

The Need to Accelerate Asset Management Implementation

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Asset Management BC was established over 10 years ago as a professional interdisciplinary working group to further asset management in local government. AM BC created policies, road maps and frameworks that have been used across Canada to assist local governments improve

their asset management practice. Provincial governments have used several approaches to 'entice' more local governments to further this work. Ontario has regulated some aspects of asset management for its local governments, but the uptake does not appear to be any faster or better than BC's softer approach of requiring asset management practice as a condition of infrastructure grants. The federal government has also recently required evidence of asset management planning as a condition of its grants.

Different approaches, however, have not hastened the cultural change in local government needed to keep up with increasing risk from mounting replacement or maintenance gaps, demands for increased levels of service or climate change (i.e. increased flooding, forest fires and sea level rise). Underwriters for insurance companies have been seeing these changes for decades. Many residents of Vancouver Island spent 2-10 days this past December without power after the worst wind storm in the history of BC Hydro. This was shortly after we had been told to reduce natural gas usage due to an explosion of an Enbridge main supply line. February followed with record snowfalls and persistent low temperatures, so the camelias and daffodils have been frozen for weeks! Collectively over time, these events are increasing risk and cost.

Asset management is the lifeline to maintaining many essential community services through reduced risk and cost. Potable water, stormwater management, sanitary sewers, and police and fire protection services provided by local governments are not optional, so neither should their management. Local governments governing without properly managing their assets put those essential services at risk. Improved asset management can be done

in stages, resulting in cost savings and reduced service disruptions. Starting now makes those stages more incremental.

Community members assume and expect their local government to fully manage their road, sewer, water and building assets. Asset management information enables more informed choices through comparing levels of service for existing and new services together. Better information can be provided through improved reporting. Reporting on infrastructure maintenance and replacement gaps would provide local governments and their communities with a more accurate financial picture and the actual costs of services.

The standards for financial planning and accountability are contained in Part 6, Division 1 of the Community Charter. Subsection 6(b) requires reporting on the proposed capital expenditures for the next 5 years. Amending this section to include capital expenditures required for maintenance and replacement of capital assets would reveal any gaps that need to be addressed over the next 30-50 years. Local governments with asset management plans will have calculated their useful life and replacement rates required to estimate the asset gaps. Those local governments that have yet to undertake these assessments will need the provincial government to provide standard rates for major asset classes. While this will affect accuracy, the first step of reporting will be accomplished. Failure to provide this information would result in audit failure and no Gas Tax transfer. Improved reporting would also provide a stronger business case to provincial and federal governments to increase funding for these essential services.

How can local government councils and boards make infrastructure and service decisions without this information? While it may be more politically popular to build new infrastructure, like bike lanes or arenas, local governments are limited by legislation on their borrowing, and property taxes remains the principal source of revenue. With these two bookends, community members should be given information on the choices being made on their behalf, so they are aware of the consequences or opportunity cost. Should that new pool be built, or the road maintenance gap be funded? Or perhaps infrastructure reserve funding should be increased to cover the sanitary sewer replacement gap? Most community members are unaware of these significant gaps in asset maintenance and replacement, and the responsibility to inform them rests with their local government.