

Asset Management Webinar Series Fundamentals

The Association of Municipalities of Ontario (AMO) entered into an Agreement with FCM to work directly with municipalities to make progress in asset management. AMO engaged Asset Management Ontario (AMONTario) in this initiative.

The 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.

Contact GasTax@amo.on.ca for more information



Leadership & Governance in Municipal Asset Management Introduction

January 30, 2020

Four Questions

1. What is Asset Management (AM)?
2. Why does leadership matter in municipal asset management?
3. How does a municipality move from its Strategic Asset Management Policy to an effective Asset Management Plan?
4. What are some notable municipal asset management leadership/governance examples across Ontario?

1. What is Asset Management (AM)?

1. What is Asset Management (AM)?

For a municipality, Asset Management (AM) is about sustainably managing its assets and infrastructure to achieve strategic objectives of providing quality services for residents.

This involves:

- Aligning physical infrastructure activities and operations with strategic objectives;
- Coordinating activities across an organization to realize value;
- Managing assets to optimize their lifecycle management; and
- Ensuring that activities across an organization are integrated so that delivery of services and management of risks are managed well.

Scope of Asset Management



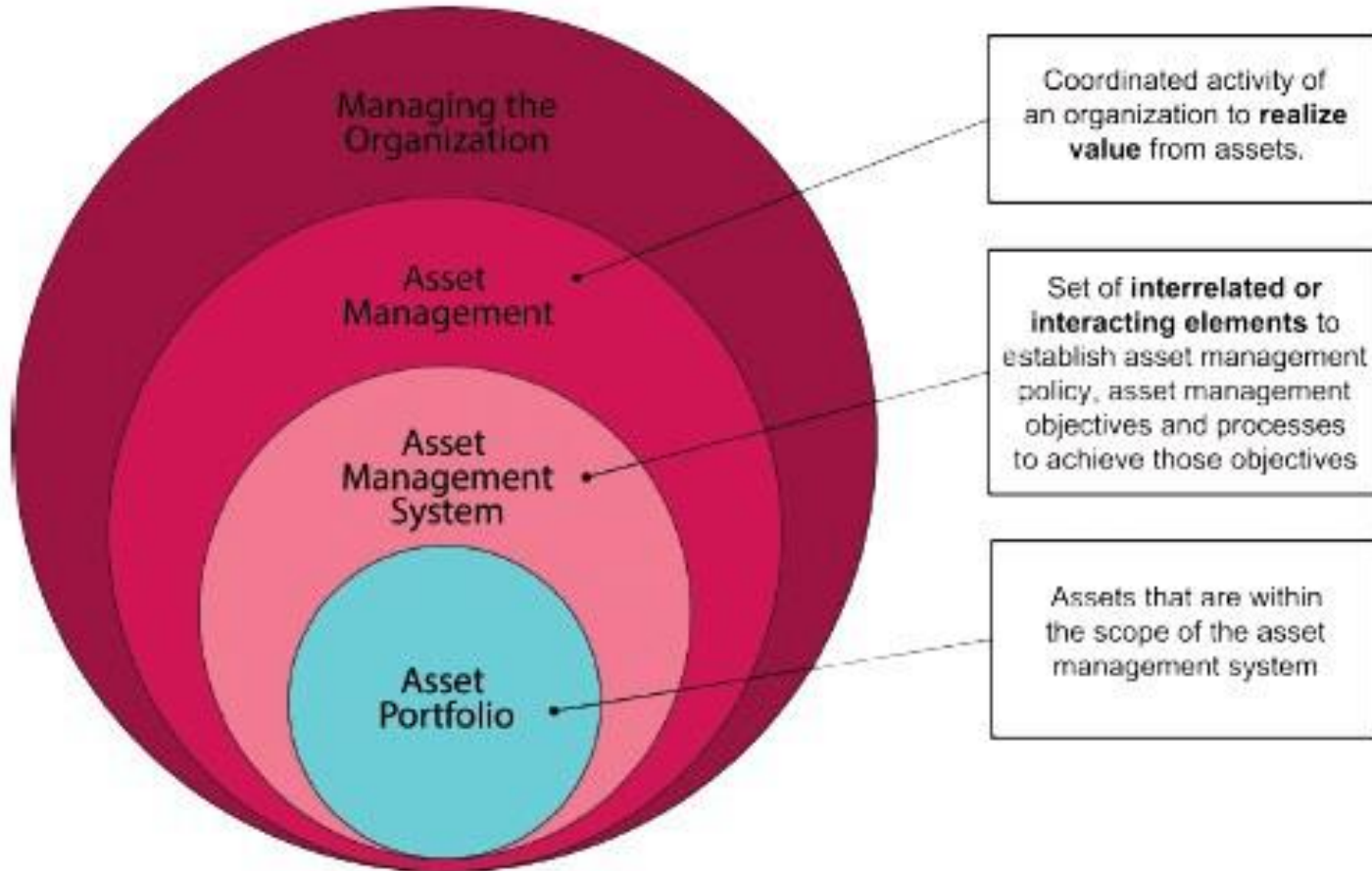
Source: Institute of Asset Management

2. Why does leadership matter in municipal asset management?

Asset Management Fundamentals

- Value
 - Assets exist to provide value
- Alignment
 - Translate organizational objectives into technical & financial decisions, plans and activities
- Leadership
 - Leadership & workplace culture key to realize value
- Assurance
 - Giving assurance that assets will fulfil their required purpose

Alignment



Source: ISO 55000

- The ‘Scope of AM’ and ‘Alignment’ charts show the coordination required for different functions to be realized across an organization.
- Good leadership ensures that AM is a coordinated effort that aligns delivery of services with strategic objectives. Here are some considerations:
 - ✓ **Governance:** Is the municipality and its organizational culture structured to encourage the quality of collaboration needed to align corporate priorities with day-to-day operations?
 - ✓ **Community:** Is there a clear ‘line of sight’ that connects the levels of service expected by residents with the technical management of assets to deliver those services?
 - ✓ **Risk:** Does the municipality have a clear process to evaluate and manage asset risks on a corporate-wide basis?
 - ✓ **Administration:** Is the municipality collecting the data it needs to inform optimal lifecycle management of assets and inform effective decision-making?

O. Reg. 588/17 – AM Requirements

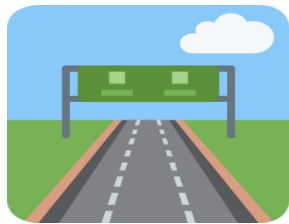


3. How does a municipality move from its Strategic AM Policy to an effective Asset Management Plan?

- A good Asset Management Plan (AMP) serves as a ‘roadmap’ that guides day-to-day activities across an organization and links operational activities with the realization of strategic objectives.
 - Avoid creating an AMP that mainly becomes a ‘paper’ exercise.

Suggestions...

- ✓ Recognize the scope of change that may be required across an organization. This is easy to underestimate!
- ✓ Think creatively about who should be engaged and how.
- ✓ Determine how the municipality’s organizational structure can be leveraged to drive change.



Recognize the scope of organizational change that may be required.

Driving change across an organization can entail changing underlying assumptions.

Example

- Many people think that asset management (AM) is about managing physical assets/infrastructure. →
- This tends to lead to a silo-ed approach between administration and operations, and a tendency to focus on managing physical infrastructure.
- Leadership Challenge: Shift the mindset so that organization embraces asset management as a corporate-wide responsibility.

Think creatively about engagement.

Engagement is both internal and external **and** should be linked with a 'line of sight' that connects service delivery with strategic objectives.

Example

- Some people think that asset management (AM) primarily involves senior decision-makers →
- This can contribute to a 'disconnect' between operations and administration in the way that the municipality embraces service delivery.
- Leadership Challenge: Identify the range of the municipality's stakeholders, how they are impacted by asset management decisions, and how they can be involved to ensure the best 'line of sight' connecting service delivery and strategic objectives.

Who has a stake in AM planning?

■ Internal Stakeholders

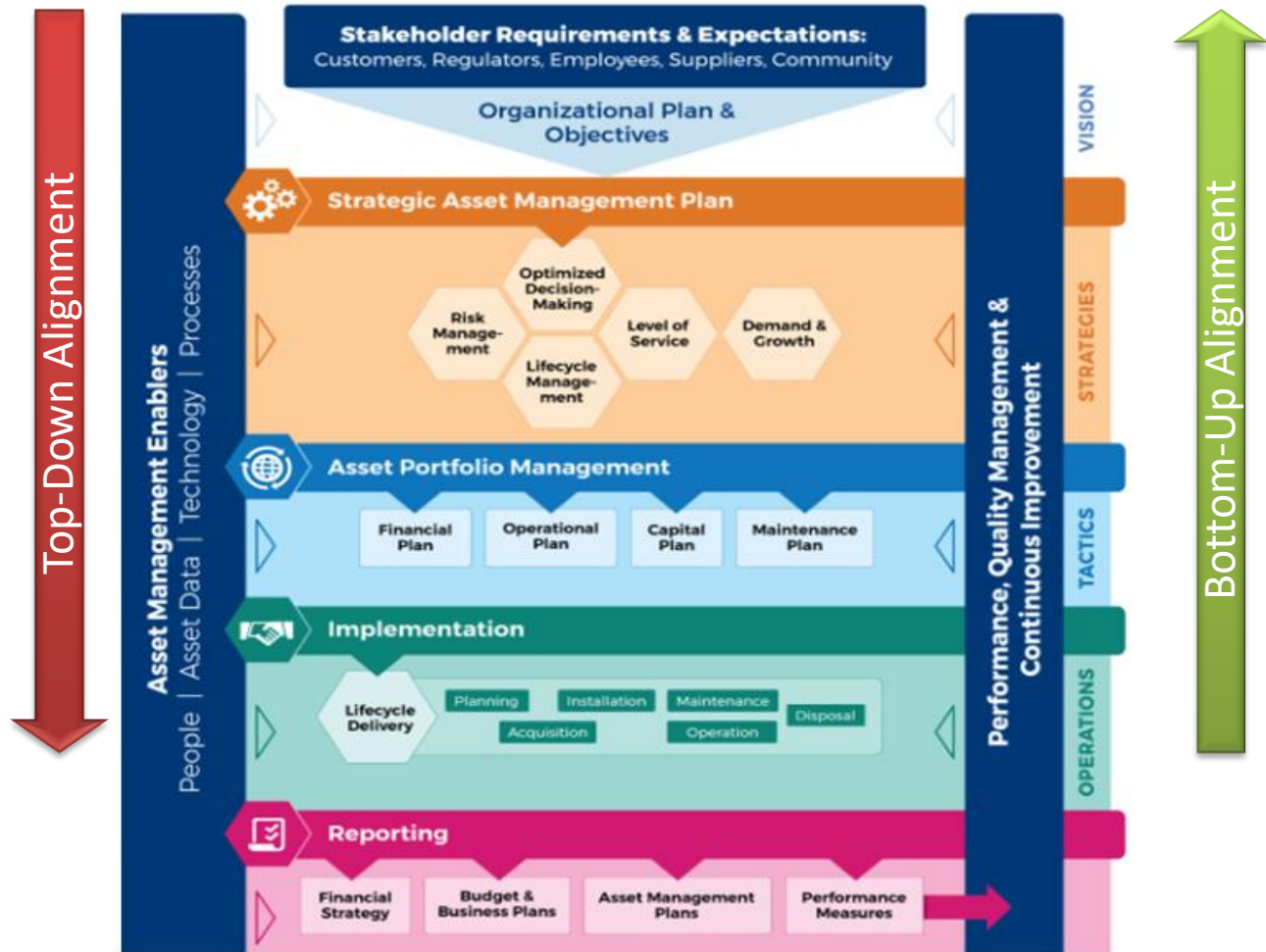
- Council
- Senior Management
- Middle Managers
- Operations Managers
- Staff

■ External Stakeholders

- Residents
- Industry
- Business Owners
- Developers

AM is multidisciplinary in that it is applicable to all departments that are involved in the management of municipal assets and/or the delivery of municipal services to the public.

Asset Management Framework



Determine how the municipality's organizational structure can be leveraged.

Ontario's municipalities have a broad range of organizational structures. The key is to focus on determining which structure and processes will optimize the way that the municipality achieves its strategic objectives and sustainable service delivery.

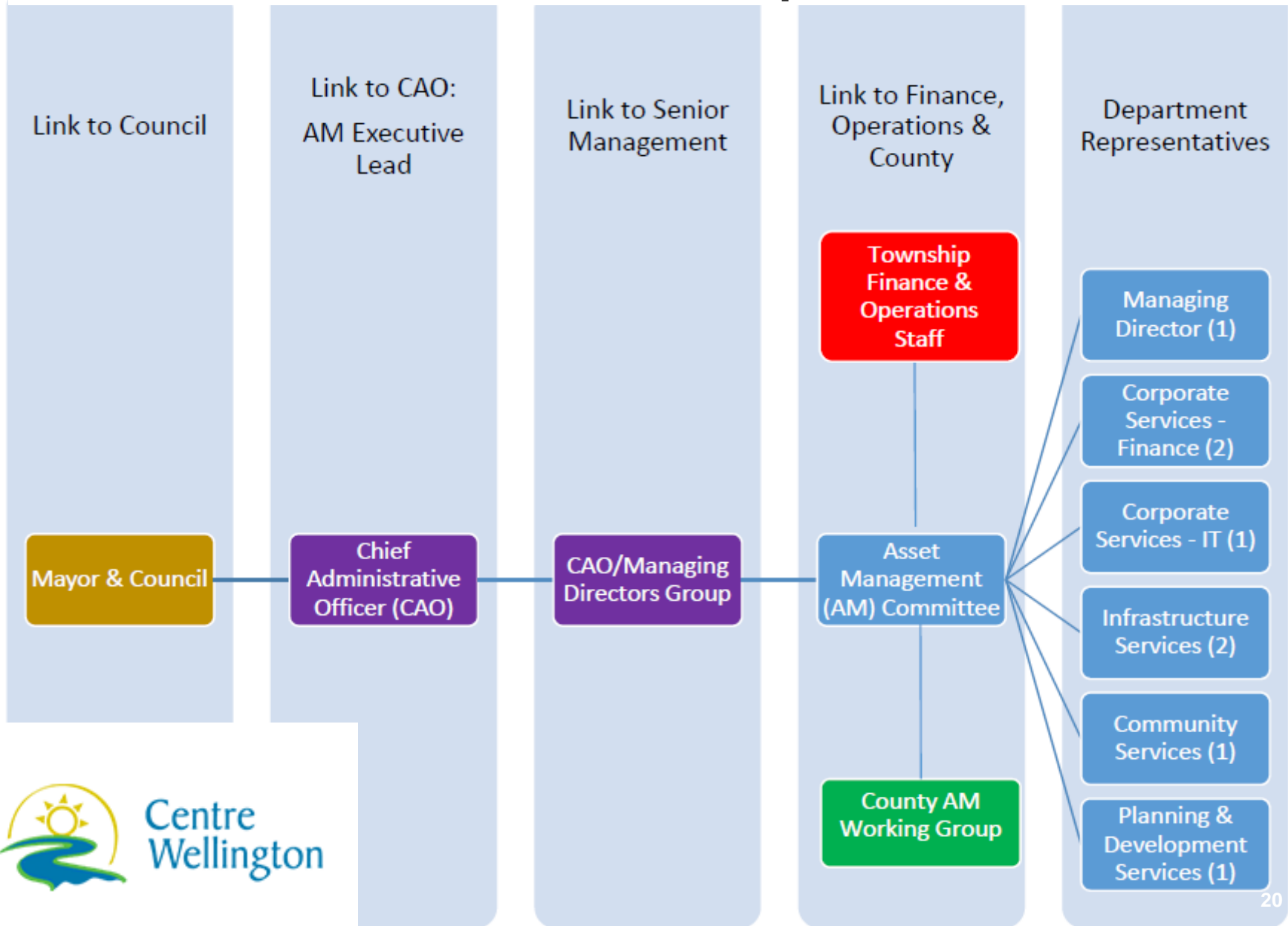
Example

- Some people think that their municipality's organizational structure 'is what it is' (very hard to change) →
- This can lead to sub-optimal decisions that 'force fit' AM decisions to the organization's existing structure vs. a focus on delivering superior services for residents.
- Leadership Challenge: Recognize that the organization's governance should evolve with the municipality's AM maturity.

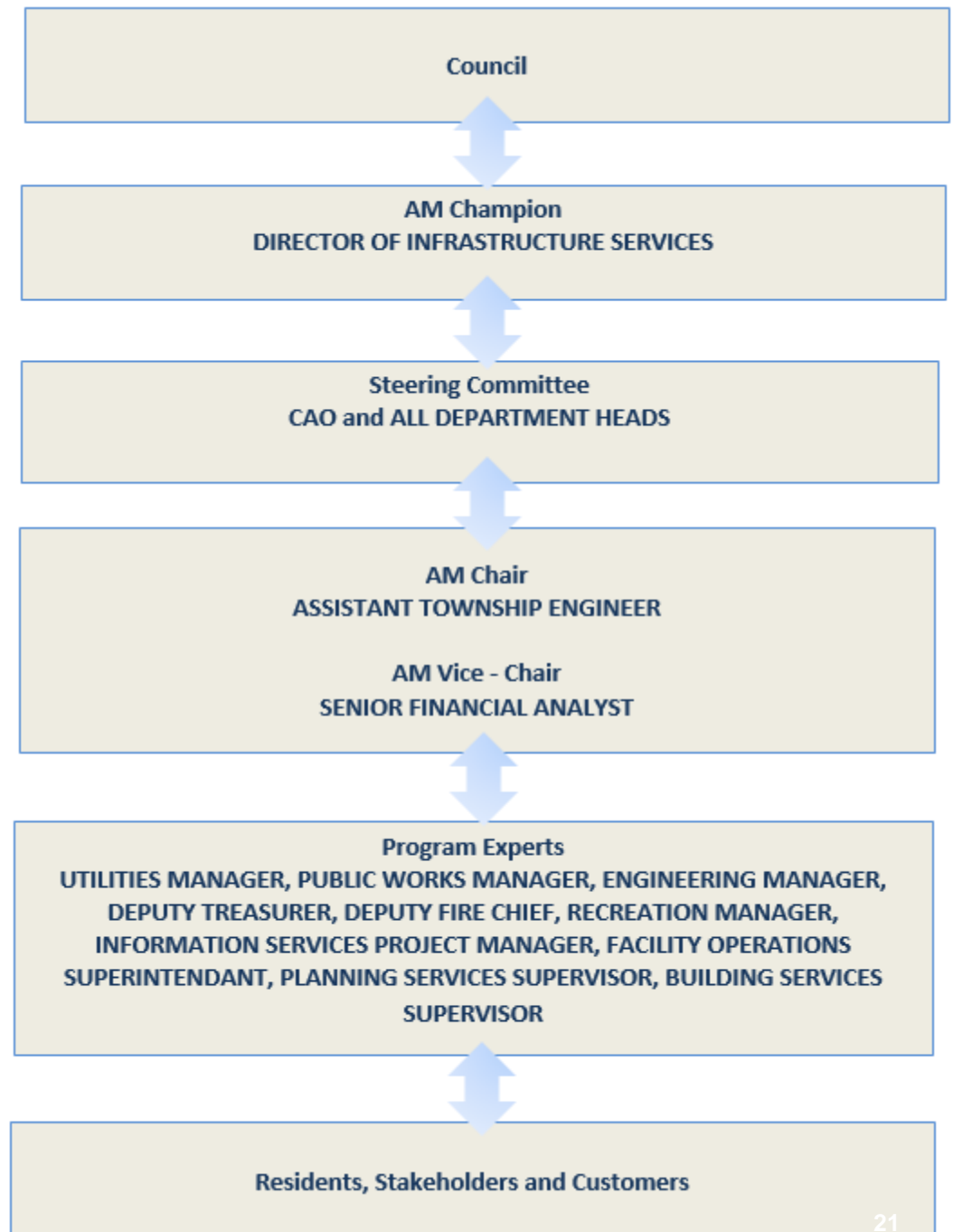
4. What are some notable municipal asset management leadership / governance examples across Ontario?

Centre Wellington's AM Governance Structure

South-Western Ontario, Population: 28,191

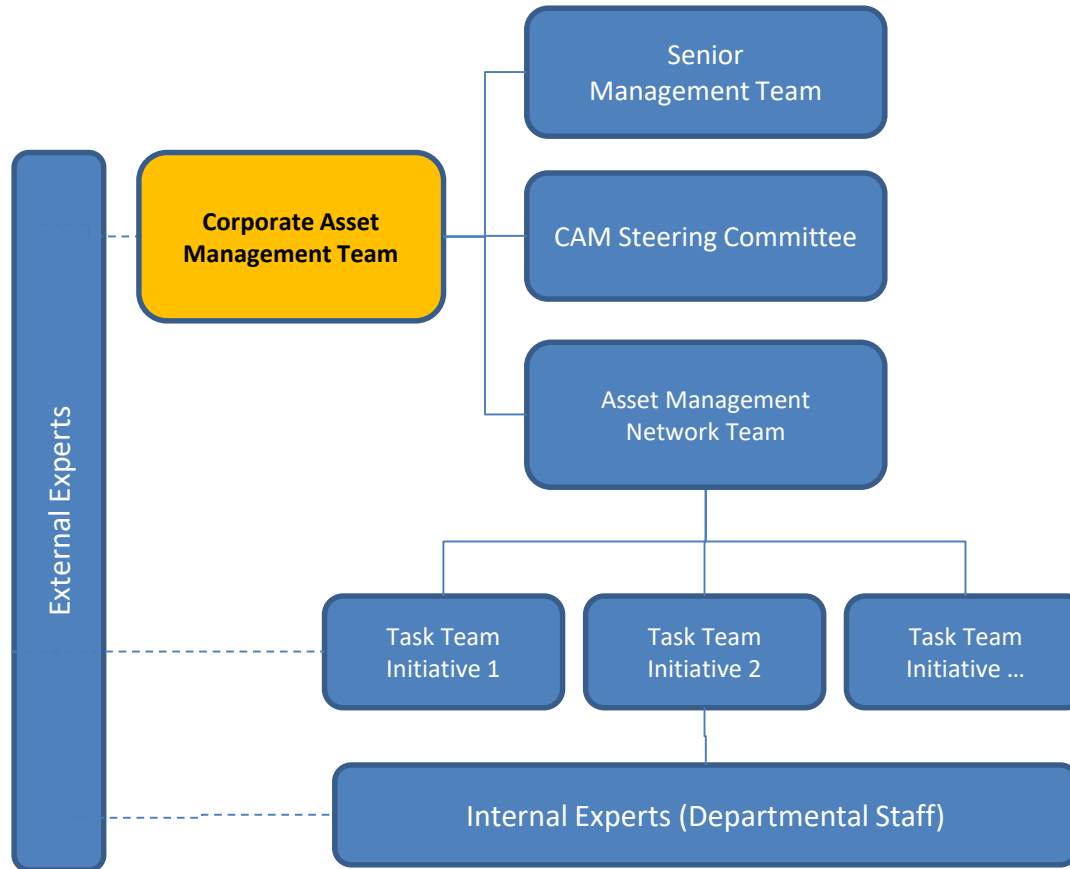


Loyalist Township's AM Governance Structure Eastern Ontario Population: 16,971



Town of Halton Hills AM Governance Structure

Central Ontario, Population: 62,000



Integrating Climate Change & Asset Management

- Town of Halton Hills recognizes that asset management and climate change adaptation are corporate priorities with parallel process.
- Became first Ontario municipality to integrate role of climate change and asset management within a senior manager position that reports directly to CAO.
- Governance change helps to ensure that climate change impacts and adaptation measures are truly intertwined, leading to better long-term management of infrastructure and stewardship over the environment.



Questions?

Asset Management Webinar Series Fundamentals

The Association of Municipalities of Ontario (AMO) entered into an Agreement with FCM to work directly with municipalities to make progress in asset management. AMO engaged Asset Management Ontario (AMONTario) in this initiative.

The 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.

Contact GasTax@amo.on.ca for more information