



DISTRICT OF LANTZVILLE

STRATEGIC ASSET  
MANAGEMENT PLAN

February 2019

Approved by Council February 25, 2019

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## Executive Summary

Strong asset management practices will assist Council in meeting community requirements using best practices in asset management, long term financial planning, and emerging sustainability frameworks that focus on corporate responsibilities and providing services in a financially sustainable manner.

The Strategic Asset Management Plan will assist the District of Lantzville in improving the way it delivers services from infrastructure including roads, bridges, culverts, water, sewer, stormwater drainage, parks and recreation, buildings and other assets.

This Strategic Asset Management Plan will:

1. Document how organizational objectives have been converted into an asset management system
2. Describe the asset management system and its role in supporting achievement of asset management objectives
3. Ensure the integration of the District's asset management information into long term financial plans

One of the key challenges facing Council is how to sustainably balance investment in new assets with the need to maintain existing assets at levels of cost and quality that are acceptable to the community. The goal is to achieve a balance between the community's service expectations and their willingness and capacity to pay for the infrastructure and assets that underpin these services.

The concepts most people use in their personal and business lives are essentially the same as those that should be applied to local government - but need some modification. This is because Local Governments are perpetual corporations which acquire and manage an inventory of financial and physical assets (including renewing and disposing of individual items) in order to provide services for generation after generation of local residents and ratepayers.

Local governments provide the legal framework by which communities own infrastructure and other collective assets. Much local government infrastructure has a life of 30, 50 or in some cases well over 100 years. While individuals involved may come and go, local government continues, like Provincial and Federal governments, perpetually.

## Background

### Sustainable Service Delivery

Sustainable service delivery is one of the primary objectives of asset management. Communities build and maintain infrastructure to provide the services for social, economic and environmental well-being. Sound asset management practices support sustainable service delivery when informed decision making is implemented.

### Change

Challenging local and global environmental issues, increasing costs, and changing economies are all reasons that the District of Lantzville (“the District”) will need to consider new ways to incorporate sustainability and long-term financial planning into all its activities. Prolonged funding shortfalls will eventually impact the District’s ability to deliver quality public service for its residents.

### Why Asset Management?

To address these and other challenges, the District is adopting an asset management (AM) approach. Asset management is a business model and management system made up of many elements (called asset management practices) for the sustainable creation, acquisition, maintenance, operation, rehabilitation and disposal of assets.

Asset management will help the District determine its service level and asset priorities and options. It will help clarify future consequences and impacts of different asset and service level decisions by providing decision makers with the information and the decision support tools to:

- make well-informed, evidence-based decisions,
- validate priorities in a rational way,
- understand what factors impact service and their associated costs, and

Asset management will also enable to District to provide proof of good governance and measures of current and long-term service delivery performance and sustainability.

## Purpose and Scope

### Purpose of the Strategic Asset Management Plan

There is a need to document and describe how the asset management policy will be implemented. The Strategic Asset Management Plan documents the District's asset management objectives and describes the role of the asset management system in supporting these objectives.

The Strategic Asset Management Plan will:

- Support clear communication and systematic improvement of asset management
- Define the role of asset management in achieving organizational objectives
- Define organization roles and responsibilities for management and improvement of the asset management system
- Identify the District's asset management objectives

### Intended Outcomes of the Strategic Asset Management Plan

The Strategic Asset Management Plan is intended to provide guidance and a framework for the following:

- Informed decision making;
- Integrated planning;
- Organizational responsibility and accountability;
- Sustainable service delivery;
- Efficient use of resources;
- Defined service levels and outcomes;
- Stakeholder engagement;
- Managed risk;
- Appropriate asset management practices;
- Monitoring and reporting; and
- Continuous improvement

### Scope

The District owns a wide variety of assets that are used to deliver services to the community. Each year the District may receive or construct new assets. The Strategic Asset Management Plan applies to all assets owned by the District.

Examples of assets owned by the District are provided in the table below:

Assets	Description
Water Utility	Pump Stations, Distribution and Supply Mains, Natural Assets, Reservoirs
Sanitary Sewer Utility	Lift Stations, Mains
Storm Drainage	Culverts, Mains, Natural Assets
Transportation	Bridges, Roads, Statutory Right of Ways, Road Right of Ways
Parks Amenities	Playground Equipment, Trails
Facilities	District Office, Community Use Buildings, Fire Hall, Parks
Information Technology	Communication Equipment, Hardware, Software
Fleet	Fire Trucks, Fire Apparatus, Heavy Equipment, Pickup Trucks, Maintenance Equipment

## Strategic Alignment

The District's processes to deliver services and achieve strategic goals and objectives are guided by legislation, policies, and principles. Council's Strategic Plan works in conjunction with the Strategic Asset Management Plan to achieve strategic goals and objectives.



Both the Asset Management Policy and the Strategic Asset Management Plan will be intergrated into other corporate documents as they are updated, which could include but are not limited to:

- The Official Community Plan
- Corporate Strategic Plans
- Long Term Financial Plans
- Five-Year and Annual Financial Plans
- Annual Reports
- Subdivision and Development Bylaw
- Parks and Trails Plans

### Business Context and Analysis

The District's Strategic Asset Management Plan does not replace existing corporate strategies, planning, and budget management systems and processes. The Strategic Asset Management Plan objectives are intended to align with the initiatives already identified.

How the District's assets are managed and operated plays a key role in achieving the District's strategic goals and objectives. Many of the District's goals and objectives are reliant on the long-term sustainability of the District's infrastructure.

The Strategic Asset Management Plan is intended to create a line of sight from the District's strategic direction and objectives to asset management decision making practices and processes, and can be visually presented as follows:



The resources required to fund the Asset Management strategy will depend on how the District of Lantzville chooses to respond to challenges in the operating environment.

## Needs and Expectations of Stakeholders

Stakeholders can be both internal and external to the District of Lantzville. Their needs must be understood and addressed for the Strategic Asset Management Plan to be successfully implemented.

The District of Lantzville will provide support for internal stakeholders by providing asset management communication, training, providing appropriate support and direction for asset management development, and monitoring and reporting on corporate-wide progress in implementing the asset management policy and strategy.

External stakeholders will be supported through consultation and engagement to ensure the community's needs are being met. The District is committed to clear, consistent, and timely communications.

## Asset Management Decision Making Approach

### Decision Making Principles

The decision-making approach will incorporate the following principles:

- **Service Delivery:** Considerations around the desired level of service for the District's infrastructure
- **Long Term Sustainability and Resilience:** Investment decisions that consider long term, economic, and environmental impacts
- **Holistic Approach:** Collaborative approach to supporting the delivery of services
- **Financial Reality and Investment Decision Making:** Achievement and maintenance of affordable investment levels for all District assets
- **Innovation and Continual Improvement:** Adoption of cost-effective, best practices in asset management

### Decision Making Criteria and Methodology

Decision criteria will consider stakeholder expectations, level of service requirements, legislation, costs, risks, and long-term sustainability and resilience.

Lifecycle cost analysis and payback analysis can be used to evaluate infrastructure operating and renewal options. In all cases, the decision approach used will be transparent, comprehensive, and appropriate for the situation. It will also include consideration of financial investment needs as well as qualitative analysis.



## Asset Management Objectives and Performance Targets

### Purpose of Asset Management Objectives

Asset management objectives provide a common focus and drive improvement efforts to support achievement of the District's Strategic priorities. Asset management objectives will change over time as the District's asset management system evolves, and as priorities change for the organization and the community.

### Asset Management Objectives

#### 1) Governance

The appropriate level of governance must be in place throughout the organization for decision making to support asset management. Governance at the managerial level will support asset management practices regarding project selection, business processes, data ownership, and document ownership and control.

The District of Lantzville will establish an appropriate governance structure to ensure that the organization's asset management capacity advances by doing the following:

- Clearly defining staff accountabilities and responsibilities related to the various elements of the asset management process so that everyone is working toward the most effective and efficient service delivery approach
- Regularly monitoring the progress of developing asset management capacity and planning
- Ensuring adequate resources are made available to build and sustain asset management capacity

#### 2) Asset Management Information and Technology

Management of the District's assets requires the collection and maintenance of a wide range of asset data for analysis and reporting. The effort, resources, and commitment required to develop and sustain the quality of asset information are significant.

The District will commit to the consistent application, collection, and maintenance of asset management data by:

- Completing periodic reviews of the estimated replacement costs for assets on a department by department basis
- Utilizing the asset management software to assist in creating long range financial plans; and
- Ensuring that asset management data is being collected and recorded for all capital asset transactions

### **3) Business Processes**

Development, implementation, and appropriate documentation of business processes and associated procedures will:

- Assure consistency across the organization
- Identify opportunities for efficiency, integration, collaboration, and quality control
- Enable training of new employees

The District of Lantzville will adopt a structured, robust and transparent approach to identify documentation requirements for key business processes by:

- Identifying the existing processes and procedures in use
- Agreeing on the priority processes that are to be documented

### **4) Risk Management**

The District of Lantzville will:

- Develop a risk management framework for applying risk management best practices in the decision-making process

Effective asset management includes identifying strategic, operational, asset failure and natural disaster risks, and identifying critical assets. The Risk Management Framework will identify those assets that are a priority for Council to maintain and replace.

Risk management will enable risks to be identified and managed in an effective and appropriate manner, to mitigate the risk of compromising the ability to provide and maintain key infrastructure and delivery of services.

## **Continual Improvement, Monitoring, and Innovation**

Continual improvement is necessary to ensure asset management processes and practices are adjusted for changing circumstances. The District's Strategic Asset Management Plan is a guide for asset management improvement initiatives and therefore it must be reviewed every five years. Asset management performance measures and targets will be reviewed, and where warranted, recommendations will be made to the relevant decision-makers to action any necessary updates.

Other key asset management documents, processes, and criteria will be reviewed and updated periodically to reflect improvements in asset management practices.

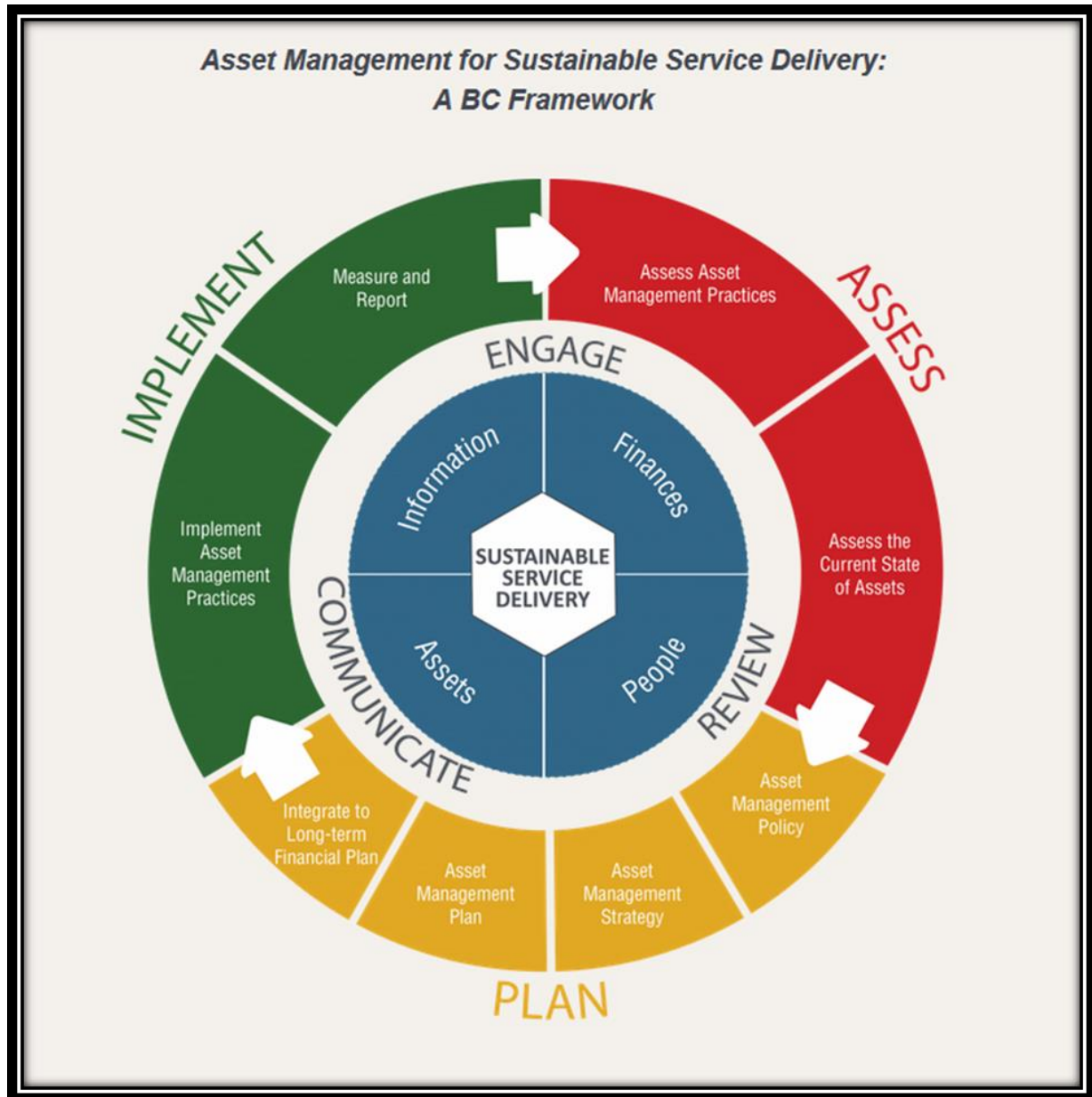
## Key Asset Management Improvement Initiatives

The Strategic Asset Management Plan has identified specific objectives that have been outlined above. Periodic reporting on the progress of the initiatives is the responsibility of the Director of Financial Services and the Director of Public Works. Subsequent Strategic Asset Management Plan Updates will include a report on progress and/or completion for each objective, and new objectives will be identified. Current asset management objectives are summarized below:

Asset Management Objective	Initiative and Expected Outcome	Project Lead(s)
Governance	Initiate a process to provide regular updates to Council on asset management progress	Chief Administrative Officer
Asset Management Information and Technology	Complete an annual review of estimated replacement costs for all assets	Director of Public Works
Asset Management Information and Technology	Use the Asset Management Investment Plan and updated replacement costs to create a Long-Range Financial Plan	Director of Financial Services
Business Processes	Identify and document existing processes related to asset management	Director of Financial Services / Director of Public Works
Risk Management	Develop a risk management framework template to prioritize infrastructure investment	CAO / Director of Public Works / Director of Financial Services

## Asset Management Framework

The District of Lantzville will follow best practices that are consistent with the framework developed by *Asset Management BC*. This framework provides an overview of a systematic approach to sustainable delivery of services.



## Asset Management Core Processes

Further to the framework outlined above, the District's asset management system follows three core processes: Assess, Plan, and Implement.

The following table outlines the status of the District of Lantzville's core processes:

Asset Management Core Process	Current Practice	Status
<b>Assess</b>		
Assess asset management practices	Assess the asset management system and prioritize improvement initiatives	Completed by Chief Administrative Officer, Director of Public Works, and Director of Financial Services, improvement initiatives identified in Strategic Asset Management Plan
Assess current state of assets	Document current inventory, asset condition and performance, current replacement cost	Current inventory, asset conditions and performance are outlined in the Asset Management Investment Plan, a review of the replacement cost estimates has been identified as an asset management objective
<b>Plan</b>		
Asset Management Policy	Approved Asset Management Policy	Asset Management Policy presented to Council for approval on February 25, 2019
Asset Management Strategy	Approved Strategic Asset Management Plan	Strategic Asset Management Plan presented to Council for approval on February 25, 2019
Asset Management Investment Plan	Approved Asset Management Investment Plan	Asset Management Investment Plan presented to Council on November 26, 2018 by Urban Systems
Long Term Financial Plan	20 Year Investment Plan	Long Term Financial Plan currently being drafted, will be presented to Council in 2019

Implement		
Asset Management Practices	Implement Asset Management Objectives	Asset Management objectives will be initiated by staff upon the approval of the Strategic Asset Management Plan
Measure and Report	Monitor Progress in Asset Management	The Director of Financial Services will measure Asset Management progress through Financial Reports and Financial Plans presented to Council

### Strategic Asset Management Plan - Risks and Opportunities

The success of the Strategic Asset Management Plan is dependent on the entire organization's commitment to asset management.

Risks to the Strategic Asset Management Plan include:

- Lack of engagement and buy-in from staff or management
- Council decisions that may not align with asset management objectives
- Conflicting stakeholder expectations (i.e. expected levels of service versus willingness to pay)

Conversely, there are successes that can be created through a strong asset management planning process.

Opportunities related to the Strategic Asset Management Plan include:

- Renewed focus on the importance of long-term financial planning, reserve funds, and the need for asset management contributions
- Ability for the District of Lantzville to begin making asset management contributions for identified focus areas including roads
- Ability to start adequately funding water and sewer infrastructure while they are still in the early stages of useful life
- Improved technology or other innovations to create ways to deliver services with less costly infrastructure

## Asset Management Roles and Responsibilities

Well defined roles and responsibilities must be structured and clearly communicated. This ensures that all staff members are aware of their roles and are all working towards a common purpose and shared objectives.

The following table outlines the key roles and responsibilities for the District of Lantzville's asset management system:

Roles	Responsibilities
Council	<ul style="list-style-type: none"><li>• Approve Asset Management Policy</li><li>• Approve capital, non-core, and operating budgets and financial plans</li></ul>
Chief Administrative Officer	<ul style="list-style-type: none"><li>• Select asset management project lead</li><li>• Review and approve Strategic Asset Management Plan</li><li>• Report to Council on asset management progress</li><li>• Support the continuous improvement of asset management practices and systems</li></ul>
Asset Management Project Lead (Director of Financial Services)	<ul style="list-style-type: none"><li>• Member of Senior Management Team</li><li>• Leads internal and external communications to develop and maintain organizational asset management progress</li><li>• Lead change management</li></ul>
Department Managers	<ul style="list-style-type: none"><li>• Provide information and adequate resources to support asset management goals</li><li>• Provide leadership, support, and sponsorship of asset management practices and concepts</li></ul>

Director of Financial Services	<ul style="list-style-type: none"> <li>• Develop ongoing asset management plans and outline future investment requirements</li> <li>• Provide skills development and training opportunities to employees in specific asset management disciplines</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Embrace the technology tools and new processes necessary to be successful with asset management</li> <li>• Capture quality data as part of daily operations</li> <li>• Use available data to track performance and drive decision making</li> <li>• Look for innovation opportunities and strive for continual improvement in asset management</li> </ul>

## Summary

The District of Lantzville is committed to developing the asset management process. The District will take an ongoing, iterative, and holistic approach that considers the impact of managing all aspects of the asset life cycle. The District will allow for sustainable service delivery by balancing costs, risks, and opportunities with the needs and resources of the community.