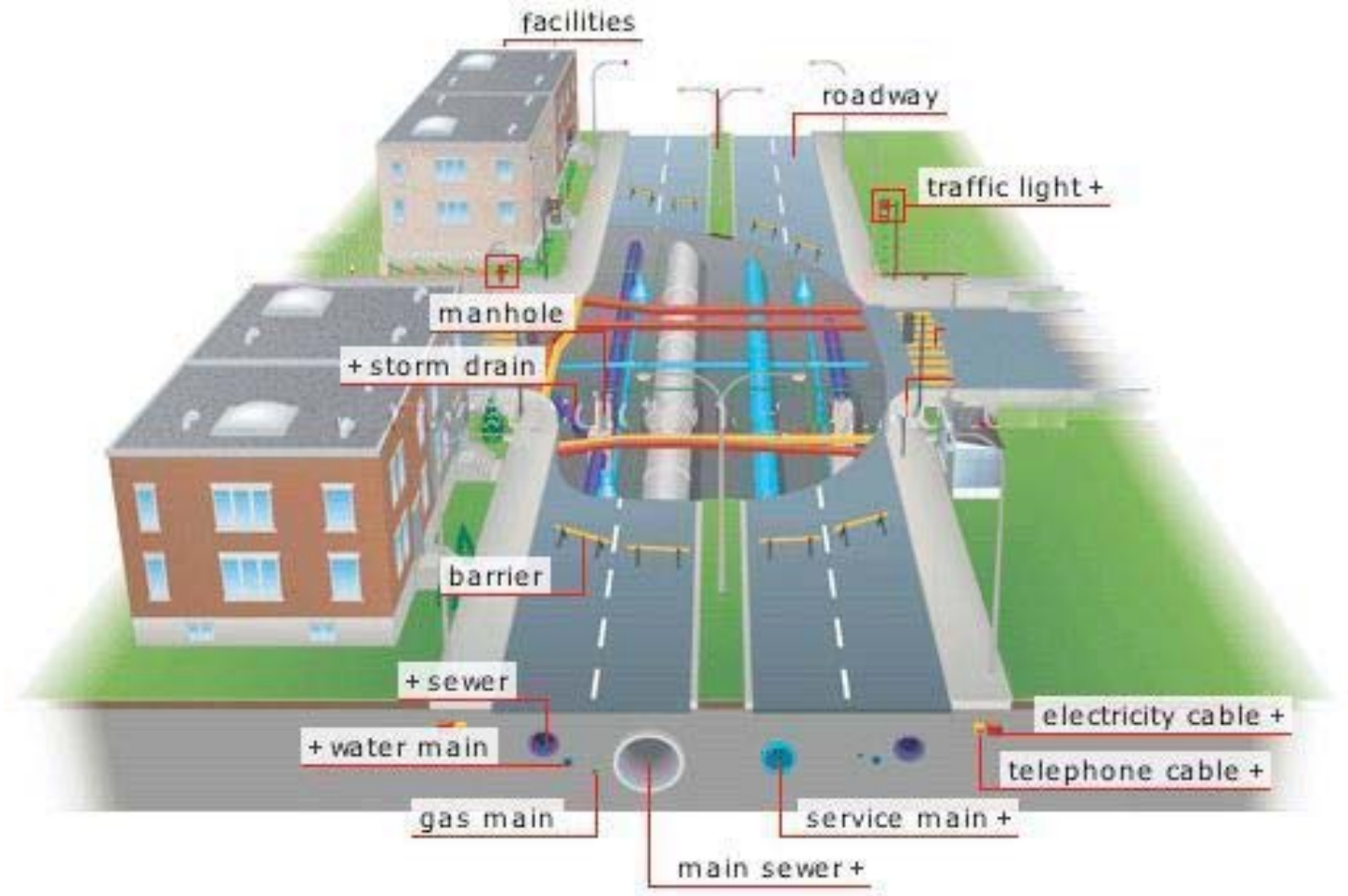


MUNICIPAL INFRASTRUCTURE MANAGEMENT



Powerful Inventory Data
Sustainability
Risk Amelioration
Financial Forecasts
Smart Reports
Time & Cost benefits

About Altus Capital Planning:

Through a combination of

- professional expertise in capital planning process,
 - vertical and linear assets,
 - costing,
 - geographical information systems (GIS),
 - software design, and,
 - advanced statistics & reliability engineering,
- our Total Capital Planning Solutions team provides technology solutions that support the needs of municipalities

Workshop Discussion Points

Municipalities today must not only manage, but also improve their Capital Assets despite aging infrastructure and more frequent, difficult-to-assess expenditure requirements. Growing capital requirements compete with one another as renewal requirements, strategic initiatives, legal compliance issues, and functional/program objectives begin to conflict throughout the organization. Municipalities must identify, cost, organize, approve and execute comprehensive capital plans for their entire organization's needs.

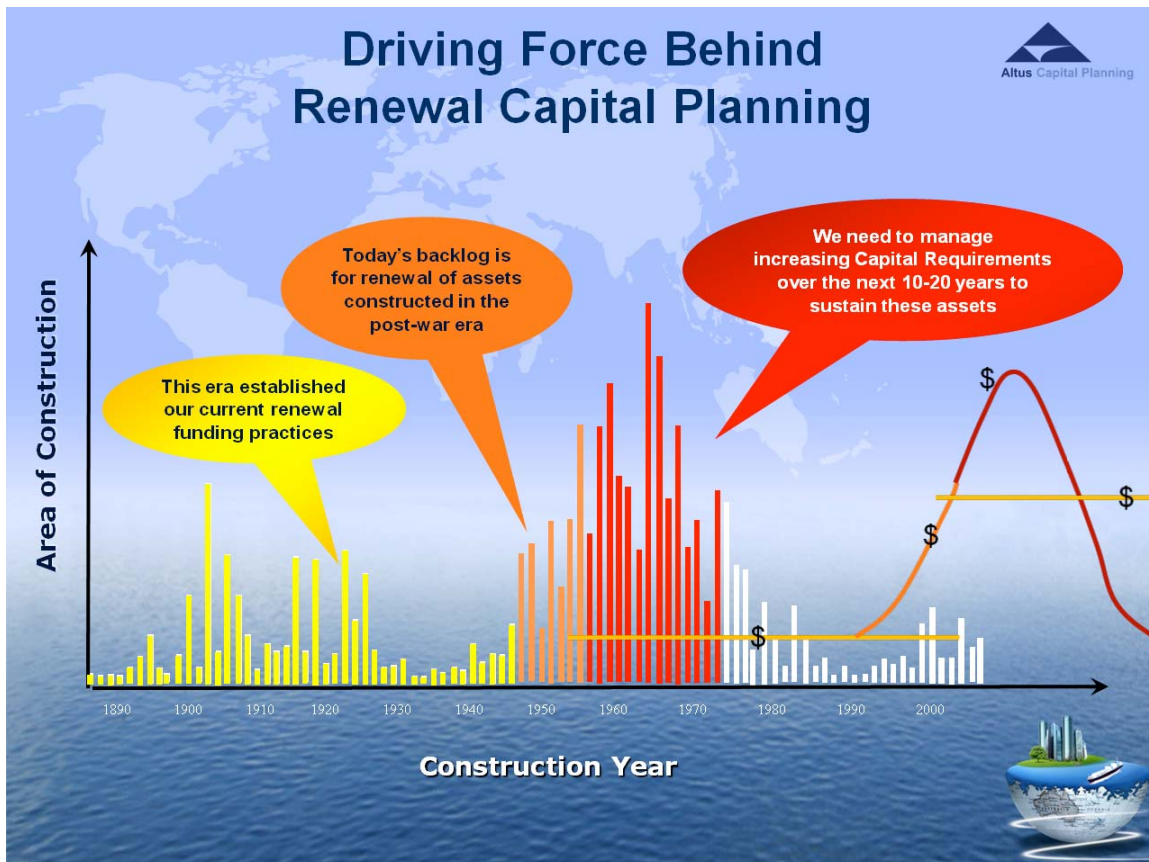
1. **How We Got Here?** Discussing the failures of visionary leadership and strategic planning that resulted in infrastructure backlogs that are reportedly \$123 Billion dollars.
2. **Capital Planning Process** provides the backbone on which the visionary municipal leader can rely. But what is the difference between what we are doing and Total Capital Planning? What are the components of the process? Who is involved? Are there measures of how it is working?
3. **The Seven Questions** and their answers support a complete capital plan.
4. **Documenting Asset Performance** justifies spending but does it provide the Financial Capital Liability Plan with enough information?
5. **Financial Accountability** and **PSAB 3150** have increased the onus on municipalities to bring together the activities in operations with the ongoing value and depreciation of the city's assets. Just how complex does the answer have to be? What is the role of asset data in the audit process?
6. **Integrated Asset Visibility** is now more important than ever. Vertical and linear assets need to be assessed with advanced analytics attached to common inventory database platforms. Can these assets ever be truly viewed in one asset ledger? What are the constraints? Can we overcome them to improve the Capital Fund Allocation to the highest priority assets?
7. **Priority?** Is there a single priority? How do we manage conflicting priority and risk at the same time? Regulatory requirements are 'must-do' items. Strategic (new stuff) spending has easily built business cases. Functional changes are desirable to meet growth and technological change, with ROI and Level of Service measures supporting them. Renewal (backlog) has nothing – except failure and excessive maintenance impacts – to support it. Again, is there a single priority?
8. **Bridging physical and financial data** is the objective of the Capital Planning Process. How is this possible? How does spending money at a point in time solve the dilemma? What reporting helps bridge this gap?
9. **Wrap up:** Q & A and shared experiences.

1. How We Got Here?

Discussing the failures of visionary leadership and strategic planning that resulted in infrastructure backlogs that are reportedly \$123 Billion dollars.

Key points:

1. Short term horizons
2. Physical need versus financial planning
3. Rise in Renewal need due to demographics
4. Urgency of growth spending, regulatory compliance and functional change
 - 4.1. Demonstrate increase in regulation
 - 4.2. Demonstrate increase in technology (functional)



Capital Planning Process

Provides the backbone on which the visionary municipal leader can rely.

1. Change and the visionary leader
 - 1.1. Did You Know video
2. Knowledge management and transfer
3. Long range planning with short range staffing
4. Importance of process and data for long range planning

But what is the difference between what we are doing and Total Capital Planning?

1. Management of the Assets versus management of the money

What are the components of the process?



Who is involved?

1. Basic Data Management
 - 1.1. Individual asset manager
 - 1.2. Maintenance staff (operations)
 - 1.3. Data entry and clerical staff
2. Capital Planning Staff
3. Financial Planning Staff
4. Operations Staff
 - 4.1. Execution
 - 4.2. Planning

Are there measures of how it is working?

1. Contingency funding
2. Capital planning logistics
3. Backlog
4. Risk mitigation

The Seven Questions

Their answers support a complete capital plan.



Documenting Asset Performance

Asset performance justifies spending but does it provide the Financial Capital Liability Plan with enough information?

1. What are performance measures?
 - 1.1. Deterioration
 - 1.2. Compliance
 - 1.3. Functionality
 - 1.4. Financial Return
2. Short term versus long term performance
3. The value of assessment
 - 3.1. When to assess
 - 3.2. What to assess
 - 3.3. What data is meaningful to capital planning versus asset availability (maintenance)
4. Developing the future scenarios based on money, condition, and service level

Measure asset performance



Identify the various targets for infrastructure Investment:

Roads
Utilities
Facilities
Properties
Waste & Recycling
Fleets
IT Assets



Any Tangible Capital Assets

Renewal (Life Cycle Failure, Timing for Replacement)
Program (Function, Quality, Performance)
Compliance (ADA, Environmental)
Business Strategy (Business Objectives)

Financial Accountability and PSAB 3150

There is an increased the onus on municipalities to bring together the activities in operations with the ongoing value and depreciation of the city's assets.

Just how complex does the answer have to be?

What is the role of asset data in the audit process?

How do the capital projects get connected to the Fixed Asset Ledger directly, simply, and without extensive manual data manipulation?

Key Elements of Accrual Accounting



- ❖ Inventory
 - Classification and division of assets
- ❖ Valuation
- ❖ Amortization
- ❖ Reporting

Integrated Asset Visibility

Seeing the entire asset picture is now more important than ever.

Vertical and linear assets need to be assessed with advanced analytics attached to common inventory database platforms.

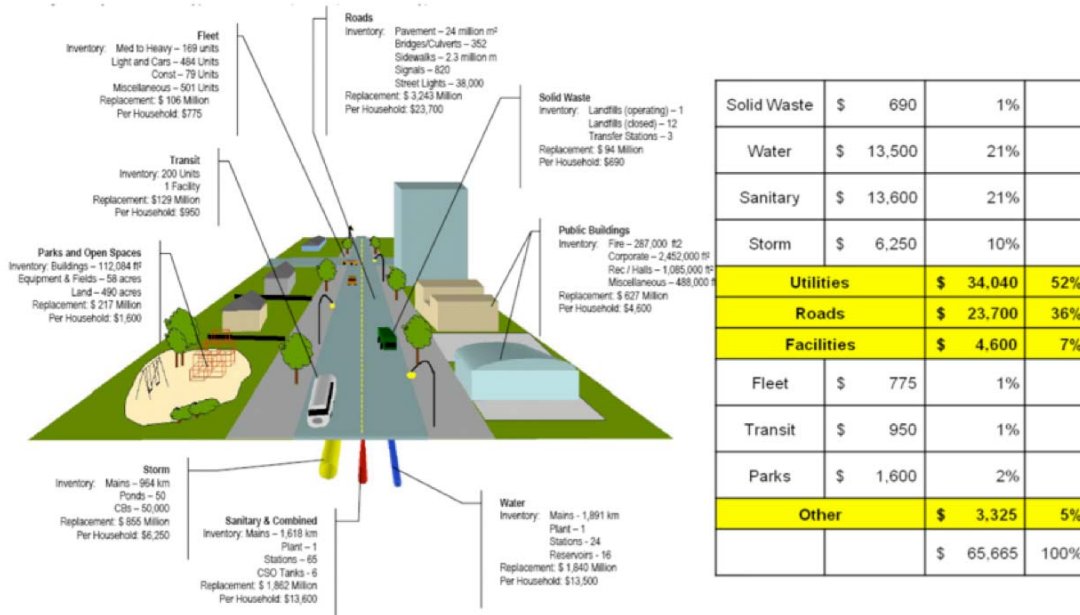
Can competition for capital dollars ever be on a level playing field?

Can these assets ever be truly viewed in one asset ledger?

What are the constraints?

Can we overcome them to improve the Capital Fund Allocation to the highest priority assets?

Assets Compete for Capital



Ref.: Gerry Davis and Leo Gohier (GFOA, Montréal 2006)

Priority?

Is there a single priority?

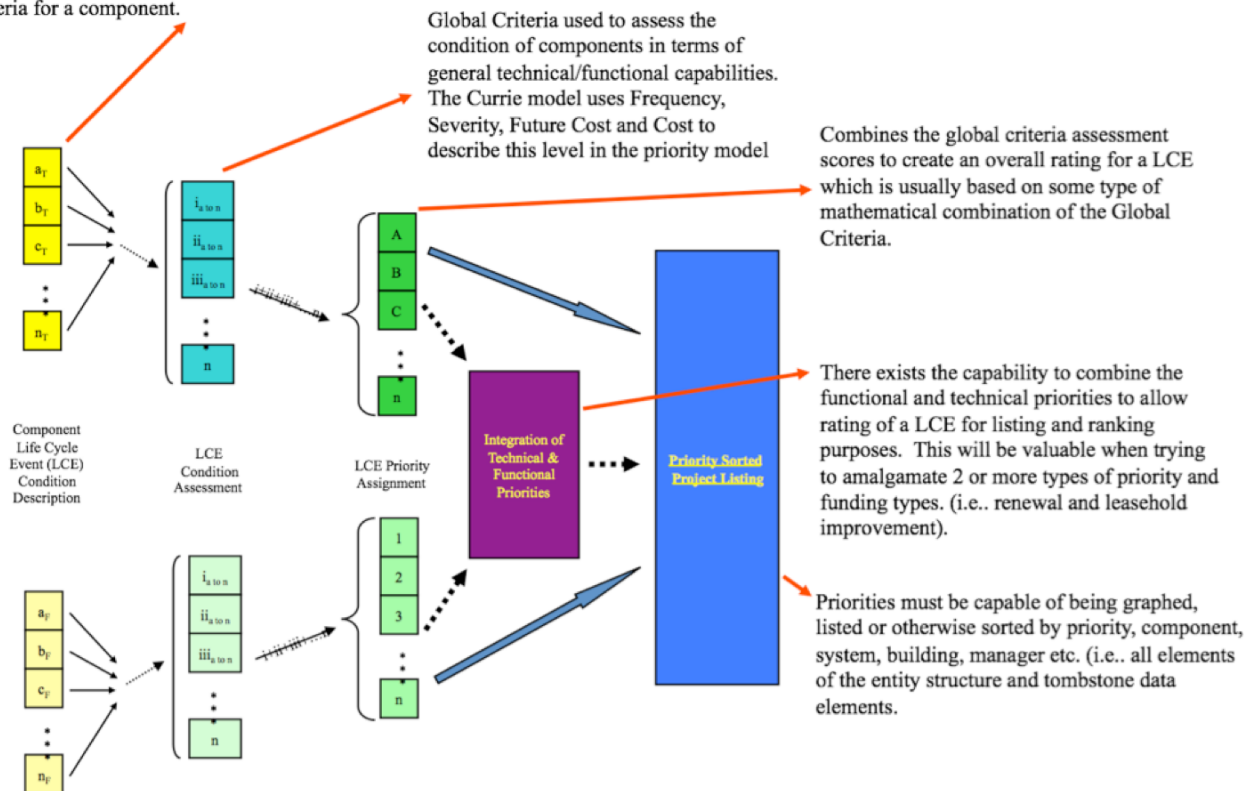
How do we manage conflicting priority and risk at the same time?

- Regulatory requirements are 'must-do' items.
- Strategic (new stuff) spending has easily built business cases.
- Functional changes are desirable to meet growth and technological change, with ROI and Level of Service measures supporting them.
- Renewal (backlog) has nothing – except failure and excessive maintenance impacts – to support it.

Again, is there a single priority?

Specific criteria used to rate the score for a global criteria. The Currie model uses various descriptors which define the technical or functional performance criteria for a component.

Description of Priority Model



Bridging Physical and Financial Data

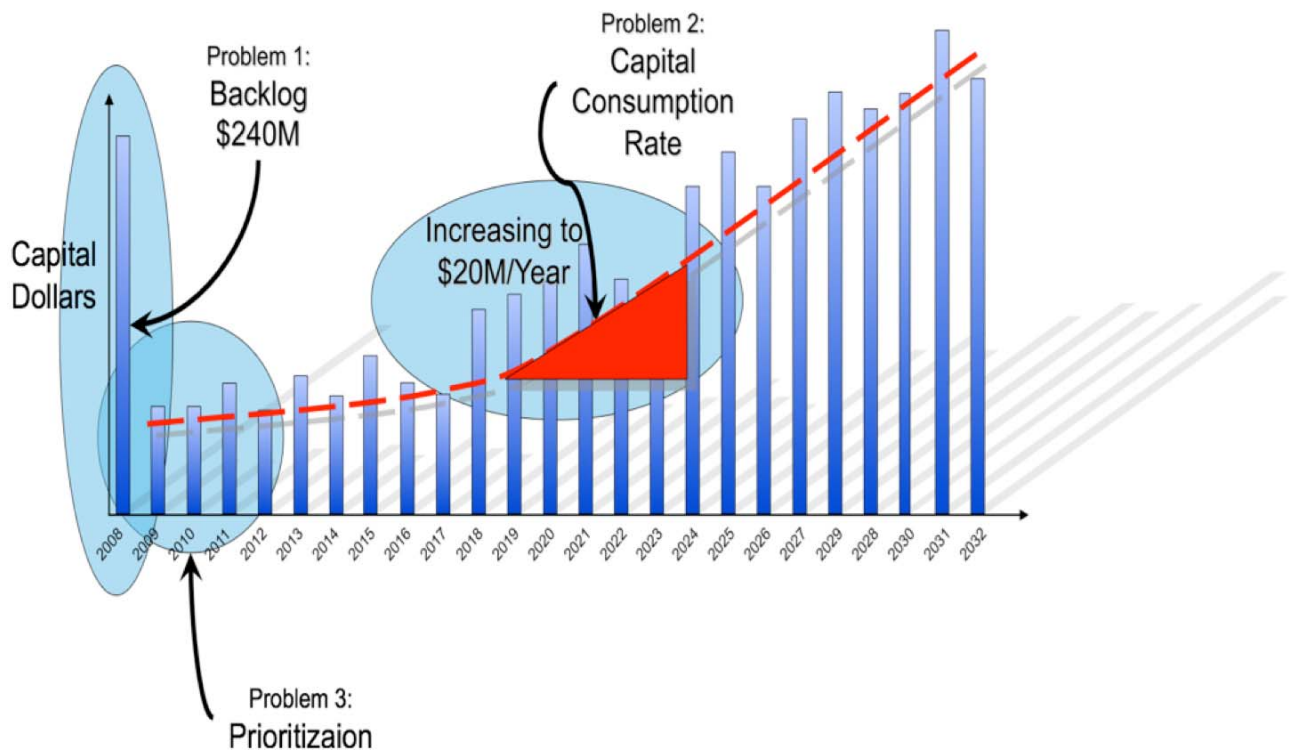
This is the objective of the Capital Planning Process.

How is this possible?

How does spending money at a point in time solve the dilemma?

What reporting helps bridge this gap?

Backlog, Capital Consumption, & Priority



Wrap up:

Q & A and shared experiences.

Visionary Leadership:

Management is doing things right;
Leadership is doing the right things.

Peter F. Drucker

