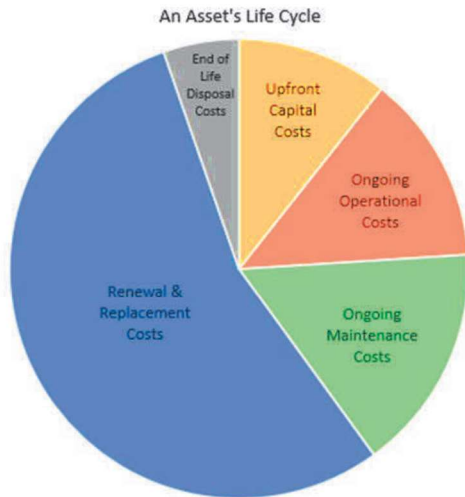


- How much money will it cost over the whole life of those assets for annual operations and maintenance, eventual replacement, and disposal?

It is the ongoing, whole life cost, of an asset that is the eye opener. Often, we pay most attention to the upfront costs and forget that those costs are only a fraction of the money that needs to be spent on an asset over its lifetime.



Asking staff to provide you with a full life cycle cost analysis is the key to ensuring decisions about new assets are made with all the facts in mind. Existing and future generation taxpayers are depending on you, as today's Council, to make the right decisions for the community and to spend our limited financial resources wisely. This includes knowing what existing assets need to be replaced and when or when not to move forward on a big shiny project.

What to say to a new Council? Perspective from planning and sustainability

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What is AM? Another one of those projects we don't have time to start! Nope, **your local government is already doing it.** The question, however, is how well and the process improvement is being implemented.

The analogy of a house is often used to explain asset management – you buy a new house, usually nowadays with a big mortgage. You work hard at paying off that mortgage early because it saves a lot

of interest, and who wants to pay more to the bank?! **But you also must maintain that house.** It's easy in the first decade as everything is new. Wise asset managers, though, put away just a little bit every year from the construction of a new asset, so the maintenance and repair bills aren't a shock to budgets. Very wise asset managers put away just a little bit a year for replacement. Replacement funds, you say; it's decades away!! The average cost in Canada for a new roof is \$15,000, new furnace or heat pump is \$5-8,000, new windows are about \$11,000 and new vinyl siding is \$15,000. Just those items total almost \$50,000. How are you going to pay for that? An asset management plan, of course.

Only 20% of a new asset, like a house, is the upfront capital cost. The remaining 80% is operations and maintenance, which would include electrical, water & sewer utilities, cleaning the gutters and basic repairs. Regular maintenance has proven to extend the life of assets, which saves money over the longer term. So do green, sustainable assets, such as ENERGUIDE rated appliances, green rating standards like Built Green, heat pumps, water efficient taps and shower heads, and even a vegetable or permaculture garden. So, a bit more capital cost up front will save over 4x its value on average in operations and maintenance costs (using the 20/80 rule noted above).

Asset management can be done on simple spreadsheets and then integrated as an essential part of your capital plans. **How do you do a budget if you don't know what assets you have, their condition and when they need to be replaced?** Climate change is increasing risk by damaging assets, like bridges, roads, and stormwater sewers, 20-30% more than historically. And these assets are critical to the basic functioning of our communities.

And while the focus of your asset management plan should be integration with your long-term capital budget, don't overlook the "master asset management plan", otherwise known as your Official Community Plan (OCP). OCPs set the locations and standards of future growth in your community, and as a result, set the core infrastructure needs and their associated costs. Higher densities mean more taxpayers to fund the costs of roads, water, sewer, police, fire fighters, recreation centres, playing fields – just to name a few of the 100+ services your local government provides for its community.

So, look after your house! Lead a key legacy of your council or board by being a good steward of your community assets. You'll provide a consistent, reliable level of service that saves \$millions over time and builds community resilience in an increasingly risky climate.