

Asset Management for Municipalities in Alberta: Navigating the Asset Management Journey



Summary Report

Asset management is a process that seeks to maximize the value of municipal assets while ensuring they are adequately funded for repairs, maintenance, and decommissioning. It is not a one-time action or a report to be left on the shelf, it is a journey of continuous improvement.

This resource is intended to accompany the AAMDC's *Asset Management for Municipalities in Alberta: Navigating the Asset Management Journey* by providing an overview of how to begin the asset management process. Following the AAMDC's resource will prepare municipal councils to adopt an asset management process that suits local needs within local capacities.

Step 1: Build buy-in and support

Unlike building a bridge or paving a road, asset management initiatives do not result in a physical end product. While asset management initiatives can produce noticeable outcomes, such as improved service, greater efficiency, or more robust capital plans and budgets, these develop slowly and may take time to produce measurable results. For this reason, it is important that these initiatives receive broad support within a municipality – from front-line staff to senior administration and council. To do this, those implementing asset management processes need to collaborate within and throughout their municipality to ensure that asset management will help all relevant stakeholders achieve their organizational goals. Through this process, a common vision of what an asset management plan will achieve can be developed and adopted.

Step 2: Identify needs and opportunities

Once a common vision of asset management has been realized, it is important that the municipality undertake an assessment of their needs and the available opportunities that can be achieved through asset management. For instance, a smaller municipality with limited capacity may want to focus on asset critical to public safety while a larger municipality can look more broadly at their suite of assets and manage them at a larger scale.

Step 3: Make the business case

All municipalities are in a funding crunch and in some cases, allocating funds to asset management can come at the expense of more immediate infrastructure needs. Despite being a good business practice, the diversion of already limited resources can create opposition from within the municipality and publicly. A clear business case can minimize this opposition and demonstrate asset management for what it is: the long-term, efficient management of a municipality's asset base. A business case typically has three components:

- *Business needs and desired outcomes* – This component establishes the case for asset management and conveys the long-term financial and planning benefits it will provide.
- *Recommended course of action* – This component scopes how the asset management process will proceed and identifies potential advantages and disadvantages.
- *Resource requirements* – This component identifies anticipated time, staff, and financial resource requirements for making asset management a success.

Building a convincing business case for asset management is critical to ensuring that it is embraced within the municipality. Fully adopting asset management has the potential to significantly alter how municipalities operate and make decisions, but it can also alter the roles of individual municipal employees. Ensuring that the benefits of asset management are clearly conveyed will go a long way towards helping municipal councils and administration embrace the practice.

Step 4: Formalize commitment – developing an asset management policy

Asset management is a long-term, constantly evolving practice. As assets age, populations grow, and resident demands change, assets must be re-evaluated and plans revised. For this reason, establishing a formal, long-term commitment to asset management through an asset management policy is vital to ensuring that asset management remain top-of-mind throughout the municipality. Typically, an asset management policy contains any or all of these components, depending on the preference of council:

- *Vision* – Why is asset management important? How will it support the municipality in meeting pre-existing goals?
- *Objective* – What are the overall goals for how asset management will be used in the municipality? How will asset management change pre-existing municipal processes?
- *Guiding principles* – What is asset management expected to achieve? To what extent will it integrate into existing municipal systems and practices?
- *Roles and responsibilities for implementation* – Who is the municipality’s asset management “champion?” Who within the municipality is empowered to ensure asset management is being integrated in all departments?
- *Relation to other documents and policies* – How will asset management be integrated into existing documents, such as business or strategic plans? Can these plans be amended to better support the integration of asset management?
- *Review period* – Is the policy achieving its purpose? Are goals being met? Is council still supportive of asset management?

Having a high-level policy in place prior to engaging in the technical aspects of asset management planning will provide a clear direction for all within the municipality.

Step 5: Set clear direction – developing an asset management strategy

The asset management strategy is the bridge between the high-level policy and the technical asset management plan. While it is often overlooked, it is a vital step in establishing the actions through which the municipality’s asset management goals will be achieved. An asset management strategy usually contains the following components:

- *Strategic context* – What is the relationship between the strategy, the policy, and other important municipal plans? How will the actions in the strategy be applied to management of the municipality’s actual physical assets?
- *Needed improvements* – What actions will bring asset management practice in line with the goals identified in the policy? Typically expressed using the SMART principle (specific, measurable, achievable, relevant, and time-bound).

- *Stakeholder supports* – How will the actions in the strategy impact stakeholders within and external to the municipality? How can the municipality effectively engage and support stakeholders to leverage their abilities in moving asset management forward?
- *Roles and responsibilities* – What responsibilities do various municipal actors have in relation to asset management. How do these responsibilities align with the actions?
- *Supporting references* – What other plans/documents, etc. relate to asset management? How are they integrated?

Step 6: Get to work – developing an asset management plan

An asset management plan systematically examines and monitors the relationship between business objectives, service levels, and investments in operations and the physical asset base. It establishes a program to proactively address gaps and deficiencies in assets, and allows the municipality to manage assets in a way that minimizes costs and increases efficiency.

As developing an asset management plan is quite technical and best undertaken by those who specialize in certain asset types, the AAMDC report provides a number of existing technical resources to guide the plan development process.

While developing an asset management plan can be complex because of the need to gather information on a municipality's entire asset base, municipalities just beginning the asset management process, or those with limited capacity, should start slowly. A partial plan can be very effective and require a relatively low amount of data collection and analysis. Some ways to gradually enter into asset management planning are as follows:

- *Limiting scope breadth* – Rather than attempting to immediately develop an asset management plan for every municipal asset, think strategically. Focus on assets with the most crucial impact on municipal service delivery such as main roads or water/wastewater facilities. As the planning process is refined, expand breadth to include less critical assets.
- *Limiting scope depth* – Asset management planning can be undertaken very broadly, or at an extremely detailed level. For example, an asset management plan can be made for a fire hall, or for a pipe inside a bathroom inside that fire hall. While greater specificity may lead to improved management, it requires more work. Focusing planning at a higher level initially will provide a strong starting point, and as a municipality becomes more comfortable with asset management planning, the depth of analysis can increase.
- *State of infrastructure* – Like above, the state of infrastructure can be measured in many ways, from the basic (age, visual assessment) to the advanced (analysis of historical maintenance and repair data, real-time performance measurement). As asset managers gain experience, it will be easier to assess the cost-benefit trade-off of the costs of additional data collection with the benefits of improved decision making.

Asset management planning does not have to be intimidating. It is not an all-or-nothing process. Building buy-in and establishing its value is the first step and can be achieved through policy development. A solid asset management strategy can provide the direction to move the policy into action. And the plan, while complex, can be implemented gradually. Even a partial plan is better than no plan at all, and can set the tone for steady improvement.

Asset Management Resources

While asset management is new for many municipalities, others have plenty of experience. In addition, there are many associations focused on asset management with knowledge and ideas to share. See below for links to resources for developing asset management policies, strategies, and plans, as well as examples of each from municipalities across Canada. The AAMDC's full report has additional resources.

The asset management process

Looking for an overall guide for how to move from idea or concept to finished product? Check out these resources:

- **Asset Management BC:** [Framework](#) | [Roadmap](#)
- **Sask. Municipal Asset Management:** [Getting Started Guide](#)
- **Canadian Network of Asset Managers:** [Asset Management Primer](#)
- **The Institute of Asset Management:** [The Big Picture](#)

Asset management policy development

An asset management policy is critical to confirming buy-in and ensuring asset management is integrated into all aspects of municipal operations. Here are some resources and examples to help develop a policy:

Local Government Asset Management Working Group of BC: [A Guide to Developing a Municipal Asset Management Policy \(draft\)](#)

Examples: [Red Deer, AB](#) | [Gibsons, BC](#) | [Prince George, BC](#) | [Calgary, AB](#) | [Edmonton, AB \(Drainage Services\)](#) | [Ottawa, ON](#)

Asset management strategy development

An asset management strategy is often overlooked, but is vital in bridging the high level goals of the policy with the technical details of the plan through a clear description of the actions needed to integrate the municipality's asset management goals. Here are some resources and examples to help develop a strategy:

Australian National Audit Office: [Document an Asset Management Strategy](#)

Examples: [Bradford West Gwillimbury, ON](#) | [Kitchener, ON](#)

Asset management plan development

An asset management plan is the technical aspect of asset management. This is where assets conditions, levels or service, etc. are monitored. Developing and updating asset management plans are typically the responsibility of municipal staff that specialize in certain infrastructure types. Here are some resources and examples to help develop a plan:

Examples: [Calgary, AB](#) | [Squamish, BC](#) | [Vernon, BC](#) | [North Dundas, ON](#) | [Smooth Rock Falls, ON](#) | [North Perth, ON](#)