



City of Kitchener

Corporate Asset Management Program

January 9, 2012

Presentation Agenda

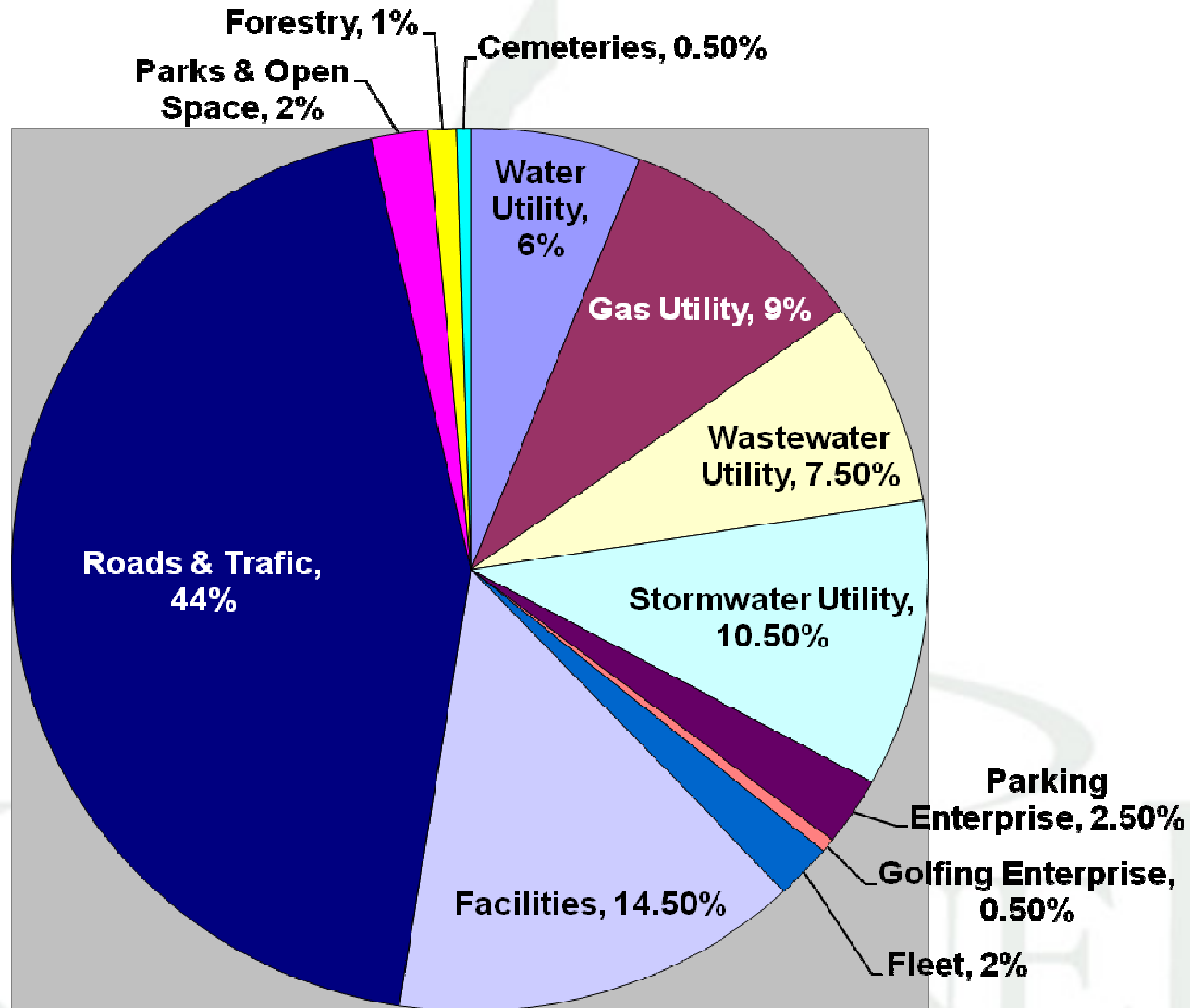
- How we got here
- What are we currently doing?
 - Our strengths and weaknesses
- Doing things differently
- What are the benefits?
- Corporate Asset Management Program Policy

KITCHENER

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



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

KITCHENER

Our Weaknesses

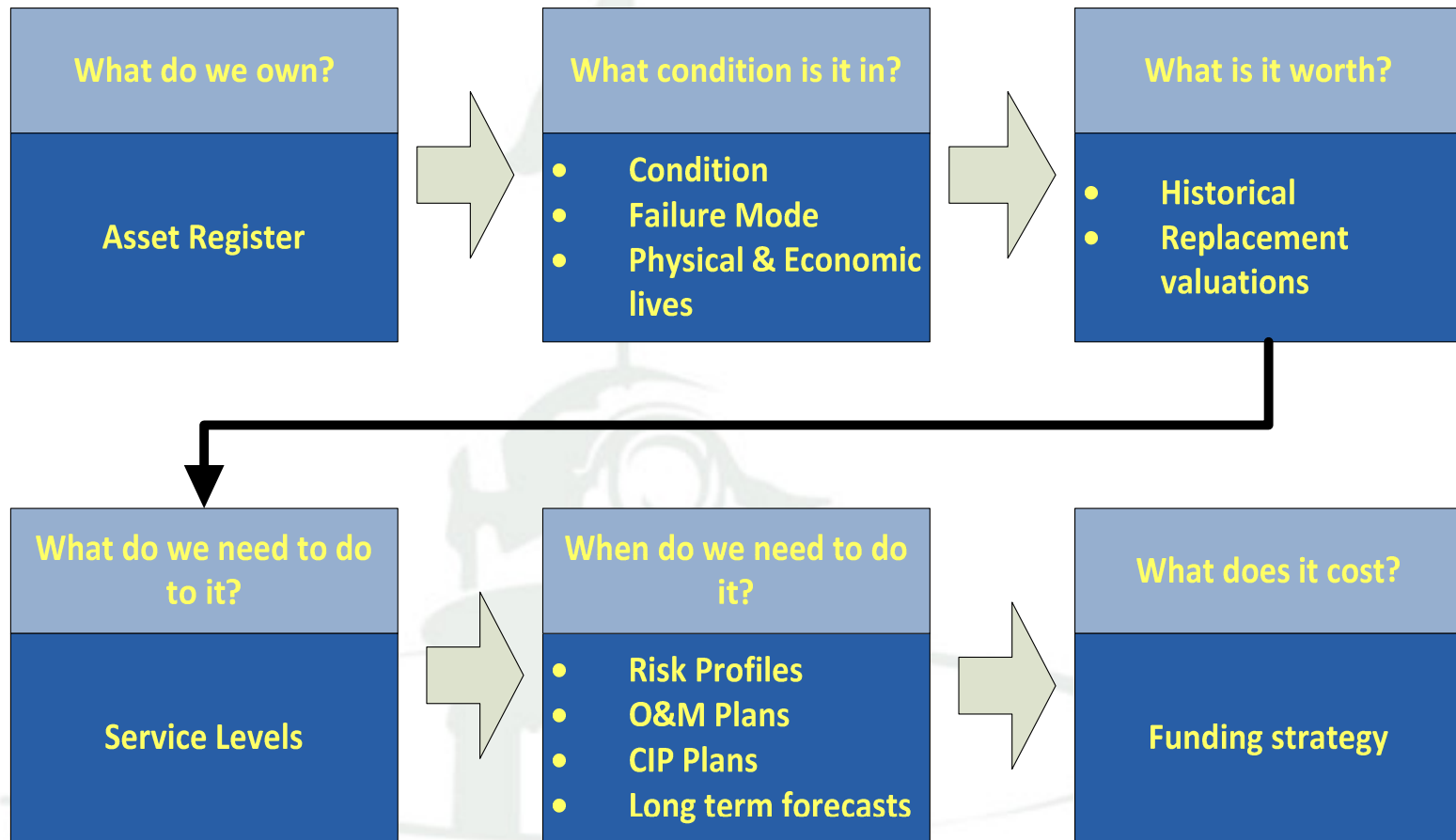
- Limited definition and measurement of service levels
- Lifecycle costing inconsistently used
- Risk of failure analysis for assets not undertaken
- Corporate data management systems underutilized
- Decision-making frameworks for prioritizing across asset classes not used
- Limited use of long term financial forecasting
- Limited use of preventive maintenance programs
- Funding gaps not developed within asset groups

Legend	Strategic Planning						
	Processes & Practices						
	People & Practices						
	Commercial Organization						
	Data						
	Systems						
Overall							
Fleet	Good	Excellent	Low	Average	Good	Average	Good
Roads & Traffic	Average	Average	Average	Average	Average	Low	Average
Wastewater (Sanitary) Utility	Low	Average	Average	Average	Average	Low	Low
Water Utility	Poor	Low	Low	Average	Average	Low	Low
Parks & Open Space	Average	Average	Low	Poor	Low	Low	Low
Gas Utility	Poor	Poor	Low	Low	Average	Low	Poor
Parking Enterprise	Poor	Average	Low	Low	Poor	Poor	Poor
Facilities	Poor	Poor	Low	Low	Low	Low	Poor
Stormwater Utility	Poor	Poor	Average	Average	Low	Low	Poor
Forestry	Poor	Poor	Low	Poor	Poor	Poor	Poor
Golfing Enterprise	Poor	Low	Low	Poor	Poor	Poor	Poor
Cemeteries	Average	Poor	Poor	Poor	Unsatisfactory	Unsatisfactory	Poor

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



KITCHENER

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

KITCHENER

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.

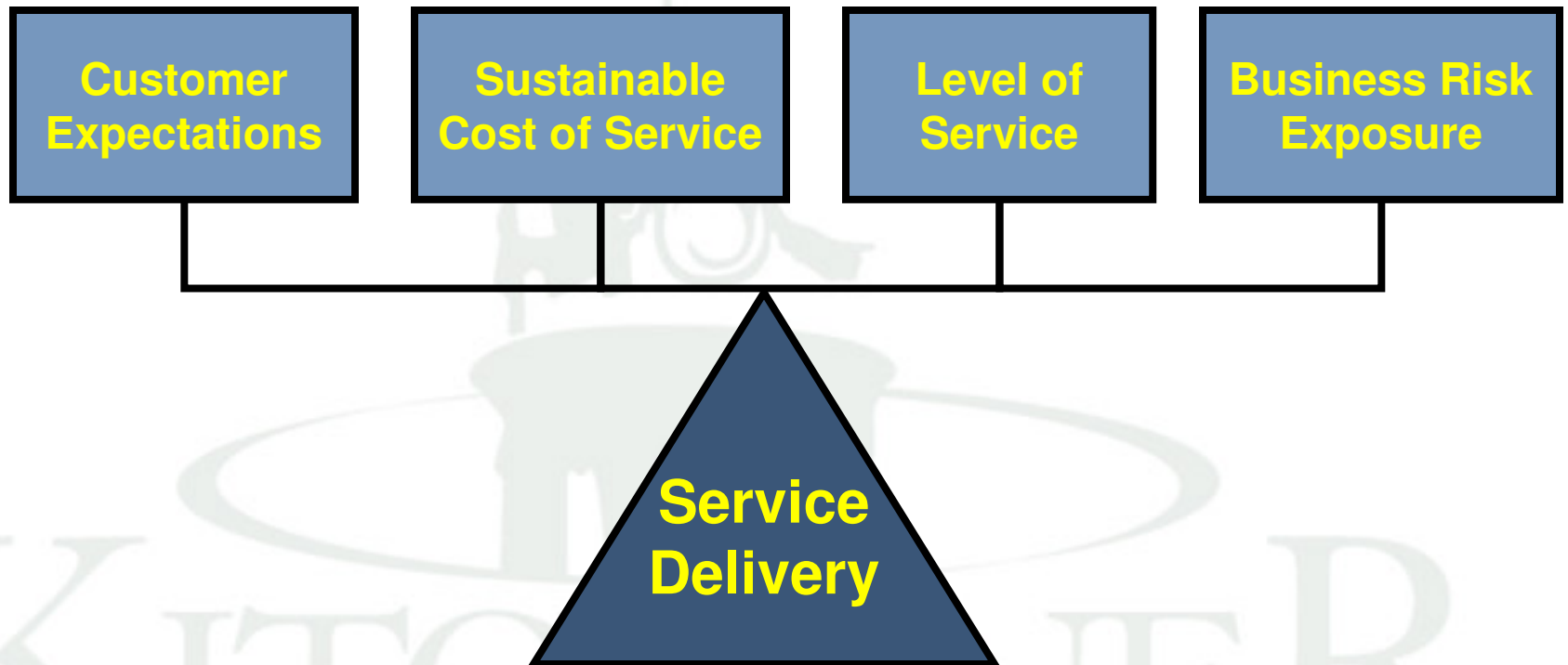
Corporate Asset Management Program Policy

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**

KITCHENER