Presentation Agenda

• How we got here
• What are we currently doing?
  – Our strengths and weaknesses
• Doing things differently
• What are the benefits?
• Corporate Asset Management Program Policy
How We Got Here

• 2006-2008 - PSAB 3150 implementation
• 2007 – High Level asset management assessment
• 2007-2009 - Financial (SAP) and Work Order Management systems (Cityworks) implementation
• 2009 – Asset Management Service Delivery Strategy
• 2011 – Asset Management Gap Analysis
• The Gap Analysis Report presented through INS Report 11-029 identified and prioritized 56 improvement projects relating to corporate asset management systems and specific asset groups
• A key recommendation is the development of a corporate asset management program policy
Assets by Replacement Costs - $2.460 B

- Roads & Traffic, 44%
- Facilities, 14.50%
- Stormwater Utility, 10.50%
- Gas Utility, 9%
- Wastewater Utility, 7.50%
- Water Utility, 6%
- Parking Enterprise, 2.50%
- Golfing Enterprise, 0.50%
- Fleet, 2%
- Parks & Open Space, 2%
- Cemeteries, 0.50%
- Forestry, 1%
Our Strengths

- Kitchener Growth Management Strategy and Plan
- Master Plans for Transportation, Sanitary, Parks
- Accelerated Infrastructure Renewal Program
- Corporate Technology Strategic Plan
- Acquisition of SAP, Cityworks, RIVA systems
- 10 year capital forecast for physical infrastructure
Our Weaknesses

• Limited definition and measurement of service levels
• Lifecycle costing inconsistently used
• Risk of failure analysis for assets not undertaken
• Corporate data management systems underutilized
• Decision-making frameworks for prioritizing across asset classes not used
• Limited use of long term financial forecasting
• Limited use of preventive maintenance programs
• Funding gaps not developed within asset groups
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- Fleet
- Roads & Traffic
- Wastewater (Sanitary) Utility
- Water Utility
- Parks & Open Space
- Gas Utility
- Parking Enterprise
- Facilities
- Stormwater Utility
- Forestry
- Golfing Enterprise
- Cemeteries
What Should We Be Doing Differently?

• Develop a more detailed asset registry
• Develop effective means of data collection, storage retrieval & evaluation (quality, quantity, real-time)
• Link data management & record keeping to work activity
• Expand Cityworks use in daily activities of various assets
• Complete asset failure modes effects analysis (FMEA)
• Develop & document preventive maintenance programs
• Develop life cycle costing & risk – consequence assessment
• Develop long term asset management plans (AMPs)
Major components – AM Plans

- **What do we own?**
  - Asset Register

- **What condition is it in?**
  - Condition
  - Failure Mode
  - Physical & Economic lives

- **What is it worth?**
  - Historical
  - Replacement valuations

- **What do we need to do to it?**
  - Service Levels

- **When do we need to do it?**
  - Risk Profiles
  - O&M Plans
  - CIP Plans
  - Long term forecasts

- **What does it cost?**
  - Funding strategy
Why do things differently?

• Determine and establish sustainable levels of service
• Identify funding gap in asset management plans (AMP)
• Develop funding strategies to address AMP gap
• Prioritize investment with improved business processes and knowledge management
• Managing assets more effectively & efficiently
• Develop a municipal report card to measure success
• Run city business at least overall costs to citizens and rate payers
Corporate Asset Management Program Policy

• To promote the use of asset management principles and practices in all City departments.

• To optimize processes for the creation, operation, maintenance, renewal and disposal of assets.

• To promote the provision of services at a level that balances customer expectations with cost and business risk.
Corporate Asset Management Program Policy

What is the benefit of having a policy?

• Critical component of the City’s long term financial plan
• Confirms proactive due diligence of public risk & liability
• Sets the direction for the need, replacement, renewal, maintenance, retirement of assets
• Corporate transparency & communication
Balancing cost, expectations & risk

‘Assets Exist only to Provide a Service to Customers’
The One and Only Rule of Asset Management

If a service is not fully funded,
- it is **not** sustainable

And if it is not sustainable,
- it will eventually fail or fall to an unacceptable level