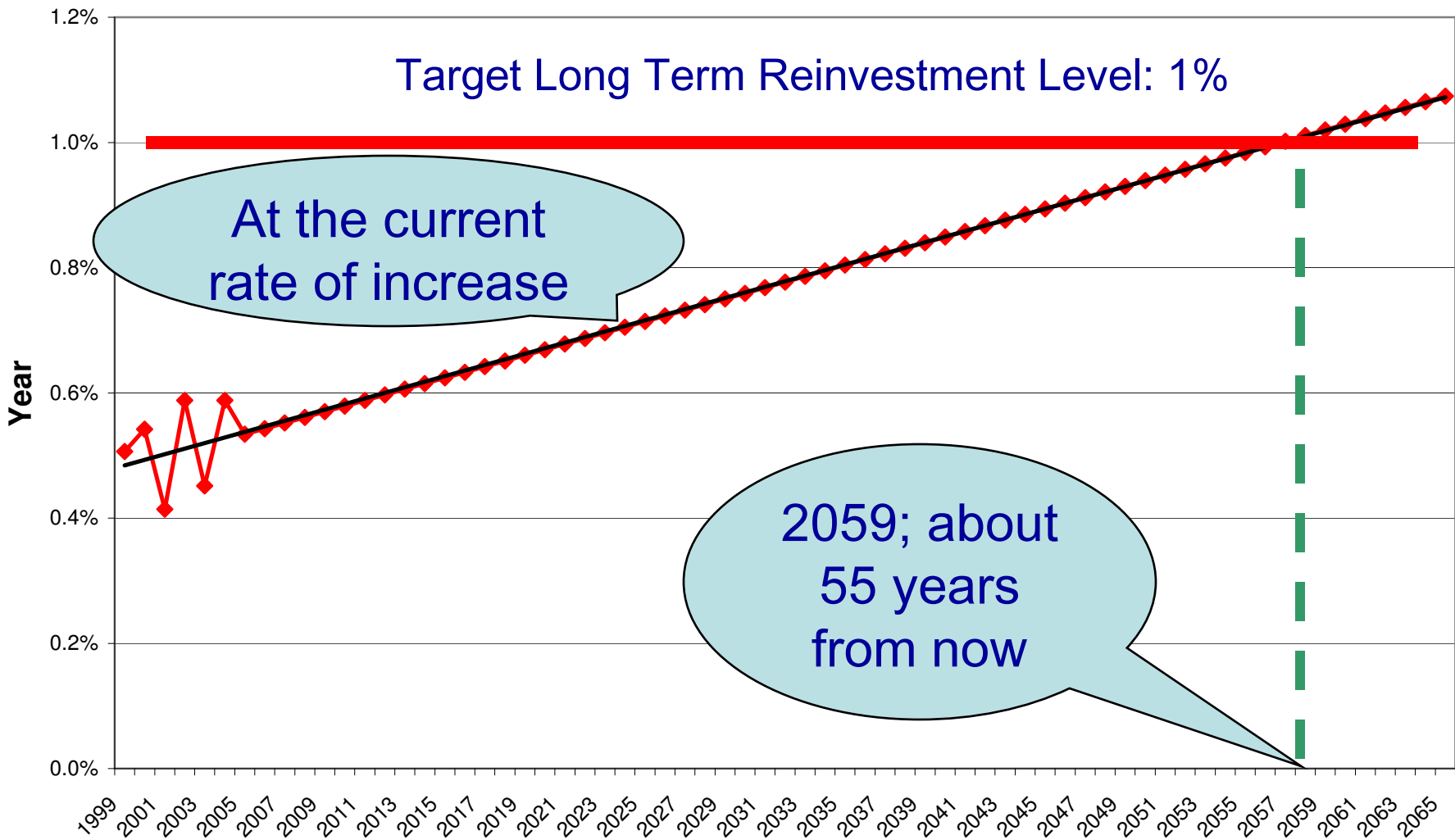
Annual capital reinvestment (\$)/replacement value (\$)





Sort of:

of Years to Achieve 1% reinvestment rate





Observations

- Extensive planning efforts are not yet translating into money “in the ground”.
- Implementation is still missing.
- Much harder to do in practice.
- This is the same problem everywhere (UK, Australia, NZ, etc.).



Common Problems

- Asset Management Programs are at risk of:
 - Competing goals: acquiring increased funds, implementing systems, financing renewal, improving maintenance, PSAB, etc.
 - Benefits might not be accrued for decades even though substantial investment is required today.
 - Never gets out of the planning stage.



Best Practice #1: Critical Role is the Asset Management Champion!

- Understands the local infrastructure and political issues.
- Willing to persevere over the long term.
- Must be a good communicator, and coach.
- Must “see” the future.





Best Practice #2: Getting Started

- Ready!
 - Make sure you are clear on the goals you have in mind for your Asset Management Program and especially for your initial Asset Management Plan.
- Fire!
 - Prepare your Asset Management Plan using a Top Down approach.
- Aim!
 - What is missing?, Where do you need to go next?
Scope for Asset Management Program



Asset Management Planning Best Practices are Already Written

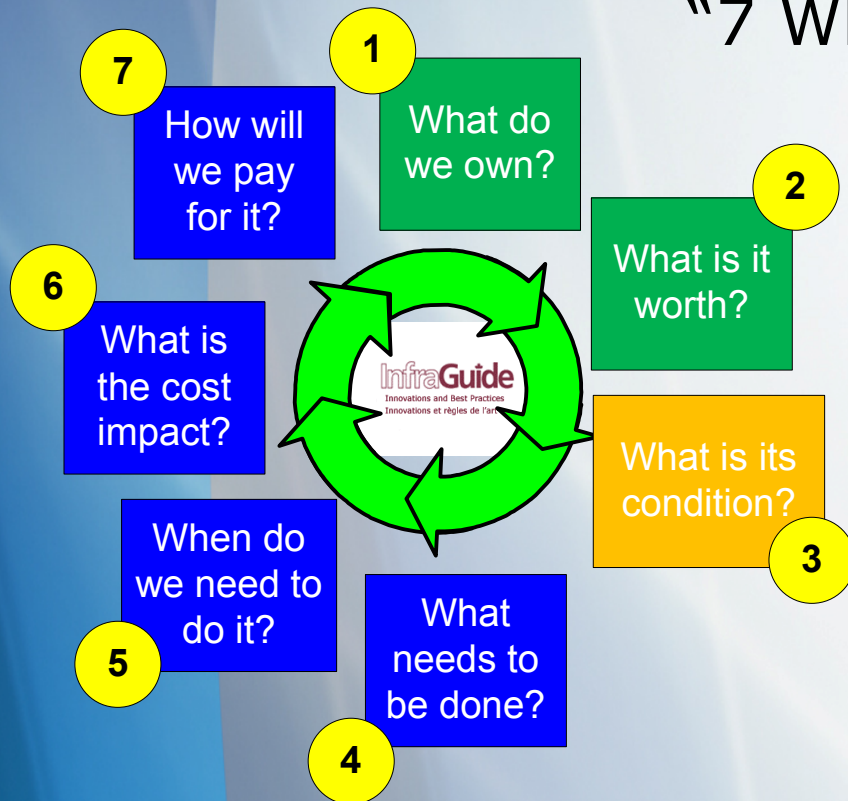
- InfraGuide: National Guide for Sustainable Municipal Infrastructure (free and downloadable from FCM)

- International Infrastructure Manual

(They say more or less the same thing in varying levels of detail)

Asset Management Planning and PSAB are Related:

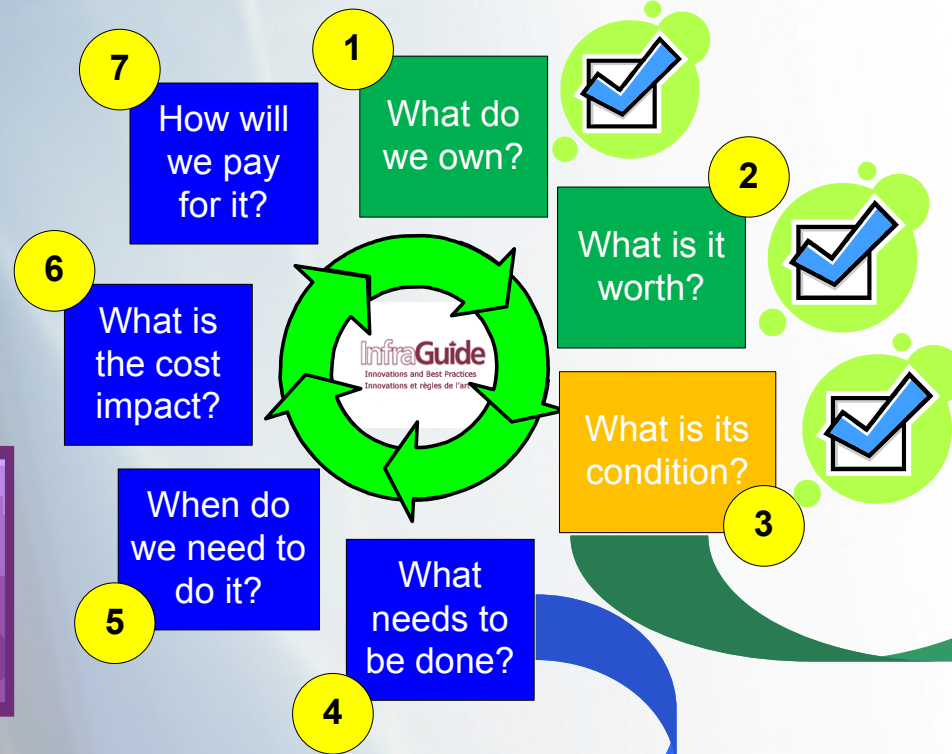
“7 Whats of Asset Management”



1. Asset Inventory
2. Asset Valuation
 - Historic Cost
 - Amortization
 - Replacement
3. Asset Condition (future)

InfraGuide
Innovations and Best Practices
Innovations et règles de l'art

But Not the Same:



PSAB reporting is almost done:



Asset management planning is only just getting started, with the hard stuff yet to come!

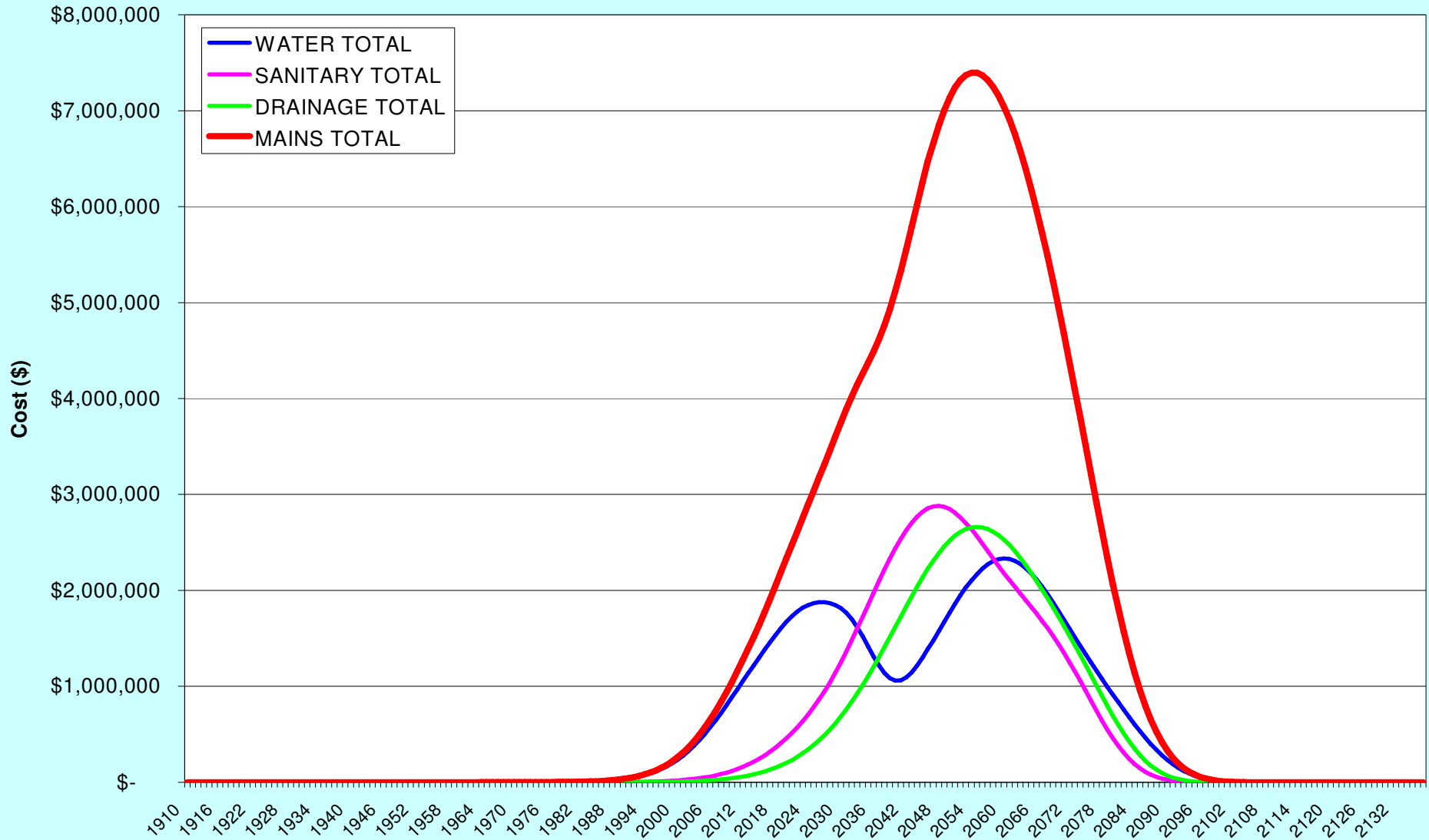


Typical Asset Management Plan Results.

- Links PSAB requirements with the Asset Management Planning function.
- Communicates the local infrastructure renewal situation and “infrastructure gap” to stakeholders.
- Scopes the effort and cost required to begin the Asset Management Program.
- Defines Asset Management System requirements

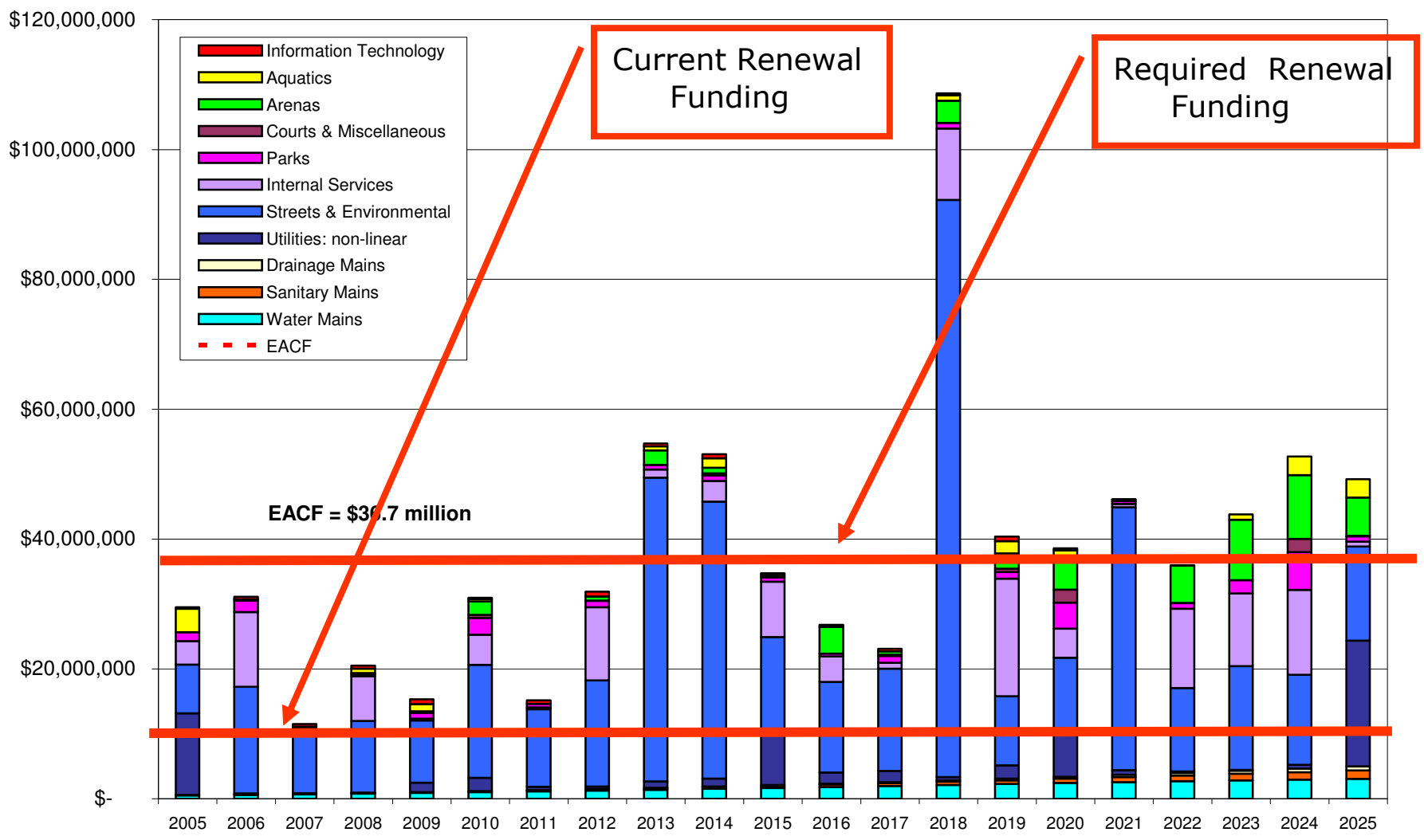


Example Asset Management Plan Output





Example Asset Management Plan Output





Pitfall: Don't Let Your Asset Management Efforts End Here

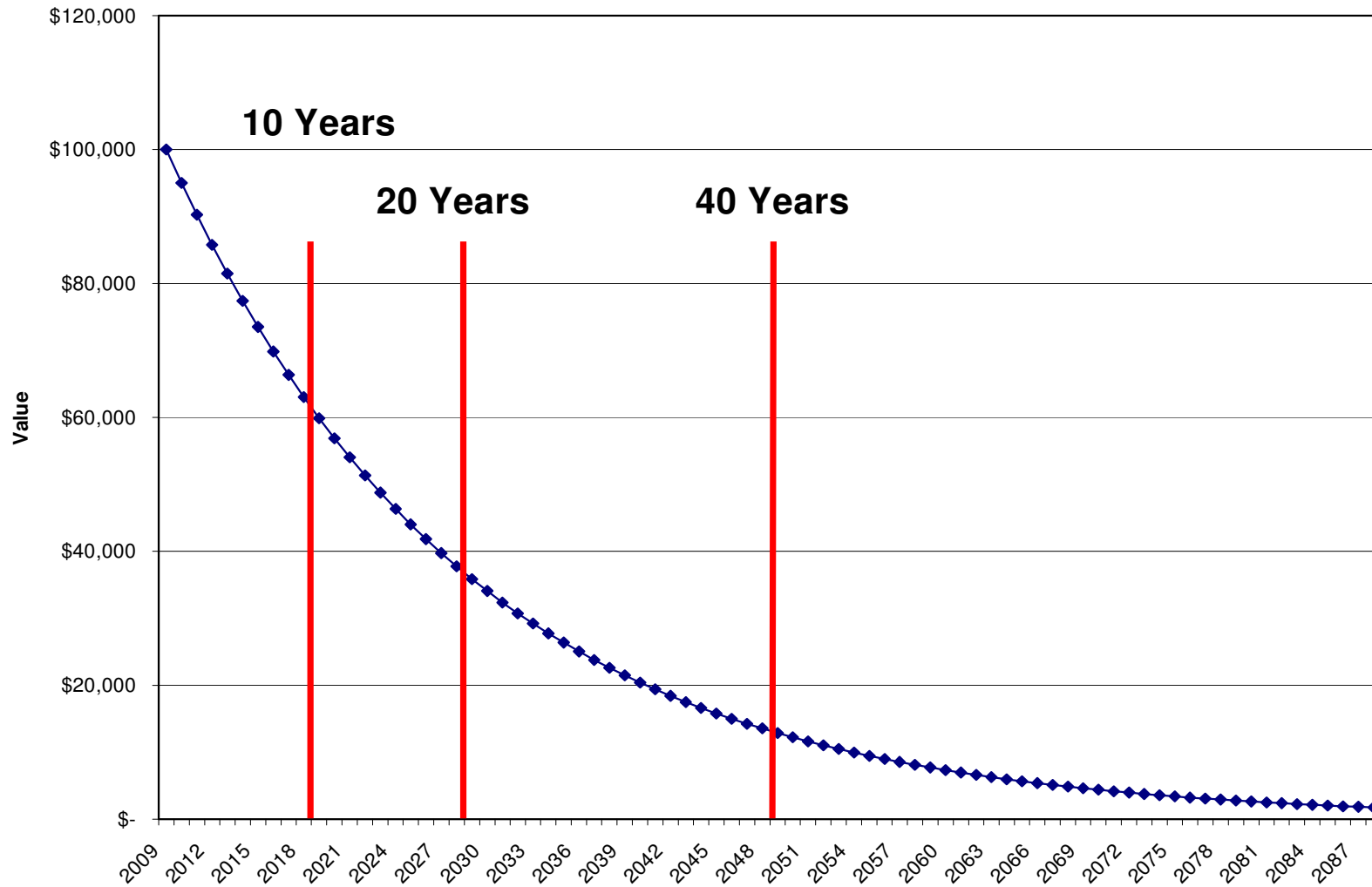
- Asset Management Plans become out of date quickly (especially if construction costs are rising quickly)
- Risk of becoming “another report on the shelf”





Remember Basic Economics

(Discounting a new main length that costs \$100,000 today at 5%)





What this Means:

- 10 Year Plan: Very important and urgent.
- 20 Year Plan: Important.
- 40 Year Plan: Interesting, but not particularly relevant today.
- 80 Year Plan: Interesting, but distracting.



10 Year Plan

- Take Growth, Capacity, and the Official Community Plan in account.
- Can you pay for some renewal through DCCs?
- Overlay the Capital Plans for all of Roads, Water, Sewer, etc. Where can you economize?
- What other important capital projects are on the horizon that will compete for tax and rate dollars (new WTP for example)?



Will you even need that main in 80 years?





One System to Rule Them All!

- No such thing as a single Asset Management System.
- The solution will include a few systems, and tradeoffs will have to be made.





Asset Management System “Bits”

- Asset Maintenance Management (0 to 3 years)
 - Work Order Management
 - Work History
 - Maintenance Planning
- Long Range Capital Forecasting (5 to 100 years)
 - Enterprise level
 - Ability to quickly model difference scenarios



Asset Management System “Bits”

- AMS will be driven from or at least link to existing systems:
 - GIS
 - CAD
 - Finance System
- If just getting started, consult InfraGuide Best Practice for Managing Utility data (free download from FCM)



Best Practice #3: Communication and Education

- Most overlooked portion of Asset Management Planning.
- Stakeholders need to be “educated” before they will agree to higher rates.
- Higher rates are needed before infrastructure renewal can begin.
- This alone will take one or two years.



Summary

- Have very clear and measurable objectives for your Asset Management Program
- Have a dedicated champion.
- Generate a “Top Down” plan quickly without getting bogged down in details.
- Begin stakeholder education.
- Develop your program based upon the findings from the plan. Be realistic in what you can accomplish.
- Measure your impact on the objectives (noted above) on an annual basis.



Questions?

You can download an electronic copy of this presentation from:

<http://www.nationalbenchmarking.ca/>