

Asset Management Webinar Series

Leadership and Governance in Asset Management

This initiative is delivered through the Municipal Asset Management Program, which is delivered by the Federation of Canadian Municipalities and funded by the Government of Canada.

Contact ccbf@amo.on.ca for more information

Asset Management Webinar Series

- 1) Leadership and Governance in Asset Management
- 2) Establishing Asset Hierarchy & Conducting Data Gap Analysis
 - October 15
- 3) Understanding Service Levels
 - October 22
- 4) Using Risk Assessments to Identify Local Priorities
 - October 29
- 5) Developing a Financial Strategy Using Whole Lifecycle Costs
 - November 5

Leadership & Governance in Asset Management

- EOs has a leadership role in providing strategic direction to staff and in foster an asset management culture in their municipalities.
- Councils can demonstrate leadership by:
 - Establishing an AM policy that defines roles and responsibilities and key guiding principles for staff
 - Providing a supportive environment for staff to build internal capacity
 - Developing a governance structure as part of AM policy that lists all staff involved and specifies roles and responsibilities to ensure effective coordination and collaboration across the municipality
- Large majority of Ontario municipalities have AM Policy
 - Many examples can be shared

AGENDA

- Realizing Value in Municipal Service Delivery: The Leadership Imperative
 - Chris Chen, Executive Director, [Asset Management Ontario](#)
- [Municipality of South Huron](#)
 - Maggie McBride, Financial Services Coordinator
- [Municipality of Wawa](#)
 - Cindy Godson, Asset Management Coordinator
- Q&A

Realizing Value in Municipal Service Delivery: The Leadership Imperative

Asset Management Webinar Series

Chris Chen

Leadership for Thriving, Sustainable Communities: The Challenge

Assume all of the projects on the next slide cost the same but your municipality can only choose one.

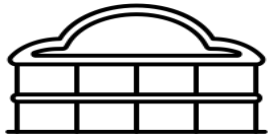


The other projects would have to be deferred, increasing various risks to the municipality.

What would be the best way to decide how to maximize the return on your municipality's limited resources?

Hypothetical: The Choices

Only choose one. On what evidence-based basis would a municipality rank these equal cost choices?



- Renovating a popular but deteriorating community centre, which would significantly improve energy efficiency while addressing potentially serious safety issues;

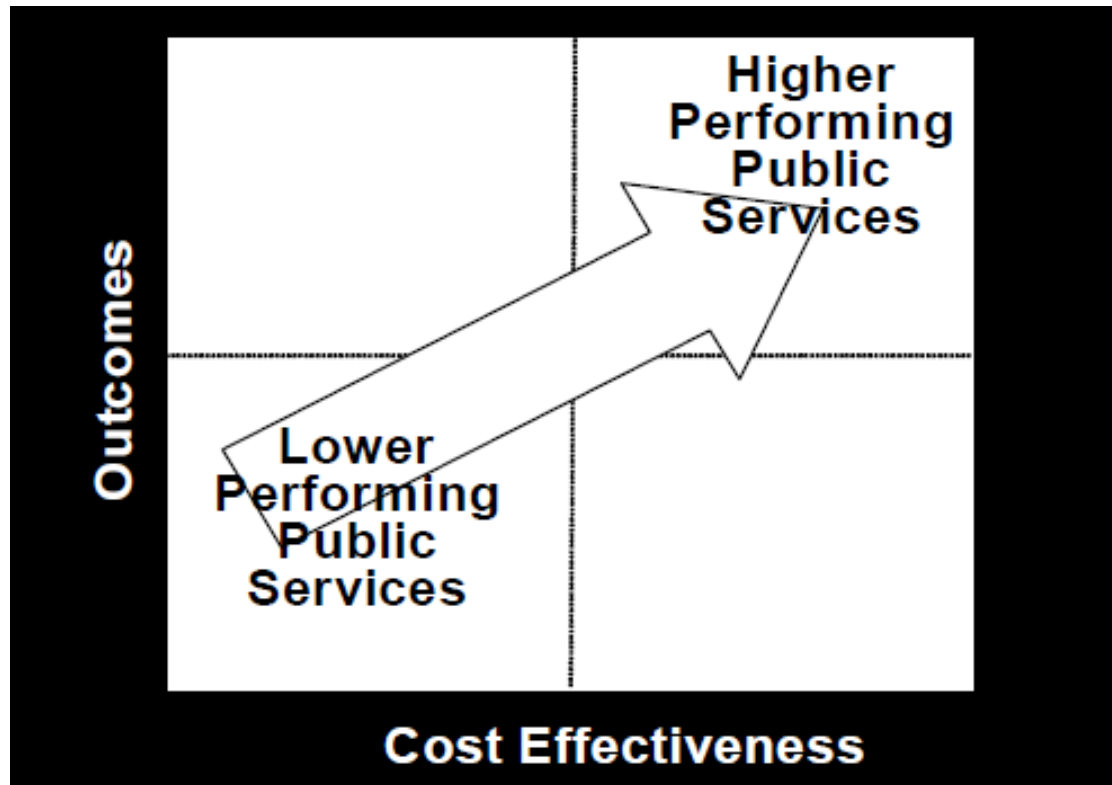


- Rehabilitate X kilometres of road, which would address vocal concerns from local businesses and residents for better roads, would be more resilient to extreme weather events, and be less expensive from a lifecycle management perspective;



- Upgrading the stormwater system to address runoff issues that have been polluting local waterways. Opportunity to consider 'green' infrastructure solutions for some projects in place of traditional pipes and 'grey' infrastructure.

What does it mean to realize value in the municipal sector?



Source: Accenture Public Sector Value Model

- **Challenge:** Municipalities are pressured to meet increasing service delivery expectations, usually with constrained resources.
- **Evolving Context:** Heightened expectations that infrastructure addresses broader range of issues: community resilience; health & social equity; financial sustainability; climate change adaptation & mitigation; minimized environmental impacts.
- **Key Elements:** Sustainable service delivery. Sound financial management. Mitigation of risks. Addressing broad needs of community. Good value for taxpayer or user rate dollars.

Why is realizing value hard to achieve?

Aspiration



- Municipality adopts an integrated planning & implementation horizon across different timescales.
- Prudent financial management, including proper funding of reserves.
- Quantification of service level expectations.
- Enterprise-wide assessment of risks + corresponding mitigation strategies.
- Staff across departments & levels working together using common processes and measures.

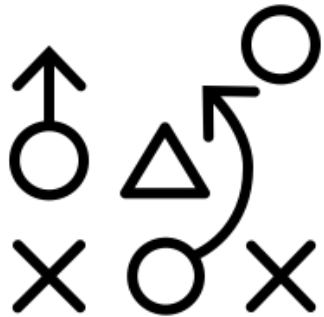
Challenge

- 4-year Council cycles, often with significant elected official turnover & mandate changes.
- Pressure to pursue new projects vs. funding existing challenges.
- Residents often are unaware of the costs & trade-offs associated with various service delivery commitments.
- Risk mitigation, if pursued, often conducted in silos.
- Different & often ad hoc approaches to managing assets & making decisions.

Effective municipal operations: Iceberg analogy

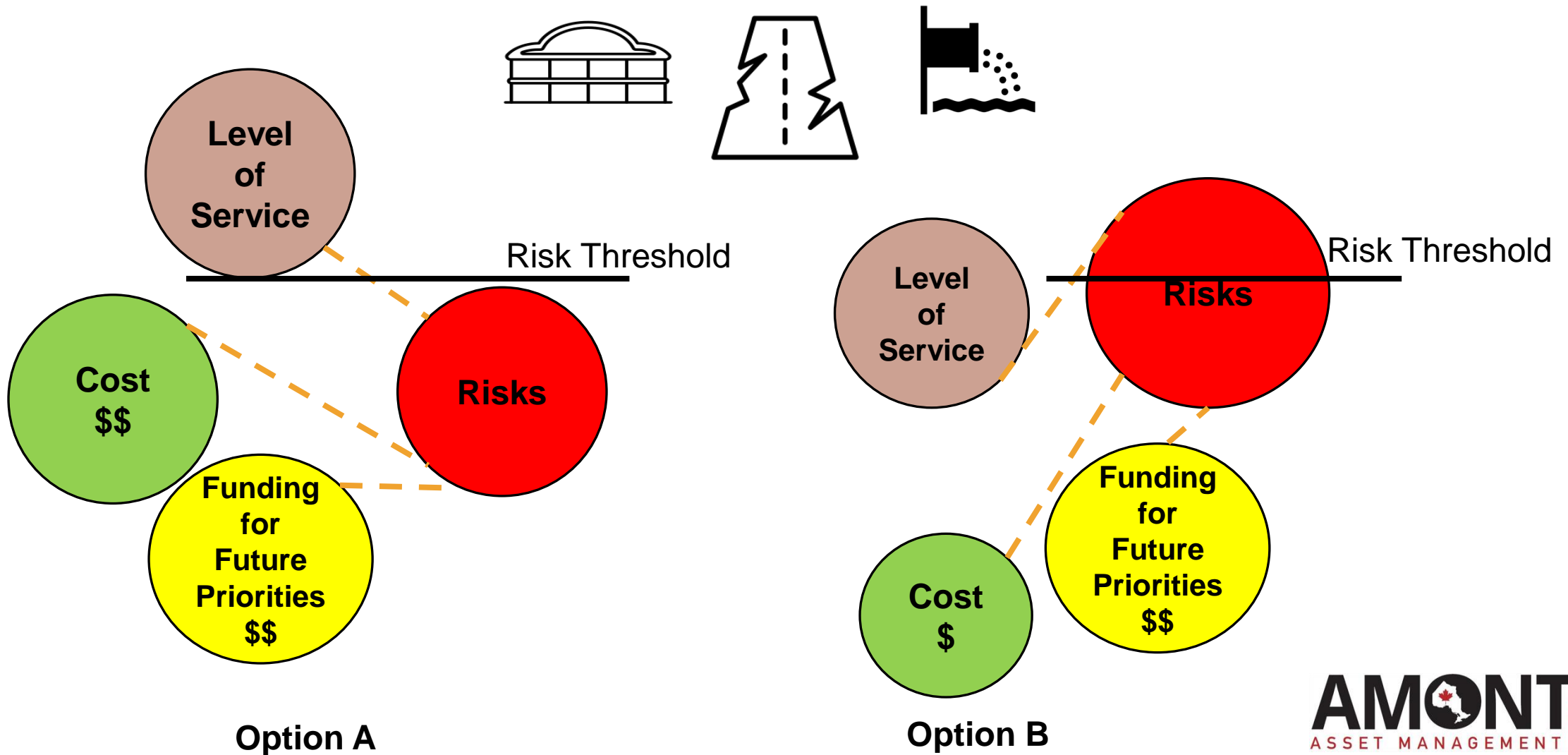


What's in the municipality's playbook to address its hardest challenges?



- **Asset Management (AM)** is one of the most powerful processes that municipalities can use to **realize value from assets** vs. merely managing assets (traditional approach).
- Few other disciplines offer a strategic & quantified approach to balancing costs, risks, and performance (service delivery) across different timescales.
- AM achieves value through **integrated** processes & activities that optimize competing demands.

AM provides a robust way to quantify & evaluate options, which is necessary for making effective decisions when faced with hard or complex choices.



You've got the playbook & AM tools, so how do you win?

Distinguishing Features of Good Municipal Asset Management



- Multi-Disciplinary
- Systems-Approach
- Systematic
- Risk-based
- Sustainable
- Optimal
- Integrated



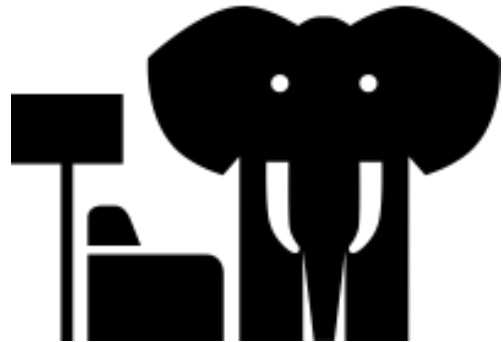
What AM issues should Leaders focus on?



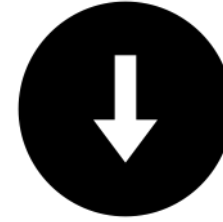
- Creates value by...**
- Multi-Disciplinary** → Requiring coordination across functions (horizontal) and up-and-down the organization ('line of sight').
 - Systems-Approach** → Situating considerations on an enterprise-wide basis. Continuous improvement philosophy.
 - Systematic** → Applying an evidence-based methodology consistently (levels of service; risk assessment; lifecycle methodology).
 - Risk-based** → Ensuring that decision-making is rooted in a consideration of risks & liabilities.
 - Sustainable** → Focusing on lifecycle management of asset classes.
 - Optimal** → Balancing competing objectives around costs, risks, performance, & other factors (climate change; community impact; etc.)
 - Integrated** → Establishing a sum greater than its constituent parts, avoiding duplication & redundancies, and leveraging opportunities.

Adapted from: IAM Anatomy of Asset Management

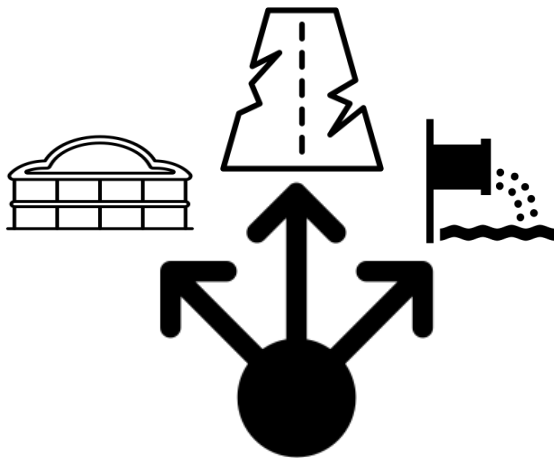
The Elephant in the Room: What happens when AM leadership is lacking?



- AM becomes ‘an additional thing’ (“side of the desk” responsibility) for one or two staff to navigate;
- Leadership delegates main responsibility for AM to staff-level coordinator.
- AM is approached primarily to fulfill funding requirements (Canada Community Building Fund; OCIF; etc.)

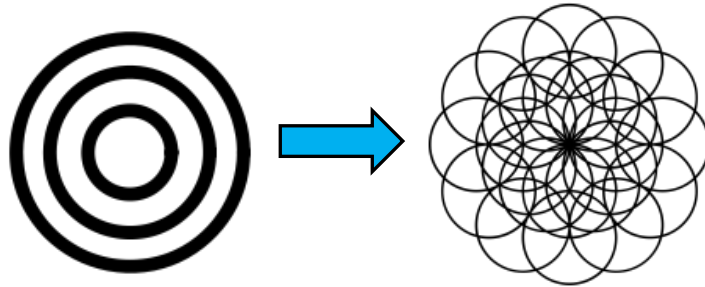


Consider that with good leadership & governance, the tough questions can be addressed...



- Are there clear 'service to asset' hierarchies that inform what information should be collected to support decision-making?
- Do Council and residents understand service delivery standards and the costs associated with those performance levels?
- If the capital budget is changed by 5%, can the consequences be clearly identified? How about if the operating budget is changed by 10%? What about changes to Reserves?
- Does the municipality have a prioritized understanding of the risks to service delivery along with plans to mitigate or manage them?
- Do decision-makers understand how the risk profile of the municipality's various asset classes will change over time given current and projected activities?
- How does the municipality make the best use of funds to ensure the long-range sustainability of services that maximize return on investment and lifecycle management while minimizing corporate risks?

Leadership to meet a changing context



- Ontario municipalities are facing increasingly complex and intertwined challenges:
 - Community resilience
 - Sustainability
 - Climate change
- The services associated with Infrastructure play a central part in those discussions and solutions.
- Asset Management is a powerful discipline that enables clearer & more confident decisions on achieving a municipality's priorities.
- The quality of leadership is the foundational element for realizing the value of assets for an organization.

There are many good examples.



Municipality of South Huron





"Spending the right money, on the right asset or activity, at the right time"



ASSET MANAGEMENT GOVERNANCE AT SOUTH HURON

Maggie McBride
mmcbride@southhuron.ca

Background

- As the Mayor shared in the [video](#) we are the largest lower-tier municipality in Huron County with a population of 10,000.
- Council made AM a priority by adopting a Strategic AM Policy that outlines our commitment to making continuous progress.
- Dedicated budget to operationalize AM activities such as hiring and training dedicated staff, as well as updating condition data on infrastructure assets
- Staff are taking advantage of AM technical assistance project to help gain knowledge of best practices while connecting with peers facing similar challenges.
- [2021 Asset Management Plan](#) has been developed in accordance with the provincial requirements specified in O. Reg. 588/17

Governance Structure At South Huron



Asset Management Working Group

- Lead by the Financial Services Officer
- Cross functional team of staff focused on collaboratively setting and meeting asset management goals/objectives
 - Financial Services Officer
 - CAO
 - Director of Finance
 - Director of Infrastructure & Development
 - Manager of Public Works
 - Manager of Environmental Services
- Provide asset specific support where necessary

AM Integration within South Huron

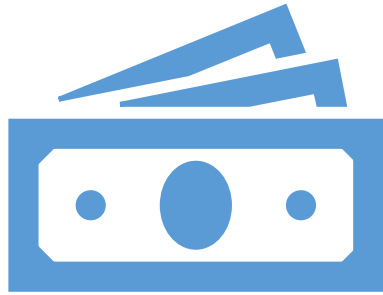
Changed from 5-year capital planning to 10-year capital planning

Capital request forms now include section relating to how the asset falls in our asset management plan

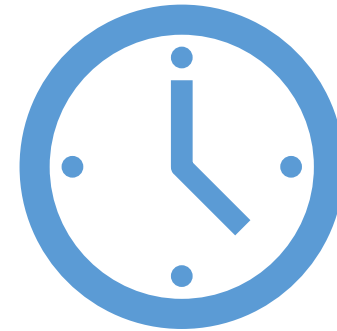
Asset Management training complete by staff not in our AM Working Group

Regular quarterly updates to Council

Current Challenges



Budget Constraints



Staff Resources/Time

Municipality of Wawa





Asset Management Governance Municipality of Wawa

Cindy Godson
Asset Management Coordinator
cgodson@wawa.cc

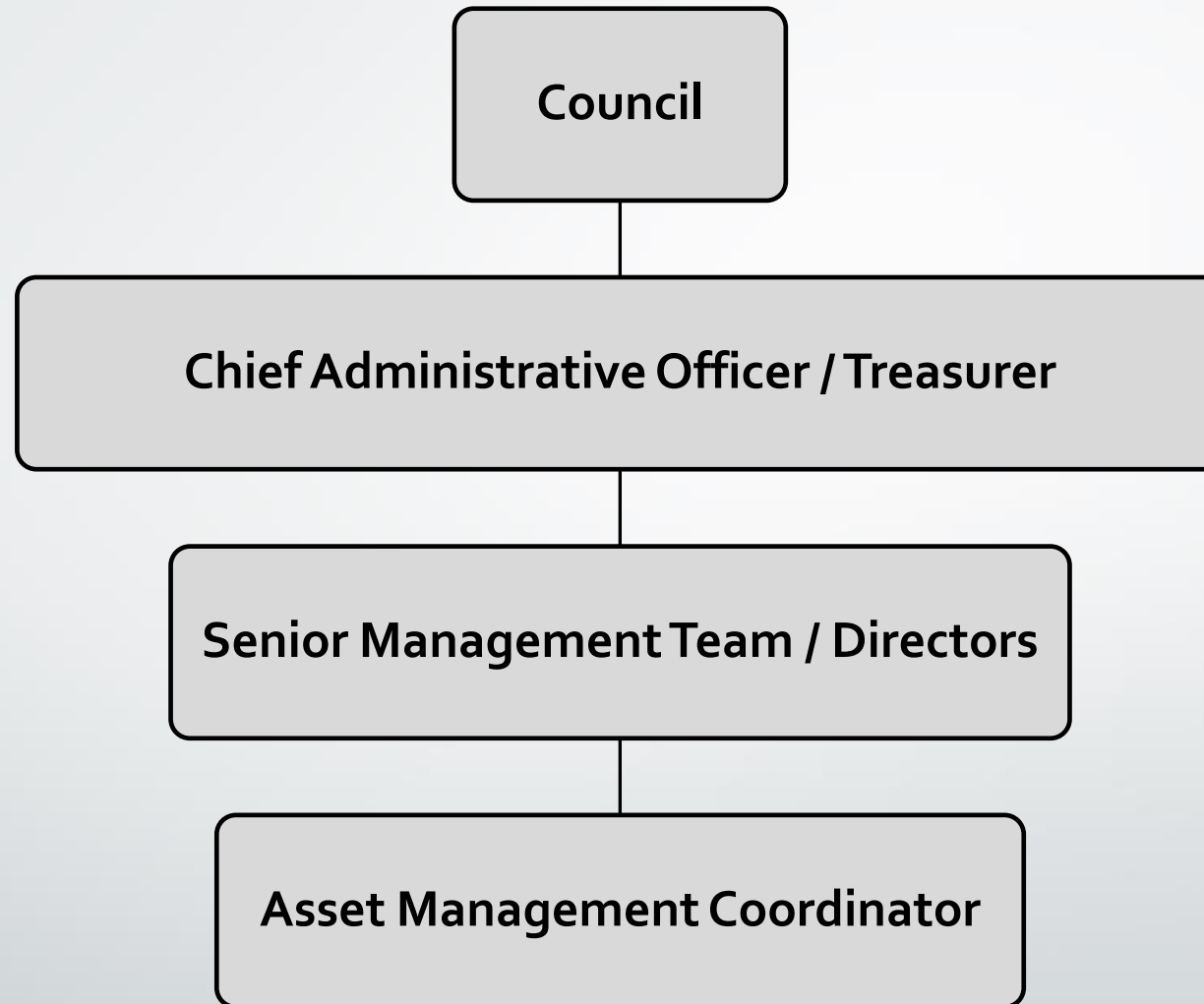
Background

- As mentioned in the video, the Municipality of Wawa, with a population of approximately 2,900 is situated in the Algoma district in Northern Ontario
- Replacement cost of infrastructure per household is over \$100,000 with more than 40% of the capital funding from federal and provincial grants.

Background

- In 2018, Council supported hiring of an Asset Management Coordinator as a shared staff resource through a MOU with Hornepayne, White River and Dubreuilville
- Partnership with other small municipalities allows to advance asset management programs despite having limited staff and financial resources
- Councils from these 4 municipalities supported building internal capacity by encouraging staff participation in this FCM asset management technical assistance project led by the shared staff resource

AM Governance Structure at Wawa



Questions?

Chris Chen, Executive Director
[Asset Management Ontario \(AMONTario\)](#)
E: chrischen@amontario.ca

Maggie McBride, Financial Services Coordinator
Municipality of South Huron
E: mmcbride@southhuron.ca

Cindy Godson, Asset Management Coordinator
Municipality of Wawa
E: cgodson@wawa.cc

Chris VanDooren, Program Manager, Canada Community-Building Fund
Association of Municipalities of Ontario
ccbf@amo.on.ca
Visit us at www.buildingcommunities.ca



ccbf@amo.on.ca

416-971-9856

www.buildingcommunities.ca/asset-management

@CCBFinOntario

