Turning Asset Management into a Budget Reality

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The Vaughan Context

Vaughan is among Top 10 fastest growing in municipalities Canada.

• 2017 pop. 325,000
• 2031 pop. 427,000 (forecast)
The Vaughan Context

It would cost **$5.5 Billion** to replace our assets...

830 km of Roads          56 Bridges          2640 km of Mains
The Vaughan Context

~160k Street Trees  >200 Parks  96 Buildings

…this equates to ~$17,000 of assets per capita
How did we know there was room for improvement?

- Assets were managed reactively
- Asset data was incomplete and silo’ed
- Decision-making was silo’ed
- Low confidence in reserve gap estimates
City’s Strategic Plan recognized the need to manage assets responsibly, but challenges remained:

- No clear project champion
- Multiple initiatives were left to compete for limited funding and resources
Achieving Alignment & Council Support

- Executive Sponsor identified
- Staff education sessions held to align AM terminology & AM needs
- Council education sessions held to discuss importance of
  - Informed decision-making
  - Financial sustainability
  - Inter-generational equity

AM identified as strategic priority

AM Champion identified

2009 2010 2011 2012

Photo: whyuniverse.com
Corporate AM Strategy

2009-2011 AM identified as strategic priority

2012 AM Champion identified

2013 AM Gap Assessment
AM Strategy & Roadmap
AM Plan 1.0

Council approved resources for:
- Corp. AM Office
- Asset Data Collection
- Work Order System
- AM Planning System
Establishing the Corp AM Office

Corp AM staff were recruited in 2014-15:
- 1 Manager
- 4 staff with asset-specific planning skill sets & business analysis skills

- AM identified as strategic priority
- AM Champion identified
- AM Gap Assessment
- AM Strategy & Roadmap
- AM Plan 1.0
- Council Approval of Corp AM Office & Capital Budget
## Collecting & Sustaining Asset Data

<table>
<thead>
<tr>
<th>Category</th>
<th>2015</th>
<th>Estimated Replacement Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water-WW</td>
<td></td>
<td>$2,200 M</td>
</tr>
<tr>
<td>Stormwater</td>
<td></td>
<td>$1,500 M</td>
</tr>
<tr>
<td>Buildings</td>
<td></td>
<td>$670 M</td>
</tr>
<tr>
<td>Roads &amp; Traffic</td>
<td></td>
<td>$580 M</td>
</tr>
<tr>
<td>Forestry &amp; Horticulture</td>
<td></td>
<td>$200 M</td>
</tr>
<tr>
<td>Parks</td>
<td></td>
<td>$190 M</td>
</tr>
<tr>
<td>Fire</td>
<td></td>
<td>$47 M</td>
</tr>
<tr>
<td>Fleet</td>
<td></td>
<td>$25 M</td>
</tr>
<tr>
<td>Technology</td>
<td></td>
<td>$20 M</td>
</tr>
</tbody>
</table>
Collecting & Sustaining Asset Data

- Water-WW: 2016 - 2017
  - Estimated Value: $2,200 M
- Stormwater: 2016 - 2017
  - Estimated Value: $1,500 M
- Buildings: 2016 - 2017
  - Estimated Value: $670 M
- Roads & Traffic: 2016 - 2017
  - Estimated Value: $580 M
- Forestry & Horticulture: 2016 - 2017
  - Estimated Value: $200 M
- Parks: 2016 - 2017
  - Estimated Value: $190 M
- Fire: 2016 - 2017
  - Estimated Value: $47 M
- Fleet: 2016 - 2017
  - Estimated Value: $25 M
- Technology: 2016 - 2017
  - Estimated Value: $20 M
Enhanced Alignment: Term of Council Strategy Map

AM identified as strategic priority

AM Champion identified

Council Approval of Corp AM Office & Capital Budget

AM Gap Assessment
AM Strategy & Roadmap
AM Plan 1.0

Term of Council Strategy Map 2009-2017
Asset Management: A Council Priority & Pillar of Financial Sustainability
Council-endorsed Fiscal Framework includes Asset Management

- A clear commitment to long-term planning for infrastructure needs
- Foundation for fiscal policies to support asset management

Financial Sustainability

Guiding Principles

1. Consideration Towards Existing Service Levels
2. Growth Pays for Growth
3. New Initiatives to Enhance the City

Principles in Action

Approach to:
- Infrastructure
- Services
- Managing Money
Incorporating the AM Plan into the Budget Process

- AM identified as strategic priority
- AM Champion identified
- Council Approval of Corp AM Office & Capital Budget
- Term of Council Strategy Map & Re-organization
- Fiscal Framework established
- AM Plan 1.0
- AM Plan 2.0
- AM Plan 3.0
**AM Plan 2.0 – Buildings**

**Challenge:** Condition Assessment data will not be available until Q3, too late to incorporate into AM Plan & budgeting.

**Progress in face of Challenge:** Recommend annual funding needs

<table>
<thead>
<tr>
<th>Cost Type</th>
<th>Annual Cost to Sustain Current Portfolio of 19 Heritage Buildings</th>
<th>For Additional Heritage Buildings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations &amp; Maintenance</td>
<td>$450,000</td>
<td>$8.61 / sq.ft.</td>
</tr>
<tr>
<td>Renewal (Annual Average over life of Components)</td>
<td>$418,000</td>
<td>$7.00 / sq.ft.</td>
</tr>
<tr>
<td>Monitoring &amp; Assessments (Condition, Safety, Energy, etc.)</td>
<td>$3,200</td>
<td>$0.05 / sq.ft.</td>
</tr>
</tbody>
</table>

*For illustration only*
Project Needs from Condition Assessments, Master Plans, Redevelopment Plans, DWQMS audit, Climate Change Risk Assessment, ...

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**Financial Sustainability**

**Guiding Principles**

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**Principles in Action**

Approach to:
- Infrastructure
- Services
- Managing Money

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Budget Book 2018
Next Steps – Improvements for AM Plan 3.0+

• Add assets to AM Plan scope:
  – Forestry & horticulture
  – Cemeteries
  – Activity & Administration Buildings
  – Fleet
• Continue to collect condition data
• Formalize service level targets
• Formalize decision-making & prioritization logic (risk-based)
• Use work order data to estimate & optimize life cycle costs
• Use AM Planning System to forecast deterioration and model life cycle strategies
Take-aways

• AM is a journey, not a destination.

• AM needs an Executive Sponsor, preferably from a business area.

• AM is important to citizen satisfaction.