

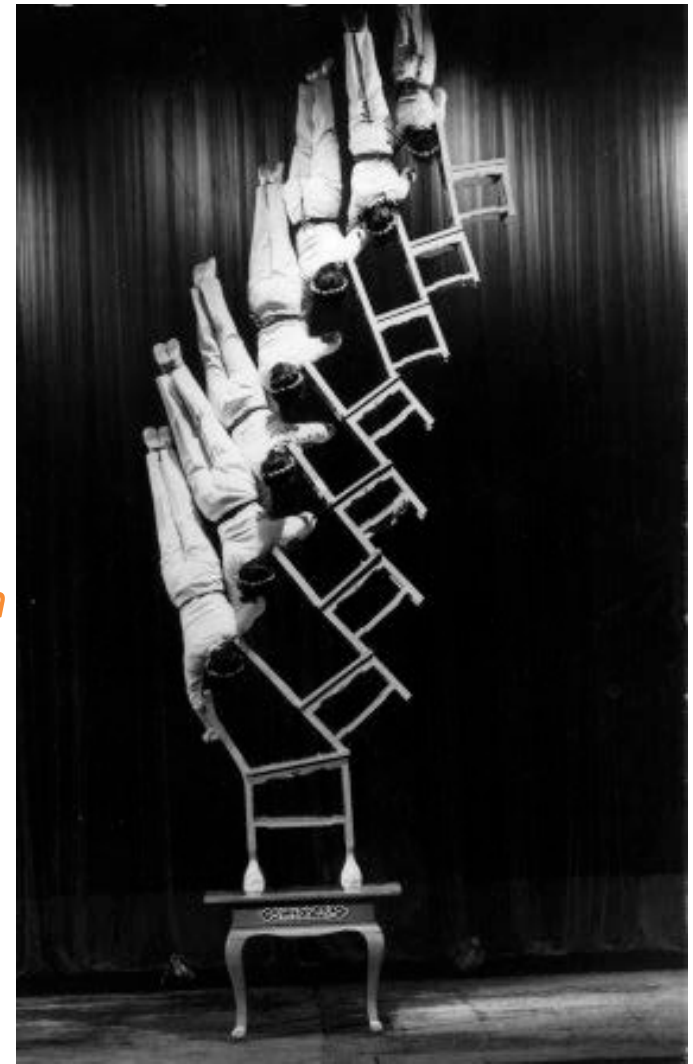
# *Asset Management: A Balancing Act*

*Presenters:*

*Mayor ML Whittles – Village of Kenaston*

*Vincent LaHaye, P.Eng. – Urban Systems*

**Kenaston, Saskatchewan**  
*Heritage, Spirit, Vision*



**URBAN**  
systems

*Village Sector Meeting  
Regina, Saskatchewan  
May 11, 2016*

ONLY  
40¢

# THE COASTAL HERALD

The most trustworthy local newspaper in the Lower Mainland

SATURDAY  
EDITION



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# INFRASTRUCTURE DEFICIT \$170B



## CANADIANS DEMAND TO KNOW WHO IS TO BLAME?

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You build it, and  
it just lasts...



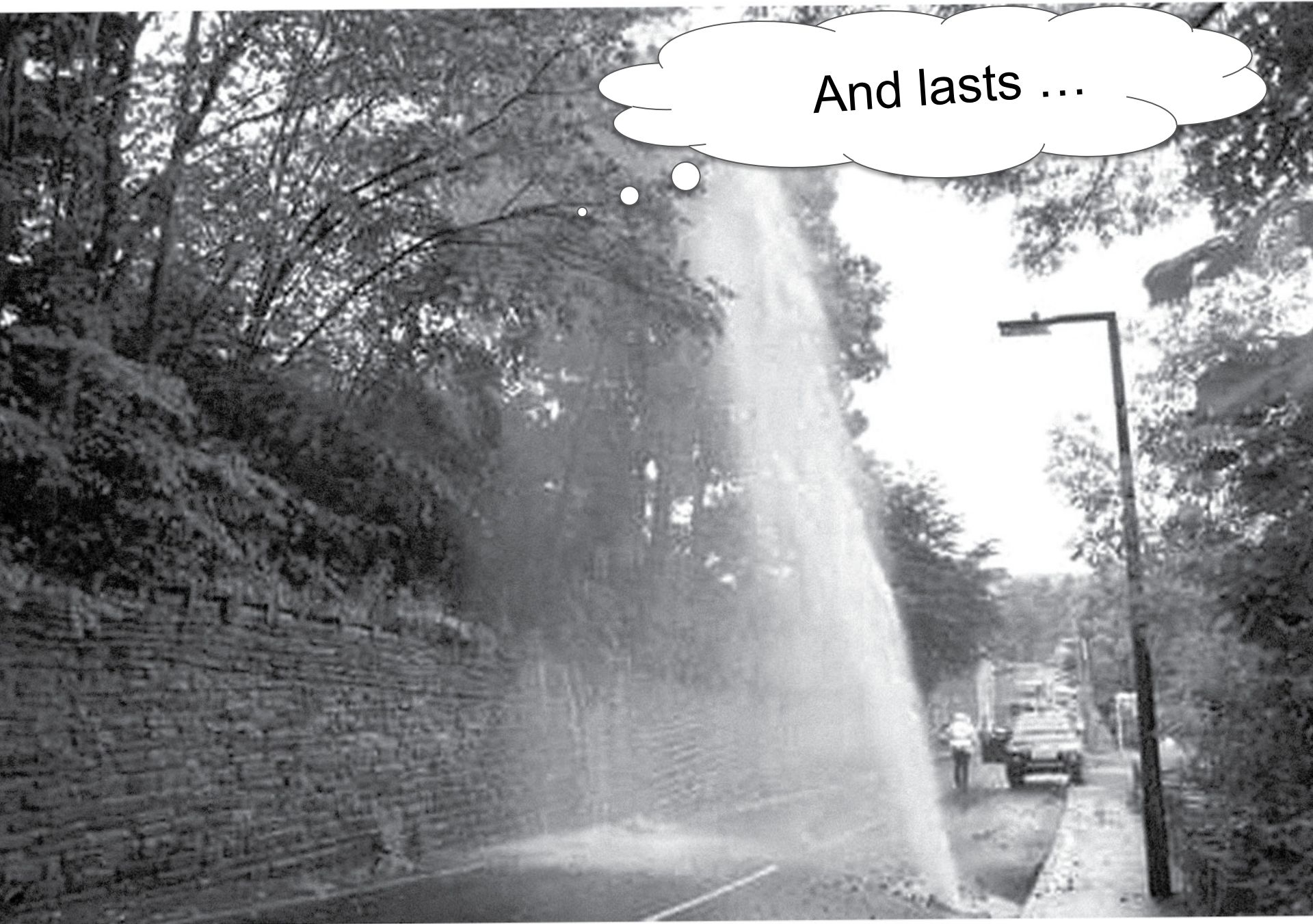



And lasts ...





And lasts ...



A black and white photograph showing a large, dense crowd of people, likely a protest or demonstration. Many individuals are holding torches aloft, and the scene is filled with a sense of movement and intensity. The crowd is diverse in age and appearance, with some individuals in the foreground looking directly at the camera. A speech bubble is overlaid on the upper right portion of the image, containing the text "We're not happy!".

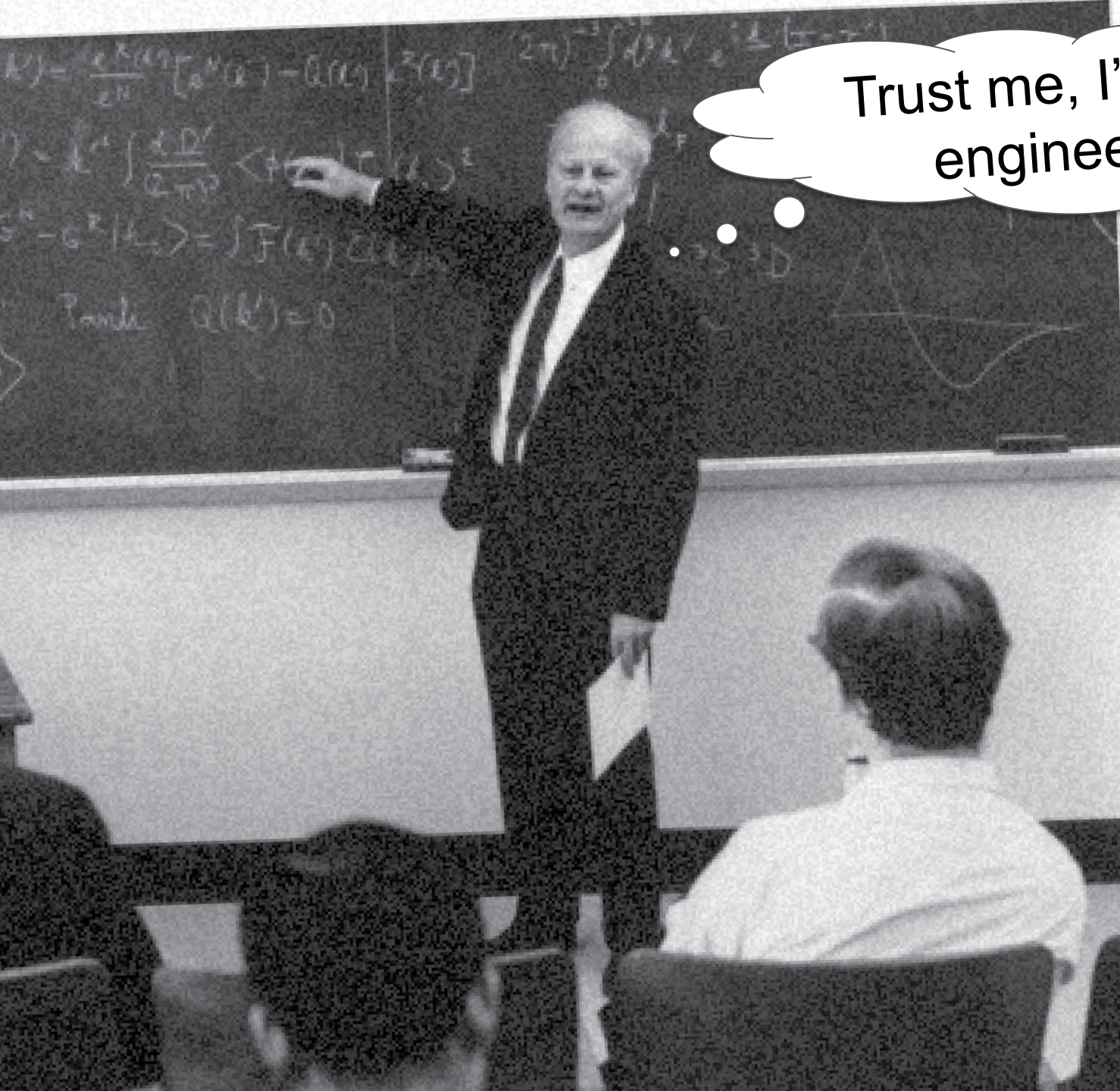
We're not happy!



Do something about it!



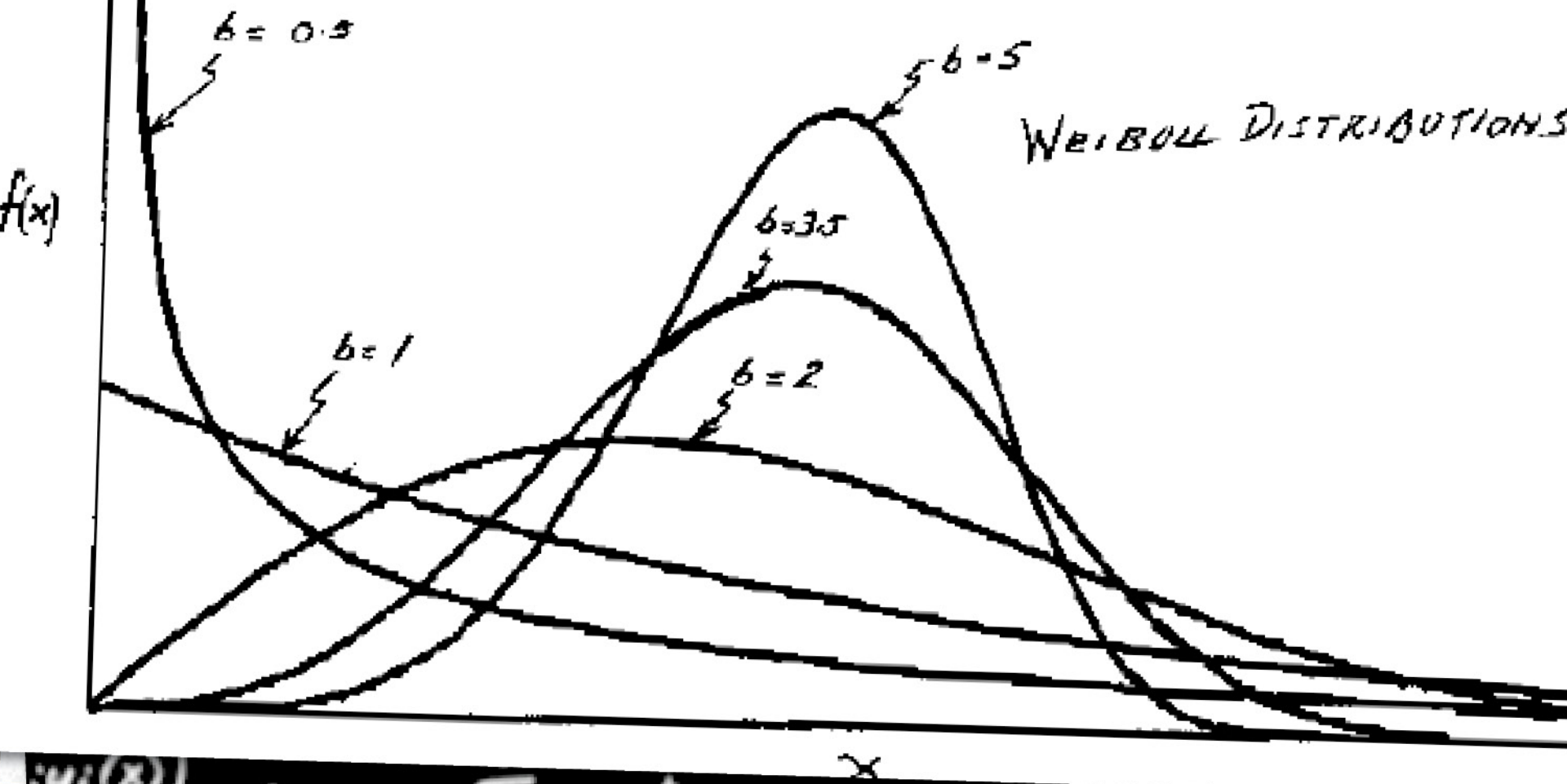
Trust me, I'm an  
engineer!






Isn't it obvious?

$$f(x) = \frac{b \lambda^{b-1}}{\theta^b} e^{-\left(\frac{x}{\theta}\right)^b}$$





But wait ... this  
doesn't add up!



Show me the money!





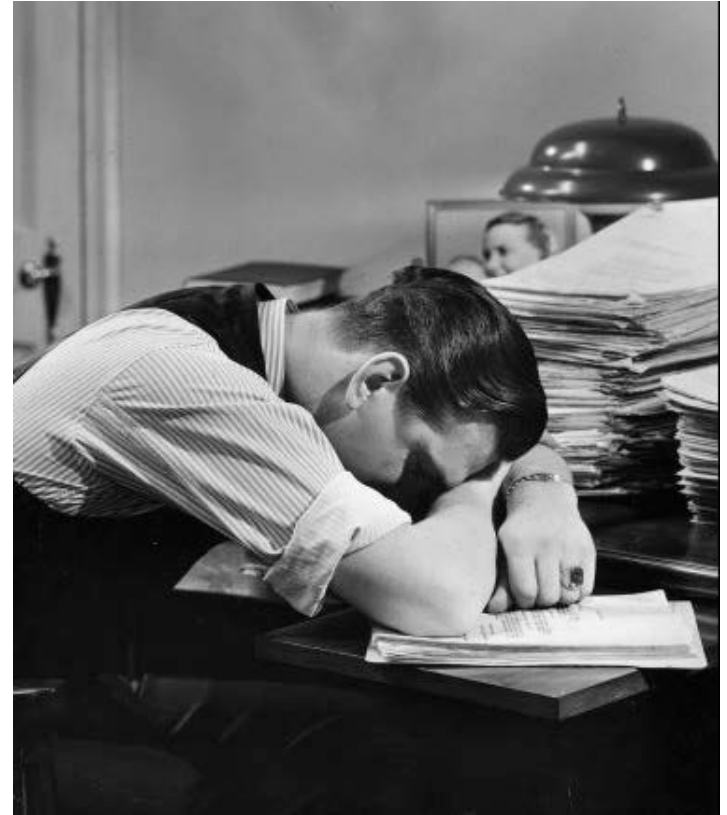
What do we do now?





# Discussion Topics

- The Canadian Context
- Saskatchewan Municipal Challenges
- Asset Management
- Levels of Service
- Risk
- Cost and Funding
- Trade-offs and Decision Making
- WaterWolf Approach



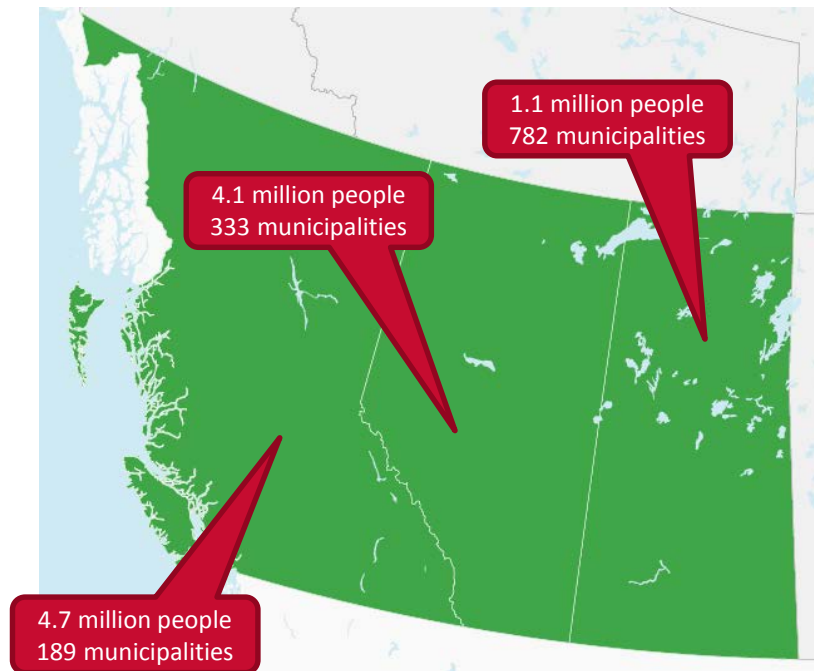
# The Canadian Context

- Pre WWII – basic support for towns and communities
- Post WWII – population explosion, beginning of the shift from rural to urban communities
  - Large investments from senior government to fund infrastructure (e.g. ARDA, Build Canada, etc.)
  - Cheap resources (energy, water)
  - Accounting system did not recognize asset values or depreciation costs





# Western Canadian Municipalities



## 782 Saskatchewan municipalities

*16 cities, 146 towns, 160 villages,  
40 resort villages, 296 rural municipalities,  
24 northern municipalities*

Responsibilities include ...

- Providing services, facilities and other things that are necessary or desirable for the municipality
- Providing good government
- Developing and maintaining a safe and viable community
- Fostering economic, social and environmental well-being
- Financial stewardship of public assets

# Saskatchewan Municipal Challenges

- Distances between communities
- Desire to maintain autonomy
- Level of service expectations are increasing
- Shrinking rural population (and corresponding available funding)
- Increasingly stringent regulations (water, wastewater, stormwater, etc.)

We need to do more with less!



"If you have only 50 or 100 residents, the cost of replacing that infrastructure is astronomical."

—Pense Mayor Michele LeBlanc



# Asset Management – Defined?

- “A **systematic** way of making **informed estimates** about what the **future** will bring for your infrastructure, and being **proactive** about preparing for it.”

“The first rule of asset management is –  
what you have, also has you!”  
Glen Dow, Reeve, RM of Wilton No. 472

“Infrastructure – it’s the gift  
that keeps on taking”  
Glen Brown, Union of BC Municipalities

# Asset Management Discussion

- Maybe you want asset management to help you answer questions in your community like:
  - Which assets should we replace first?
  - How much money do we need to put into reserves?
  - How much such we be spending on maintenance?
- It can answer these questions, but it is also more.
- **March 31, 2018** – deadline for asset management programs!



# Level of Service Discussion

- Understanding service means understanding:
  - The types of services that you provide
  - The groups that you provide them to
  - The level of service being delivered
  - The level of service you're aiming to provide
- Think critically about levels of service in your community!

# Understanding Risk

- What are the possible events that could impact your ability to deliver services to your community?
  - What are your risks where are they?
  - What is the impact and likelihood of these risks?
  - What can be done to control or mitigate them and what resources are required?
  - Are these risks worth mitigating or should be tolerated?
- Understanding risk contributes to the resiliency of your community!



# Costs and Funding

- How well does your community understand what drives your costs?
- Is your community getting value for money?
- To understand costs you need to understand:
  - Replacement costs of current assets;
  - Capital costs of new assets;
  - The timing of capital assets;
  - Expected operating and maintenance costs for current and new assets;
  - Actual operating and maintenance costs for current assets; and
  - Revenue sources for funding future capital and operational costs.
- Lifecycle costs should be considered before an asset is even designed!

# Saskatchewan Municipal Financing

- Own source revenues
  - Property taxes
  - Service user fees
  - License fees
- Resource revenues
- Senior Government funding (Province, Federal)
- Sustainable Service Delivery boils down to two things:
  - Finding new revenue sources
  - Seeking cost efficiencies / cost containment





# Trade-Offs and Decision Making

- Service, risk, and cost cannot be understood in isolation.
- The three need to be brought together to understand connections and trade-offs.
- Good decisions are informed with an understanding of service, risk, and trade-offs.
- They are aligned with community priorities and demonstrate good stewardship over community assets for future generations.

# Communication and Information Management

- Information management is:
  - An ongoing process
  - And a team sport!
- Everyone has experience and information about services, risks, and costs that needs to be communicated with others
- Collect information ... what do we own and where is it?
  - What are the attributes?
  - When was the asset installed or put into service?
  - What did it cost?
  - What would it cost to replace?
  - What condition is it in?
  - How long will it last?

# Where to Start??

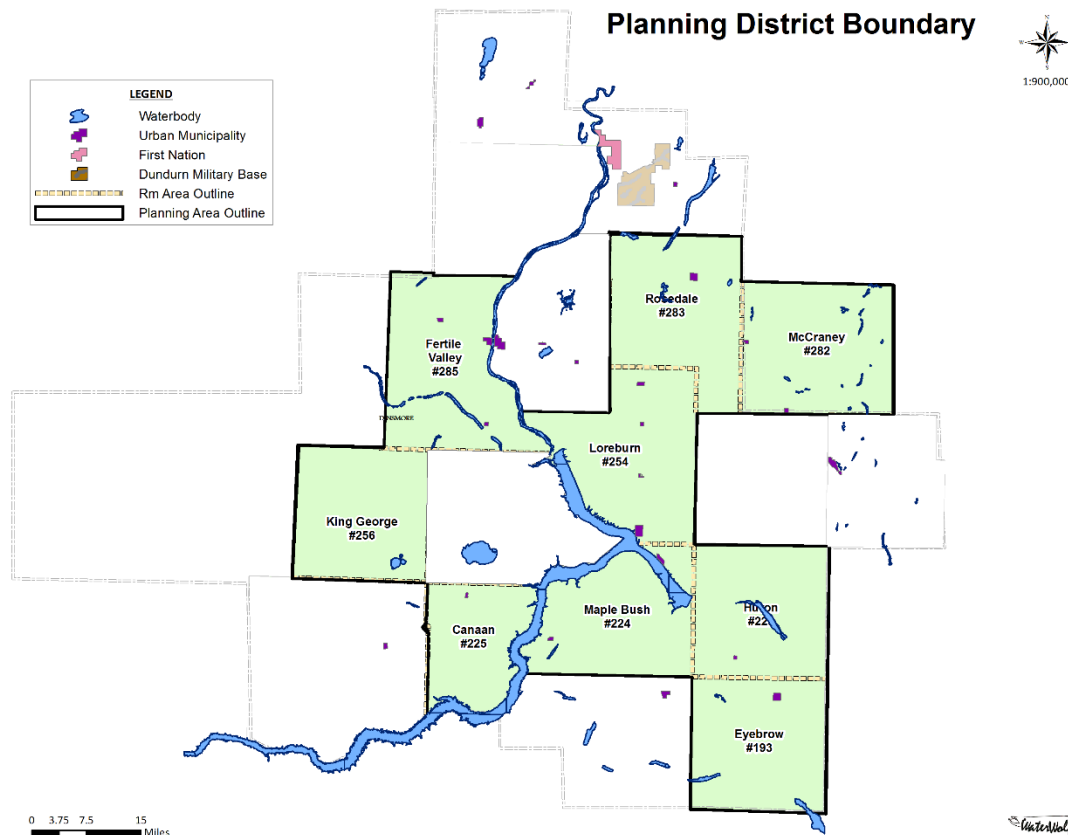
Engage council early and often in the asset management process!

1. Identify a champion and build a team;
2. Assess assets;
3. Assess asset management practices;
4. Identify priorities for improvement; and
5. Implement and monitor.



# WaterWolf Approach

## ■ WaterWolf District Planning Commission



# WaterWolf Approach

- Who is WaterWolf?
- When did the group form?
- Why did the group form?
- What services do municipalities offer/receive?
- What are the benefits of working together?
- What would WaterWolf like to achieve going forward?



# WaterWolf Approach

- Innovative regional collaboration to achieve:

Objective	Outcome
<b>Educational</b>	<ul style="list-style-type: none"><li>- Build awareness and understanding of asset management and sustainable service delivery with all stakeholders</li><li>- Increase each community's understanding of their individual infrastructure realities</li></ul>
<b>Collaborative</b>	<ul style="list-style-type: none"><li>- Encourage communities to collaborate and leverage their collective skills and resources</li></ul>
<b>Suitable</b>	<ul style="list-style-type: none"><li>- Address the needs of the March 2018 asset management program requirements</li></ul>
<b>Partnering</b>	<ul style="list-style-type: none"><li>- Build on regional knowledge already in place and strengthens the shared commitment to the ongoing success of the region</li></ul>
<b>Capacity Building</b>	<ul style="list-style-type: none"><li>- Strengthen capacity internally and collectively as communities expand their knowledge and build a network of shared learning within the region</li></ul>
<b>Timely and Efficient</b>	<ul style="list-style-type: none"><li>- Create meaningful asset management plans in a short period of time</li></ul>
<b>Cost Effective</b>	<ul style="list-style-type: none"><li>- Take advantage of economies of scale such that the individual fee contribution from each participating community is relatively low</li></ul>
<b>Forward-Looking</b>	<ul style="list-style-type: none"><li>- Provide a tool-kit for communities to update and improve their individual plans over time</li></ul>
<b>Inclusive</b>	<ul style="list-style-type: none"><li>- Invitation extended to communities outside of WaterWolf who have a strong desire to work together and share WaterWolf's vision of advancing regional initiatives</li></ul>

# Summary

- It starts with **leadership** – be the “champion” and build solid relationships
- Look for opportunities where there is a **common need** – “connect the dots” among communities
- Explore the high level **business case** – don’t “chase rainbows” and don’t look under every rock
- Develop the **game plan** for the next generation (e.g. long term infrastructure financing plan) – don’t count on grants
- Implement the “**quick wins**”





# Thank you!

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