



DEVELOPMENT AND INFRASTRUCTURE SERVICES
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January 4, 2017

**DEVELOPMENT AND INFRASTRUCTURE SERVICES,
COMMISSIONER REPORT 2017-01**

TO: Members of Council
SUBJECT: Asset Management Strategy
ORIGIN: Asset Management Committee

RECOMMENDATIONS

THAT Development and Infrastructure Services Commissioner Report – 2017-01 dated January 4, 2017 regarding Asset Management be received and the following recommendation be adopted:

- 1. THAT Council adopt the Asset Management Strategy (see link provided on page 4 of report)**

PURPOSE

The purpose of this report is to recommend approval of the Corporate Asset Management Strategy prepared by Yaku Consulting.

BACKGROUND

Development & Infrastructure Services Commissioners Report 2016-01 sought Council approval of an Asset Management Policy for the Town. Staff indicated in the same report that an RFP for consulting services to develop an Asset Management Strategy for the Town would be issued. The purpose of the strategy was to help identify and build the Town's processes, tools and resources for the long term. Staff requested the consultant address an appropriate organizational structure for the Town as well as a work plan to implement the Asset Management Strategy include: implementation costs associated with initial and ongoing resource requirements for such items as capital, staffing and training costs, performing further asset condition assessments, potential system acquisition and/or undertaking other work that is vital to the AM Strategy. This strategy has now been completed and is provided as Appendix A.

KEY BENEFIT

Implementing this strategy will enable staff to manage the Town's assets in a consistent fashion allowing for greater stability in financial and capital planning, more informed decision making regarding investment in new or existing assets, and enhanced interdepartmental collaboration on projects that involve asset management.

SUMMARY

The Strategy was developed collaboratively with staff at all levels of the organization. A Vision was created by the Operational Leadership Team (OLT) to provide direction for the asset management program. To achieve this Vision the Town will have to improve and develop a higher level of practice of asset management. To guide this development and improve the Town's maturity level for the future staff will focus on the following 5 program objectives as recommended:

1. **Governance:** program oversight and building Town wide asset management frameworks such as risk and levels of service, and building organizational capacity including through skills development.
2. **Capital Program Decision-Making:** improving the decision-making process for capital spending by developing lifecycle models, incorporating the models into the asset strategy, and linking the planned spending with service levels.
3. **Data and Information:** improving data and information through development of standards, and integrating technology systems to support the asset management system (program).
4. **Maintenance Management:** improving maintenance practices and implementing a new computerized maintenance management system (CMMS).
5. **Optimizing Asset Management:** ongoing works to further advance asset management practices and incorporating results of previous improvements into long-range financial plans including rates and reserves.

5 YEAR IMPLEMENTATION COST \$1M - ANNUAL FUNDS AVAILABLE \$0.3M

Estimated Implementation costs of just over \$1M are anticipated over the next 5 years to meet these 5 program objectives. These costs would be for additional consultant costs to work with staff to achieve the necessary results identified in the strategy as well as costs associated with the acquisition and implementation of a software solution for the Town. Staff anticipates using the \$0.3M in annual funding provided by Ontario Community Infrastructure Fund (OCIF) towards these projects.

5 YEAR STAFFING RESOURCES

In addition, based on the current level of practice of asset management within the Town and the requirements to continuously deliver at the higher level anticipated in this strategy, the consultant recommends the following staff resources and respective responsibilities over the next 1 to 5 years:

- **Asset Manager (1):** oversee and provide direction across the Town to implement asset management practices in a coordinated and integrated fashion.
- **Technical staff (2-3):** technologists or engineers to develop asset specific programs to measure and monitor asset performance, collect, manage and analyze asset data and support the program
- **Information Technology staff (1):** support the configuration and ongoing maintenance of asset management software including a computerized maintenance management system (CMMS), advanced (capital) decision-making software, and the integration of various systems to facilitate asset management.

As an alternative to hiring new staff, the consultant indicates the Town could consider outsourcing or a combination of outsourcing and hiring of new staff. They caution there is a limit to how much outsourced vendors can be relied on since ultimately Town staff must be actively involved with managing assets including data in software systems. In addition, as the requirements are ongoing rather than project based outsourcing will not provide continuity to the town of asset knowledge and be more expensive in the long term.

CONCLUSION

This Asset Management Strategy will help to ensure the Town's assets receive appropriate investment and attention. It also provides a framework for a consistent and coordinated approach to the Town's asset management practices. Council's adoption of the Strategy will empower staff to enhance the Town's asset management practices ensuring long-term sustainability and fiscal stewardship for the Town's existing and future base.

BUSINESS PLAN AND STRATEGIC PLAN LINKAGES

The Corporate Asset Management Strategy is a key initiative and action identified in the Town's 2014 to 2018 Strategic Plan objectives to develop an asset management strategy under the theme of Efficiency / Financial Management.

This initiative supports the Town's Strategic Plan directions of being Well-Equipped & Managed by implementing policy and processes that reflect sound and accountable governance through: fiscal responsibility; efficient management of capital assets and municipal services to meet existing and future operational demands; and service excellence.

CONSULTATION

The Asset Management Committee is comprised of senior staff from Engineering, Public Works, Information Technology, Finance and Strategic Initiatives. As these areas manage the majority of the Town's assets they are providing their expertise and taking the lead in helping to form the Town's Asset Management practices.

The attached Corporate Asset Management Strategy has also been reviewed by the Operational Leadership Team (OLT) and the Strategic Leadership Team (SLT).

HUMAN RESOURCE CONSIDERATIONS

Staffing levels are not immediately impacted by the recommendations in this report. Any additional staffing requests will be brought forward as part of the budget process requesting approval as required.

FINANCIAL / BUDGET IMPACT

Operating Budget (Current and Future)

The 2017 Base Budget includes one position for an Asset Management Coordinator. Staff will be seeking approval to re-assign this position to the role of Asset Management Manager. We will follow current budget procedures to seek additional position funding as necessary.

Capital Budget

The draft 2017 Capital Budget requests \$317,700 in annual funding provided by Ontario Community Infrastructure Fund (OCIF) be dedicated towards the Asset Management Program. As addressed in the body of this report staff will use these funds to implement the AM Strategy projects based on a work plan which will be developed by the new Asset Management Manager.

FULL REPORT AVAILABLE

To view the Asset management Strategy in its entirety please click the following link:
<T:\Public\DI Services Commissioner\Asset Management Strategy\Newmarket AMS - Consolidated Report v2.0.pdf>

CONTACT

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