



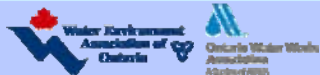
# The City of Calgary Utilizing Master Planning

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## Agenda

- **Calgary's System of Plans**
- **Successes and Challenges to 2007**
- **Problem Identification – Current State Analysis**
- **Recommendations – Asset Management Planning**
  - Asset Management Assessments and Results
  - AM Program Current / Future State
- **The Asset Management Plan – “Tying it all Together”**
  - Level of Service / Asset Risk / Financial Strategies
- **AM Program Performance Measurement**
- **Lessons Learned**
- **What should I do?**



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# Calgary Fast Facts

- **Population** 1,020,000 (net migration = 100 per day)
- **Size** 850 Square Km (3<sup>rd</sup> largest in Canada)
- **Structure**
  - Council: Mayor and 14 Aldermen
  - City Manager, 7 departments & Police
- **2006-08 Budgets** \$6.0 Billion Ops & \$3.7 Billion Capital
- **Employees (2005)** 13,000+
- **Hot economy, low unemployment, rapid growth**
- **Total development permits > \$5.6 Billion**
- **At current growth rate: Rebuild Calgary in 10 years**
- **Business Driver for AM: \$8.2B Gap, Growth over Mtce**

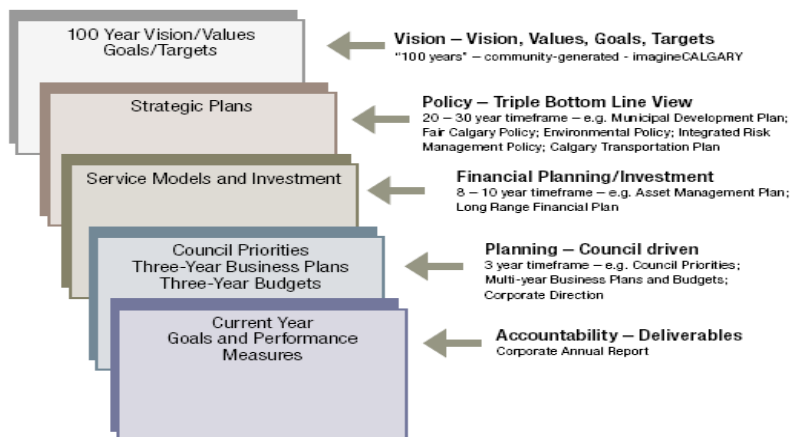


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# Calgary's System of Plans

## This City's System of Plans



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## Successes to 2007

- Calgary's Asset Management Strategy in place – our “commitment to AM”
- Corporate AM: ~ “strategic” AM:
  - Risk based budgeting,
  - Performance Reporting (ISR),
  - Advocacy with Council
- Operational BU's ~ “operational” AM:
  - Technology (CMMS like SPL, Hansen),
  - Organization structure & business process design,
  - Risk based operational decisions
  - Asset inspection programs
  - Service delivery and asset operation



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## Challenges

- Misunderstood intent of Corporate AM
  - Corporate “takeover” of asset operation, duplication of effort
- Lack of common definition & approach to AM:
  - “herding cats”
- Corporate Priorities vs. Bus Unit Objectives
  - “AM takes time from my real job”
- Improved communication between Ops and CAM
- Strategic AM is not “value added” to ops staff
- Operations are at various states of AM program development.



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# Problem Identification

- Q4 2007 – Q1 2008:
  - Corporate Current State Analysis for Asset Management
- No corporate strategy
- Multiple corporate priorities & no commonality or alignment:
  - AM initiatives, PSAB, Multiyear Bus Plans and Budget
- Business planning relies on Business Units for strategic thinking and planning
  - this is NOT a Business Unit core competency.



## Recommendations - Asset Management Planning



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## Recommendations - Asset Management Planning

- **Current status assessment** – people, processes, strategy, assets (technology & operational)
- **Gap analysis** – what is the gap between current state and the desired state. Prioritising improvement needs on a benefit/cost assessment.
- **Sustainment & Improvement Plans** –AM “roadmap”, AM priorities, resource requirement, budget & effort
- **Competency Training** – AM Planning including Level of service workshops & risk management
- **Asset Management Master Planning** – Business and Corporate AM Plans, Strategy rework and Policy



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# Asset Management Assessment

City of Calgary CAMP Asset Management Assessment

Asset Management Focus Area	Score Descriptions	Current Score	Short Term 2008	Medium Term 2009-11	Long term 2012-17
40 People Skills & Competencies Master Planning	<p>The BU has not conducted the need for a people skills and competencies master plan. A plan is being developed for the BU.</p> <p>The BU is in the process of reviewing the current plan and long term requirements for the BU. A plan is being developed for the BU.</p> <p>The BU is in the process of reviewing the current plan and long term requirements for the BU. A plan is being developed for the BU.</p>	2	2	3	4
41 Technology Assets Planning	<p>No Assessment of Master Plan for Assets that is in place for all business units. A plan is being developed for the BU.</p> <p>A Master Plan for Assets that is in place for all business units. A plan is being developed for the BU.</p> <p>A Master Plan for Assets that is in place for all business units. A plan is being developed for the BU.</p>	2	3	4	4
42 Business Process Mapping	<p>The BU has not mapped the business process for any business units. A plan is being developed for the BU.</p> <p>Business process mapping for all business units. A plan is being developed for the BU.</p> <p>Business process mapping for all business units. A plan is being developed for the BU.</p>	3	3	4	4
43 Future trends (Impact of growth)	<p>The BU has not assessed the impact of growth on the BU. A plan is being developed for the BU.</p> <p>Assessment of the impact of growth on the BU. A plan is being developed for the BU.</p> <p>Assessment of the impact of growth on the BU. A plan is being developed for the BU.</p>	3	3	3	4

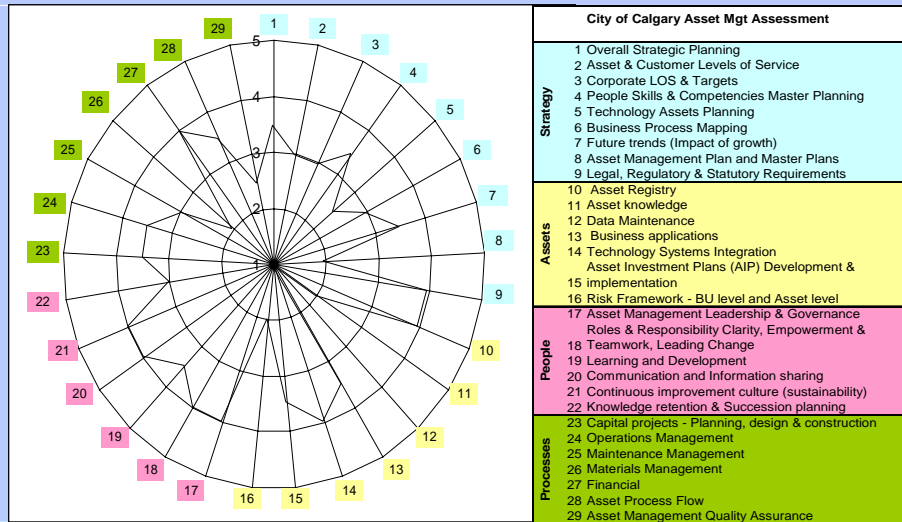
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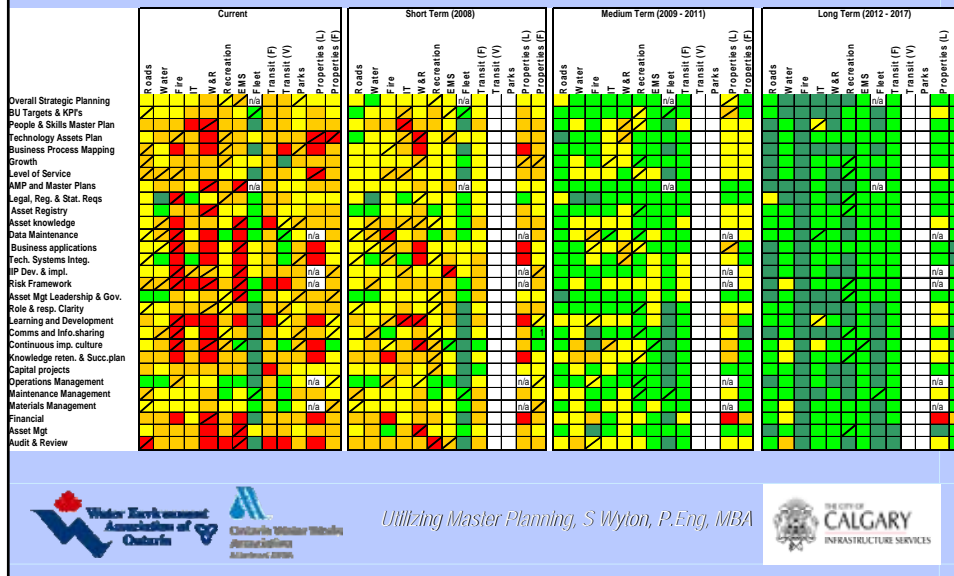
# Corporate / Business Unit Results



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# AM Current / Future State Analysis



## The Asset Management Plan (AMP) “The Heart of Asset Management” Tying it All Together

1. EXECUTIVE SUMMARY
2. BACKGROUND
3. MANAGING THE ASSETS LIFECYCLE
4. AMP DRIVERS AND ASSUMPTIONS
5. LEVELS OF SERVICE (LOS)
6. FUTURE DEMAND
7. FINANCIAL FORECASTS
8. ASSET MANAGEMENT PRACTICES
9. PLAN IMPROVEMENT AND MONITORING
10. APPENDICES
  1. Appendix 1 - Asset Data Confidence
  2. Appendix 2 - Asset Condition Rating Scale
  3. Appendix 3 - Detailed capital expenditure forecasts
  4. Appendix 4 - Detailed operational expenditure forecasts
  5. Appendix 5 - Summary of major asset categories



# Level of Service Definition

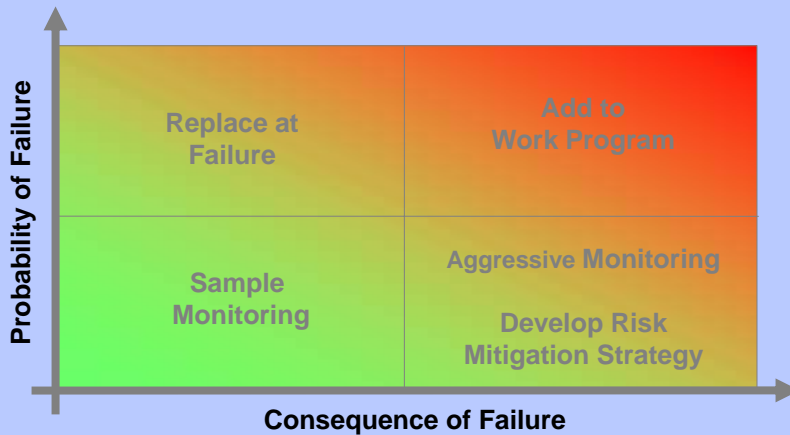
- Levels of Service are established at the business unit level
- Performance measures and targets are set at lower levels and roll-up to Levels of Service
- Levels of Service must be aligned with organization mission and vision
- Communication with stakeholders is imperative



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# Asset Risk Identification & Management



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## Building Business Unit Financial Strategies:

Linking 3-Year Budgets and operations plans to 10-Year Capital Plans (Infrastructure Investment Plans)

- 1 – Funding model based on the Current Management Strategies
  - Produced 3 year budgets & 10 year capital plans (Infrastructure Investment Plans) based on current management strategies
- 2 – Impact on condition assessed at various funding levels
  - preferred management strategies
  - current budget
  - Model scenarios: increase over current budget
- 3 – Reiterate funding model based on the Preferred Management Strategies
  - Produce 3-year budgets & 10 year capital plans (Infrastructure Investment Plans) based on preferred management strategies
- 4 – Evaluate and improve AM program
  - Ensure that the AM program is supporting your service model and financial strategies



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## AM Program Performance Measurement

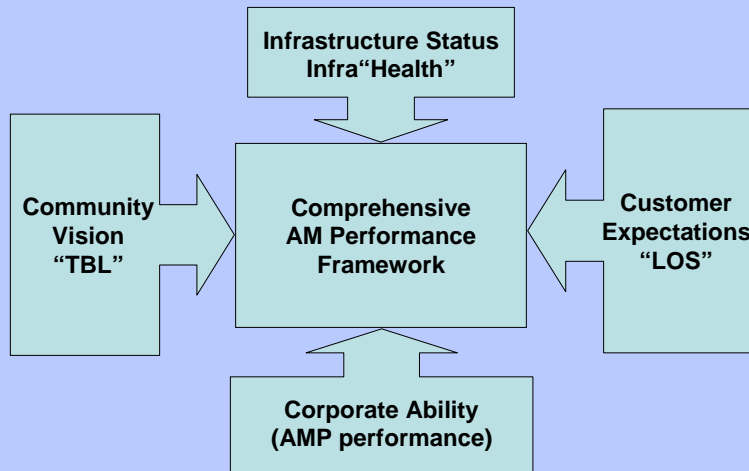
- Leverage AM Assessment Framework to measure / manage program performance
- Link program performance to service outputs and asset “health”
- Develop benefits tracking framework (tangible benefits):
  - Track program direct, indirect and recurring costs
  - Track tangible benefits
  - Track financial indicators e.g. NPV
- Intangible benefits:
  - Translate the different stages to the vision for AM into quantitative measures
  - Develop baseline for each BU and Calgary overall
  - Track progress to the vision



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## AM Program Performance Measurement



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## Lessons Learned

- Have built many advocates for asset management
  - Fast growing line of biz: past the “tipping point”
  - Hybrid business: “accountanteers” and capital planners
- Change management a constant issue
- Value added solutions will take 10-12 years
- Unintended result of explaining the infra deficit...
- Securing (and maintaining) sponsorship
- Struggle to compete against other corp “noise”
- Feedback loop needs to be created
  - ISR results not yet influencing strategy & the capital budget



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## What should I do?

- Resist the urge to jump into asset management “quick hits” without a program plan.
  - Ex. Capital budget reform, political support, etc.
- Undertake a comprehensive program plan, including a current state analysis, future state, setting program targets, performance measurement, etc.



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## Questions?



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