
Corporate Asset Management Plan

Recommendation

That the information be received.

Topic and Purpose

The purpose of this report is to provide information on the strategy of implementing the Corporate Asset Management Plan.

Report Highlights

1. The Corporate Asset Management Plan includes individual plans for the corporation's key asset categories.
2. Individual asset management plans are developed to manage infrastructure and provide City Council with options for selecting condition and expenditure levels.
3. These individual asset management plans presented throughout the year will be recommended to be deferred to budget deliberations where a comprehensive listing of service and funding options will be provided.

Strategic Goal

This report supports the long-term strategy of reducing the gap in funding required to rehabilitate and maintain the City's infrastructure, as well as the four-year priority of establishing levels of service for rehabilitation of assets and identifying supporting financial strategies under the Strategic Goal of Asset and Financial Sustainability.

Background

The City of Saskatoon (City) has about \$3.4 billion in assets (net book value as at December 31, 2014). It is important to plan for the maintenance, renewal, replacement and disposal of these assets. This infrastructure is the foundation for the city's economic development, competitiveness, prosperity, reputation and overall quality of life for its residents. Therefore, a Corporate Asset Management Plan is critical to ensure the City's assets are reliable and well-maintained for the delivery of services to the citizens of Saskatoon.

There are eight major asset categories in the City's Asset Management Plan:

- Buildings and Facilities
- Roads and Sidewalks
- Bridges and Overpasses
- Parks
- Vehicles and Equipment
- Transit
- Water, Wastewater and Storm Water
- Electrical Utility

Asset management plan reports have been presented to the Committees of City Council or City Council for approval on two asset categories to date: Roadways (2012), Water and Wastewater (2015).

Report

Corporate Asset Management Plan Overview

Asset management plans are long-term plans developed to manage infrastructure while ensuring that the assets are capable of meeting the levels of service required to support the City's goals. Asset management plans for an individual asset category will include information such as asset condition assessments, replacement cost, asset age, a desired level of expenditure, as well as the funding required to ensure the service levels can be met. Depending on the asset, the condition assessment is obtained through physical inspections, failure rates (number of breaks within a certain period) or age of the asset.

The asset management plans for key individual asset categories will be incorporated into an overall Corporate Asset Management Plan which will guide future funding and service levels. This will provide a snapshot of the assets owned by the City, the condition of the assets and the funding gap that is present. Although this will reflect information at a certain point in time, asset management is an ongoing process that requires regular updates to the costs, assets (retired or acquired), asset condition, risk or level of service. Therefore, the Corporate Asset Management Plan will be updated on an annual basis to include revised information existing at the time of reporting.

The Corporate Asset Management Plan will assist in the stewardship of assets and delivery of services by:

- providing sufficient information to make informed and balanced decisions;
- ensuring the required levels of services are provided in a cost-effective manner over the assets life;
- ensuring maximum benefit is received from the assets; and
- helping to manage risks to the delivery of the services (risk of asset failure).

Asset management plans are required for higher levels of government funding and reporting. As an example, the renewed Gas Tax Fund, effective April 1, 2014, requires that the City make progress towards developing and/or implementing an asset management plan prior to March 31, 2018.

Individual Asset Management Plans

The Administration has already developed individual plans for the Roadway Financial Management Strategy (Attachment 1) and the Water & Wastewater System (Attachment 2). There will be individual asset management plans developed for all asset classes within the City. The Administration is currently working on plans for some of the larger asset classes such as Parks, Transit, Facilities, and Bridges. These plans will focus on four main questions:

- What does the City own and what is it worth?
- What is the current condition assessment?
- What is the desired condition?
- What is the funding gap required to reach the desired condition?

The content contained in each individual asset management plan will be slightly different depending on the asset class; however, Table 1 is a consistent section that will be found in each plan. The approach behind Table 1 is that although the level of service for each type of asset is defined differently, a funding level should be identified in order to address any potential service level gaps. In order to be able to compare all assets equally, five levels of expenditures are identified. “A” represents the highest level of expenditure and “F” represents no expenditure.

Table 1

Expenditure Level	Asset Condition	Description
A	Getting Better Quickly	Sufficient expenditures to keep asset in top condition and to increase asset condition/value quickly over time.
B	Getting Better	Sufficient expenditures to keep asset in top condition and to increase asset condition/value slowly over time.
C	Maintain Assets in Current Condition	Sufficient expenditures to keep asset in constant condition over time.
D	Getting Worse	Insufficient expenditures to maintain asset condition. Over time asset condition will deteriorate.
F	Getting Worse Quickly	No expenditures. Asset condition/value decreased rapidly.

City Council will have the ability to select a desired condition rating (such as age of transit fleet or number of water main breaks over 25 years) as well as an expenditure level to address any gaps between the current and desired condition. Based on these decisions, the Administration will identify a financial strategy to address any gaps that are present. Note that each plan will be prepared with a recommended condition and funding gap which can be referred to budget deliberations.

As these asset plans are refined over time, the condition of the assets will be standardized so an overall rating system can be applied consistently to all assets.

It is important to note the asset management plans include capital costs but do not include any operating costs. The asset management plans will also not include assets that are required in the future due to growth or the funding needed for those growth assets.

Process

Each asset management plan will be tabled with the applicable Standing Policy Committee throughout the year with a recommendation that the information be received and referred to budget deliberations. At budget deliberations, the Administration will present the Corporate Asset Management Plan that includes all the individual plans that

have been brought forward, along with funding gaps and proposed financing plans. This will provide City Council with the most comprehensive view available of the City's overall infrastructure deficit and options to address it. During this time, City Council will have the opportunity to adjust service levels and associated funding.

This plan will include trends as to asset condition improvements or deterioration so that the Administration and City Council can adjust funding to meet the expected condition service levels.

Communications Plan

Phase 1 - Plan Launch: Communications support will include a news release to launch the Corporate Asset Management Plan, easy-to-find overview information added to the City's website including individual 'accordion folders' for each of the eight major asset management plans upon its launch, social media, and potentially a newspaper ad.

Phase 2 - Individual Asset Management Plans: As each plan is brought forward over 2016, it will be supported by consistent communications that may include a news release/PSA, website updates, and social media. The eight major asset management plans will be presented with an individual yet cohesive look, as part of the City's overarching Corporate Asset Management Plan. Any additional communications will be included in each report accompanying each plan.

Other Considerations/Implications

There are no financial, policy, environmental, privacy, or CPTED implications or considerations.

Due Date for Follow-up and/or Project Completion

Asset management plans will be completed and presented throughout 2016 and will be updated on a periodic basis.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Attachments

1. Investing in the Road(s) to Continued Prosperity
2. Building Better Infrastructure: Water & Wastewater Systems

Report Approval

Written by: Kari Smith, Manager of Financial Planning
Reviewed by: Clae Hack, Director of Finance
Approved by: Kerry Tarasoff, CFO/General Manager, Asset & Financial Management Department