



# Development of Asset Management Policy, Governance and Capacity



This initiative is delivered through the Municipal Asset Management Program, which is delivered by the Federation of Canadian Municipalities and funded by the Government of Canada.

[fcm.ca/assetmanagementprogram](https://fcm.ca/assetmanagementprogram)



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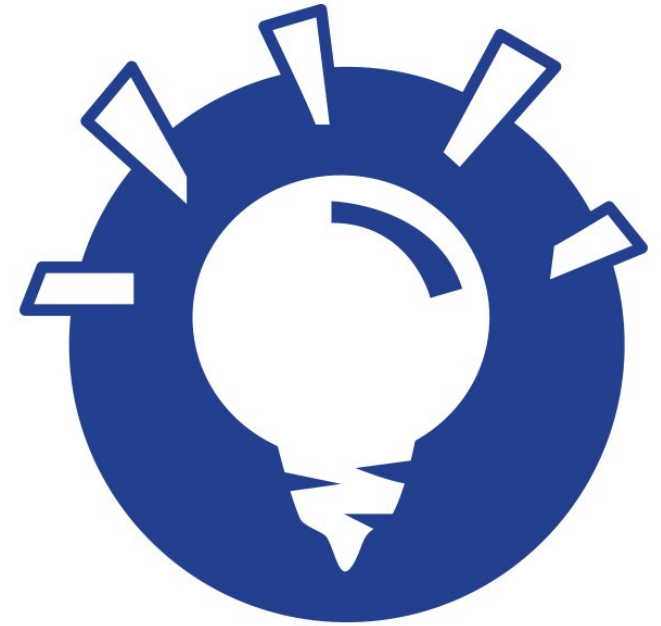
# Tasks from last workshop

- ✓ Identify your asset management champion
- ✓ Talk to council about asset management and provide an update on what you learned at today's workshop
- ✓ If you have one, review your asset management policy with your champion
- ✓ If you don't have an asset management policy, talk to your champion about what an asset management policy could look like for your municipality and review the sample policies provided in the resources section
- ✓ Check in with your neighbours to share progress and experience



# Activity

See page 57 in Workbook



SCHEDULE

# Module 4 (Day 1)—Develop your Asset Management Strategy

**Learning Goal 1**—Reflect on Progress, Strategy Refresher

**15-minute refreshment break**

**Learning Goal 2**—Develop Asset Management Objectives

**Lunch break**

**Learning Goal 3**—Identify and Prioritize Asset Management Goals

**Learning Goal 4**—Outline your Asset Management Roadmap for the Next 5 Years



SCHEDULE

# Module 5 (Day 2)—Develop Asset Management Team Terms of Reference

**Learning Goal 1**—Review importance of an asset management team

**Learning Goal 2**—Develop asset management team terms of reference

**15-minute refreshment break**



SCHEDULE

# Module 6 (Day 2)—Communicate Asset Management Strategy to others

**Learning Goal 1**—Articulate the importance of communicating your strategy

**Learning Goal 2**—Identify target audience

**Learning Goal 3**—Prepare a presentation for your target audience

**Lunch break**

**Learning Goal 4**—Deliver presentation



Module 1

# Develop your Asset Management Strategy





# Asset Management Tools



# Asset Management Policy

- Connection between council's strategic guidance and staff's operational processes
- Standalone policy, or a series of policies related to areas like finances, human resources, training, etc.



# Asset Management Policy

- Outlines commitment and mandated requirements for asset management
- Links to strategic objectives
- Shaped by values and priorities, and community objectives
- Outlines principles for decision-making about assets
- Outlines corporate approach to funding and financing



# Asset Management Strategy

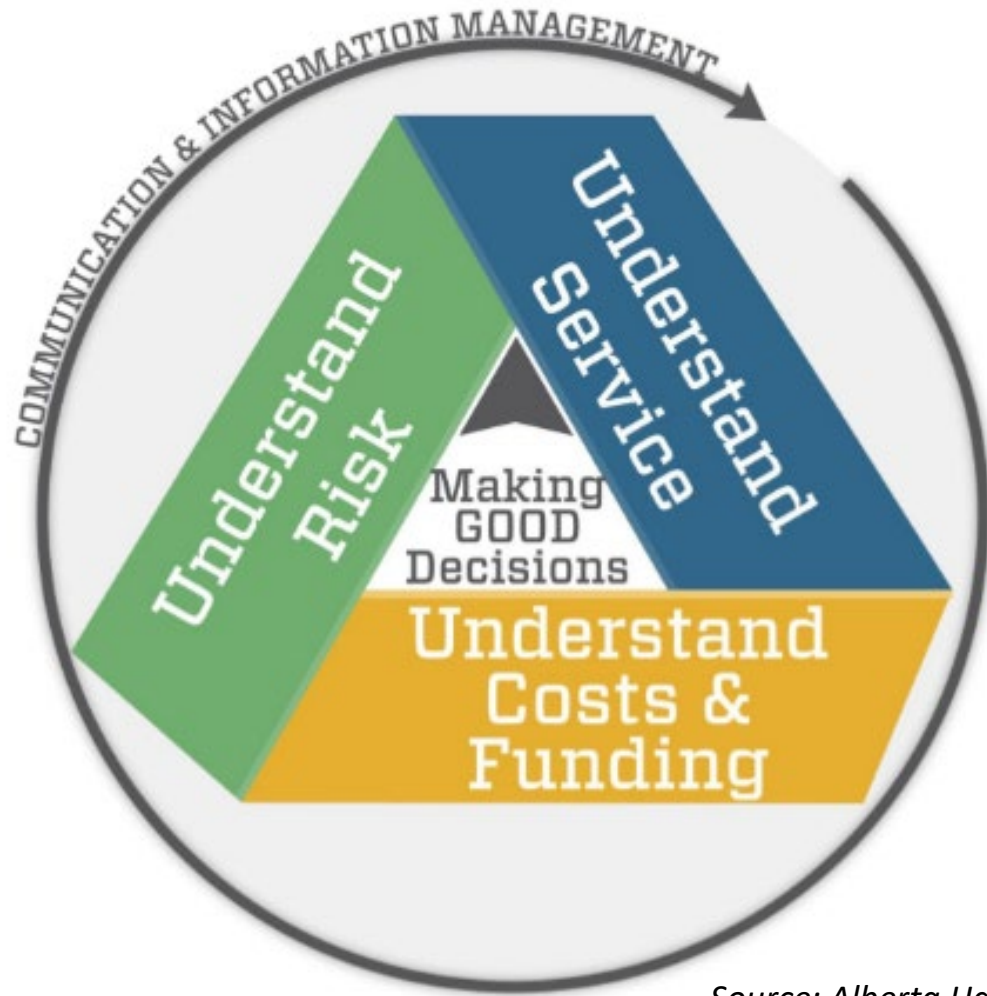
- Lays out the direction, framework, and approach for implementing the policy
- Council can endorse the strategy to signal importance of asset management



# Asset Management Strategy

- Outlines how AM policies will be implemented, identifies objectives, goals, and approach to AM practices
- Outlines relationship between other corporate initiatives and plans
- Primarily for staff use, with input from council





Source: Alberta Handbook and Toolkit



# Asset Management Focuses On

- The purpose of your organization and how assets support community goals
- Value, purpose, and long-term outcomes of assets
- Managing risks and understanding the context of risks
- Holistic approaches to budgeting
- Collaboration across municipal service areas and with service partners



# Process for Developing an Asset Management Strategy

1. Establish a baseline
2. Develop asset management objectives
3. Identify goals for each objective
4. Outline a corporate approach to asset management for the next five years
5. Communicate the strategy
6. Use and update the strategy

*Source: Alberta Handbook and Toolkit*





# Step 1: Establish a baseline

- Several tools available to help you establish a baseline for your asset management practices:
  - NAMS maturity assessment
  - AssetSMART 2.0
  - FCM Asset Management Readiness Scale



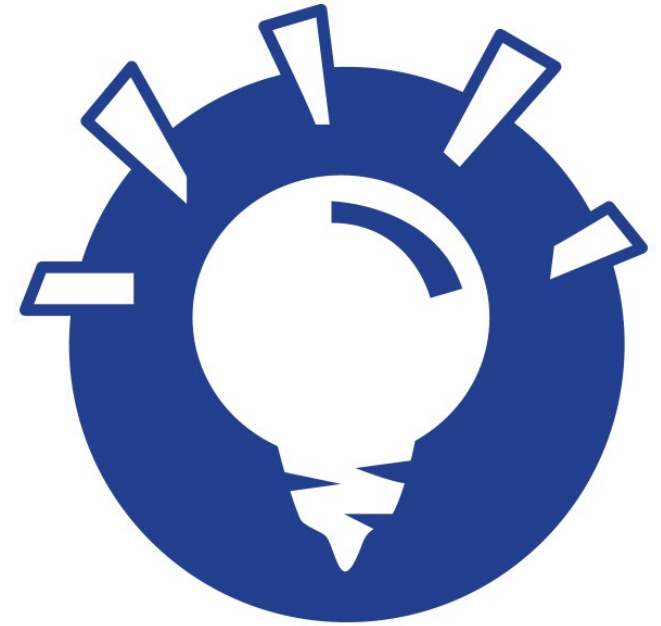
# Step 1: Establish a baseline

- Other documents that may help you develop your baseline:
  - Basic asset inventory, in GIS or Excel
  - Tangible Capital Assets inventory
  - Capital plans
  - Asset management policy
  - Asset management strategy
  - Asset management plan
  - Infrastructure master plans
  - Community strategic plan
  - Others?



# Activity

See page 60 in Workbook



# Process for Developing an Asset Management Strategy

1. Establish a baseline
2. **Develop asset management objectives**
3. Identify goals for each objective
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*Source: Alberta Handbook and Toolkit*



# Step 2: Develop asset management objectives

- An objective is a statement that articulates vision and provides guidance
- Objectives need to be:
  - Clear
  - Broad
  - Aligned with community priorities
  - Relevant to staff throughout the organization
  - Focussed on what matters most



# Step 2: Develop asset management objectives

- Objectives also need to be specific to context
- While there may be some common themes, it is very unlikely that every community's objectives will be the same



# Step 2: Develop asset management objectives

- Some questions to consider when developing asset management objectives:
  - What is the vision for your community?
  - What are the biggest opportunities or strategic risks to achieving the vision?
  - How can asset management enable the achievement of the vision, or the management of risks?
  - Why is it critically important for your community to advance in asset management?



# Example

**Objective:** Reduce lifecycle costs of major infrastructure

**Goal:** We have defined the current lifecycle costs of major asset classes

**Activities:**

- Begin pilot test with roads
- Quantify lifecycle cost with current capital and maintenance regime
- Identify alternative approaches for capital construction and maintenance, and the impacts on lifecycle costs

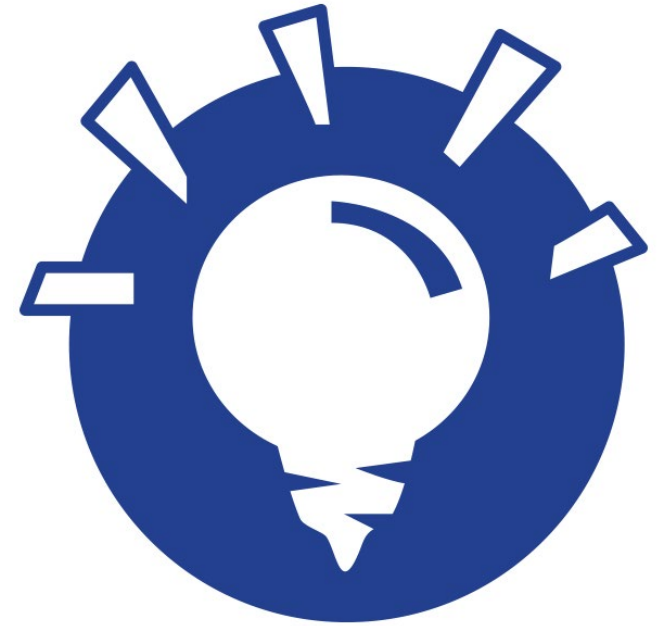
*Final action: Select an optimal regime to reduce lifecycle costs*





# Activity

See page 61-62 in Workbook



## Step 2: Develop asset management objectives

- Examples of asset management objectives:

*We will account for and consider natural assets in the same way as engineered assets.*

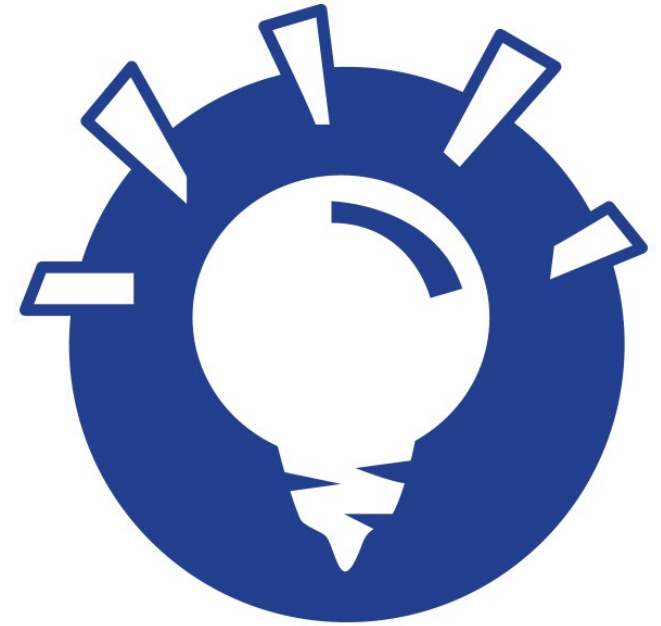
*Relevant asset information is captured and managed to enable informed decision-making*

*Our limited resources are allocated based on life cycle modeling and risk management.*



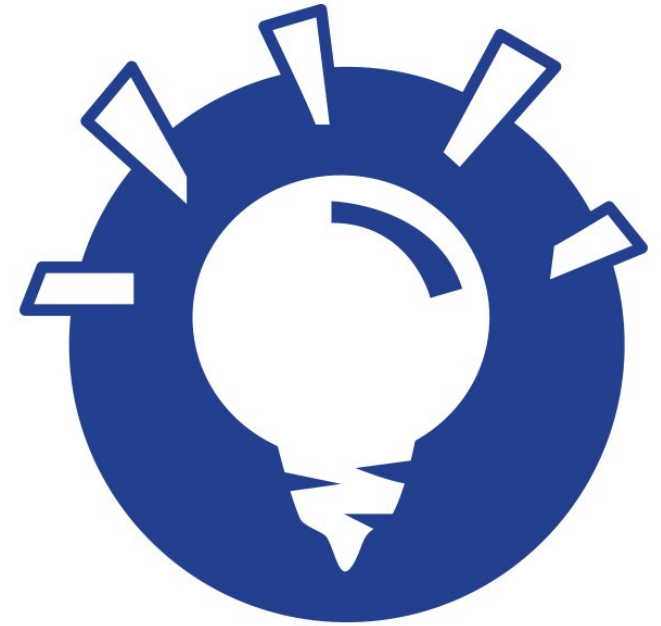
# Activity

See page 62 in Workbook



# Activity

See page 63 in Workbook



# Process for Developing an Asset Management Strategy

1. Establish a baseline
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*Source: Alberta Handbook and Toolkit*



# Step 3: Develop goals for each objective

- What are the steps that need to be taken in the next five years to move toward your objectives?

**Objective:** *Reduce lifecycle costs of major infrastructure*

**Goals:**

- *We have defined the current lifecycle costs of major asset classes.*
- *We have optimal predictive maintenance programs in place to extend the life of the assets.*
- *Design and procurement decisions consider lowest lifecycle cost options.*



# Step 3: Develop goals for each objective

- A process of developing a strategy is valuable for thinking through
  - What you could do
  - What you will do
  - What you will **not** do
- You will come up with many goals. What do you need to prioritize?



# Step 3: Develop goals for each objective

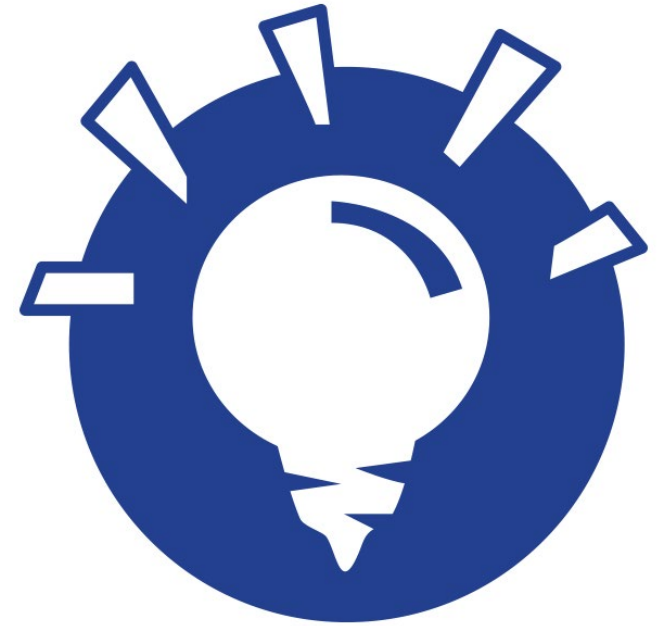
- Not sure where to start? Consider these common first goals:
  1. Consolidate an inventory
  2. Develop an asset replacement forecast
  3. Communicate about AM with staff and council





# Activity

See page 66-67 in Workbook



# Process for Developing an Asset Management Strategy

1. Establish a baseline
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*Source: Alberta Handbook and Toolkit*



# Step 4: Outline an approach for the next five years

- Now that you have objectives and goals:
  - What actions will you take?
  - When?
  - Who will do them?
  - What other resources do you need to accomplish them?
- SMART goals!



# Creating SMART Goals

***Specific*** – how will we know when we have achieved our objective?

***Measurable*** - how will we communicate progress?

***Attainable*** – is this something that we can achieve from our current state?

***Relevant*** – is this important to those that are affected?

***Timely*** – when are we going to do this by?



# Example

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**Goal:** We have defined the current lifecycle costs of major asset classes

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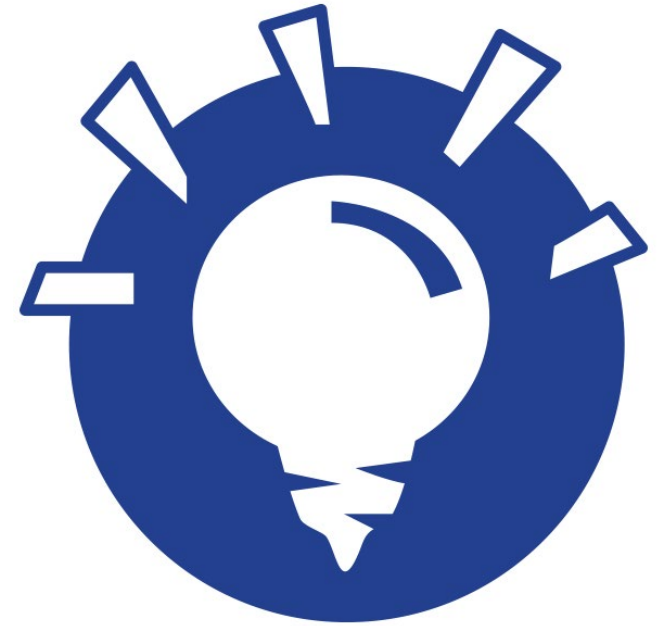
- Begin pilot test with roads
- Quantify lifecycle cost with current capital and maintenance regime
- Identify alternative approaches for capital construction and maintenance, and the impacts on lifecycle costs

*Final action: Select an optimal regime to reduce lifecycle costs*



# Activity

See AM Strategy  
Template, pg. 13-16



# Process for Developing an Asset Management Strategy

1. Establish a baseline
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5. **Communicate the strategy**
6. Use and update the strategy

*Source: Alberta Handbook and Toolkit*



# Step 5: Communicate the strategy

- It's important to communicate to all stakeholders:
  - What the strategy is
  - How it connects to and supports the community's vision
  - What the roles are in implementing the strategy

*We'll be talking more about this tomorrow!*





# Process for Developing an Asset Management Strategy

1. Establish a baseline
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*Source: Alberta Handbook and Toolkit*



# Step 6: Use and update the strategy

- Reasons to review/revisit your strategy:
  - Periodic check-ins throughout the year to monitor progress
  - Questions from council or the public about the contents of the strategy
  - Evaluation of additional activities outside of what is defined in the strategy
  - Turnover in council
  - Turnover in staff
  - Others?



# Step 6: Use and update the strategy

- Reasons to update/revise your strategy:
  - Timeframe on the roadmap has passed
  - You have completed all or most activities ahead of time and need to plan for your next steps
  - Your community has seen a major shift in priorities, and some or all your objectives are no longer relevant
  - Others:



# You've Made It!



# Looking forward...

## Tomorrow we will be:

1. Developing your asset management team terms of reference
2. Finishing up drafts of both your strategy and team terms of reference
3. Developing and delivering a presentation about your strategy



# Questions?





SCHEDULE

# Module 5 (Day 2)—Develop your Asset Management Team Terms of Reference

**Learning Goal 1**—Review importance of an asset management team

**Learning Goal 2**—Develop asset management team Terms of Reference

**15-minute refreshment break**





SCHEDULE

# Module 6 (Day 2)—Communicate Asset Management Strategy to others

**Learning Goal 1**—Articulate the importance of communicating your strategy

**Learning Goal 2**—Identify target audience

**Learning Goal 3**—Prepare a presentation for your target audience

**Lunch break**

**Learning Goal 4**—Deliver presentation



Module 5

# Develop your Asset Management Team Terms of Reference



# Asset Management Team

- Considerations when building a team:
  - Your team is scalable
  - Identify a champion
  - Identify cross-functional representation
  - Identify roles and responsibilities
  - Identify gaps
- Why is it important to have a team terms of reference?



# Asset Management Team Terms of Reference

Document that identifies:

1. Purpose of the asset management team
2. Membership and structure
3. Accountability and reporting
4. Roles and responsibilities
5. Communication and meetings
6. Succession planning approach



# Asset Management Team Terms of Reference

## **Team Purpose:**

- What is the team's function?
- What are you trying to accomplish?



# Asset Management Team Terms of Reference

## **Membership and structure:**

- Who should be on the team? What perspectives and roles?
- Who is the AM champion, and who is supporting them?
- Are there gaps?



# Asset Management Team Terms of Reference

## **Accountability and reporting:**

- Where does approval authority lie?
- How will the team report on progress? To whom?



# Asset Management Team Terms of Reference

## **Roles and responsibilities:**

- What is each role responsible for?





# Asset Management Team Terms of Reference

## **Communication and meetings:**

- Lines of communication (if necessary or applicable)
- Team meetings (frequency, preparation and leadership responsibilities)
- Communications to the rest of the organization (purpose, frequency, responsibilities)
- Communications to Council (purpose, frequency, responsibilities)



# Asset Management Team Terms of Reference

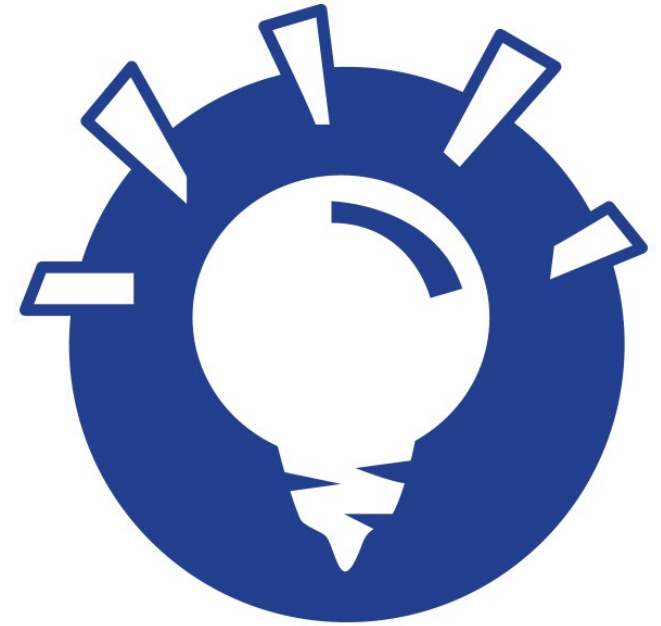
## **Succession planning approach:**

- How often will your team revisit your terms of reference, and update if necessary?
- Identify any gaps in current membership, articulate risks of not having that perspective present



# Activity

See AM Team Terms of Reference  
Template



Module 6

# Communicate Asset Management Strategy to Others



# Why communicate your strategy?

## **Asset management helps municipalities:**

- evaluate and communicate trade-offs
- make evidence-based decisions
- defensibly prioritize projects and resources
- align organization with things that matter most
- decide what infrastructure needs to be replaced or renewed
- determine how much should be saved for future infrastructure renewal
- demonstrate accountability to community



# Change Management

- Improvement in asset management requires some vulnerability
- The act of questioning how you currently function can be challenging
- If participants in communication do not feel safe, movement is unlikely
- Your challenge: communicate the benefits of AM and how it will make their job easier



# Council Perspectives

- offer citizens a level of service and added value
- respect the strategic plan
- adopt and follow the sustainable development plan
- maintain a balanced budget
- minimize risks
- preserve community identity
- others?



# Management Perspectives

- implement council's vision by respecting the strategic plan
- oversee administration of municipality
- implement policies and maintain regulatory compliance
- leave a positive legacy
- retain internal expertise and develop staff
- others?





# Finance Perspectives

- implement council's vision by respecting the strategic plan
- oversee administration of municipality
- implement policies and maintain regulatory compliance
- leave a positive legacy
- retain internal expertise and develop staff
- others?



# Staff Perspectives

- Work in accordance with regulations, standards, and policies
- Operate as per departmental budget allocations
- Conduct projects on time and on budget
- Showcase the community by developing built environment and bylaws
- Maintain business licenses, assets and project tracking
- Provide service and resolve any service delivery issues despite constraints



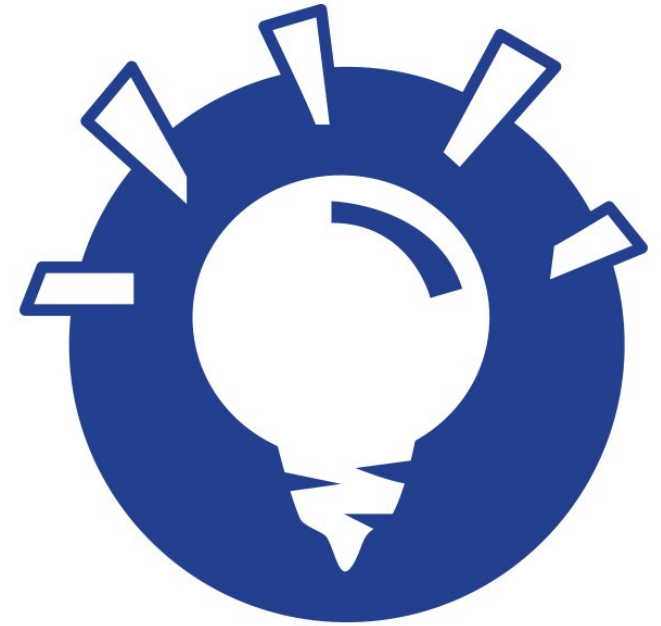
# Staff Perspectives

- Communicate relevant field information to management
- Comply with operating permit requirements and preserve them
- Ensure management of natural assets, including any legislative requirements
- Consultation and awareness internally and externally about service delivery and sustainable development issues



# Activity

See page 76 in Workbook



# Activity



- Prepare a 5-7-minute presentation about asset management to your identified target audience.
- You can use the presentation outline provided , or parts of the FCM sample presentation, or you can use neither of those things and choose to go your own way!



# Tasks to complete before the next workshop:

- ✓ Share your asset management strategy with other staff
- ✓ Deliver your strategy presentation to your target audience
- ✓ Share your asset management strategy with council (if they were not your target audience)
- ✓ Take a moment to reflect on where you started at the beginning of this workshop series, and celebrate how far you've come!



# Implementation Support

- We are here for you!
- Send us your draft documents
- We will review and provide feedback and suggestions
- One-hour individual check-in call to review comments and troubleshoot any AM challenges you have



# Workshop #3

- Focussed on AM Policy
- Target first week of April (5<sup>th</sup>)

