



## **Emerging Issues Task Force Hot Topic**

**Hot Topic Number:** 16-04

**Date Posted:** September 9, 2016

**Hot Topic Heading:** Asset Management

### **Description**

Alberta municipalities rely on tangible capital assets (TCAs) including roads, parks, recreation centres, fire halls, libraries, graders, transit buses, and water and wastewater infrastructure to deliver services to residents. Alberta municipalities have made substantial financial investments in acquiring TCAs and require significant annual resources to maintain, rehabilitate and replace TCAs. To optimize the life cycle management of TCAs, asset management processes provide the foundation for and assist in “making informed decisions to achieve the goal of delivering sustainable services, managing risks and getting value for money”<sup>1</sup>.

### **Commentary**

Asset management is the process of making decisions about the use and care of infrastructure to deliver services in a way that considers current and future needs, manages risks and opportunities, and makes the best use of resources.<sup>2</sup>

The Benefits of Asset Management<sup>3</sup> can be summarized as follows:

- Helps you confidently evaluate and communicate trade-offs between service, cost, and managing risk.
- Provides you with a defensible way of prioritizing projects and resources.
- Aligns the organization to focus on the things that matter most.
- Helps you decide what infrastructure needs to be replaced or renewed, and how many years you can get out of it.
- Helps you figure out how much you should be saving for future infrastructure renewal.
- Helps you demonstrate accountability to residents and businesses in the community.

Building resilient communities, with sustainable services, is the ultimate goal of asset management, and should be at the centre of any asset management action, decision, or program.<sup>4</sup>

Alberta Municipal Affairs has a publication entitled *Building Community Resilience Through Asset Management* that provides a handbook and toolkit

Alberta municipalities can use to develop asset management plans. This publication can be found at:

[http://www.municipalaffairs.alberta.ca/documents/ms/2015-11-17\\_Handbook - FINAL.PDF](http://www.municipalaffairs.alberta.ca/documents/ms/2015-11-17_Handbook_-_FINAL.PDF)

The Handbook and Toolkit provides an introduction to asset management and sections addressing the components of asset management and implementing asset management. While the Handbook and Toolkit is intended for small and mid-size communities, it has application for all Alberta municipalities.

Alberta GFOA's Emerging Issues Task Force encourages Alberta municipalities to become familiar with the principles, practices and process of asset management. The practice of asset management is becoming increasingly important. A sound asset management plan will assist Alberta municipalities meet the requirements of the 3-year Operating Plan and the 5-year Capital Plan included in the *Municipal Government Act, 2015*. In addition, capital grant programs may in the future be contingent on having asset management policies, practices or plans.

If you would like more information regarding asset management please contact the Municipal Services Branch of Municipal Affairs, toll-free by Dialing 310-0000, then 780-427-2225, to speak to a financial advisor.

**Notes:**

- 1** Alberta Municipal Affairs: Building Community Resilience Through Asset Management - A Handbook & Toolkit For Alberta Municipalities, preamble
- 2** Alberta Municipal Affairs: Building Community Resilience Through Asset Management - A Handbook & Toolkit For Alberta Municipalities, page 2
- 3** Alberta Municipal Affairs: Building Community Resilience Through Asset Management - A Handbook & Toolkit For Alberta Municipalities, page 3
- 4** Alberta Municipal Affairs: Building Community Resilience Through Asset Management - A Handbook & Toolkit For Alberta Municipalities, page 4

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