

Community Excellence Awards

2018 Application Form

Please complete and return the application form by Friday, May 25, 2018. All questions are required to be answered by typing directly in this form. If you have any questions, contact awards@ubcm.ca or (250) 356-5193.

SECTION 1: Applicant Information

Local Government: City of Coquitlam

Complete Mailing Address: 3000 Guildford Way, Coquitlam, BC, V3B 7N2

Contact Person: Graham Stuart

Position: Manager, Corporate Planning

Phone: 604.927.3918

E-mail: gstuart@coquitlam.ca

SECTION 2: Category

- Excellence in Governance.** *Governance processes or policies that are outcomes-based and consensus oriented; support and encourage citizen participation in civic decision-making; are efficient, equitable and inclusive, open and transparent; and exemplify best practices in accountability, effectiveness, and long term thinking.*
- Excellence in Service Delivery.** *Projects/programs that provide effective services in a proactive manner, demonstrate benefit to the community, and utilize performance measures, benchmarks and standards to ensure sustainable service delivery.*
- Excellence in Asset Management.** *Projects/programs that demonstrate a comprehensive system of asset management policies and practices, meeting and/or exceeding accepted best practices.*
- Excellence in Sustainability.** *Projects/programs that incorporate a long-term sustainability lens by considering cultural, social, economic and environmental issues in planning, policy and practice.*

SECTION 3: Project/Program Details

1. Name of the Project/Program:

Asset Management Funding Framework

2. Project/Program Summary. Please provide a summary of your project/program in 150 words or less.

Coquitlam's asset management funding framework brings together various departmental policies and programs under one umbrella to better invest in city's assets in a strategic and responsible manner.

3. Demonstrating Excellence. Please describe how your project/program demonstrates excellence in meeting the purposes of local government in BC and provides promising practices for others to follow.

Led by the Department of Finance and Technology, this framework has resulted in a sustainable funding model for city infrastructure, ensuring that both current and future residents do not bear undue burden to fund assets. The City owns a variety of assets valued at nearly \$3 billion used to deliver services to the community. The performance of, and access to, these capital assets is vital to the health, safety and quality of life of residents. As such, sound asset management practices are essential to sustaining these capital assets in the long-term.

Based on the city-wide asset replacement assessment, it is anticipated that a total of \$530 million will be required over the next 20 years for the replacement and renewal of the existing capital assets to ensure that the City can rely on these assets well into the future. Fortunately, investments in the continued improvement of asset management information systems and resources have been made and sound financial policies endorsed, that provide funding mechanisms for future asset replacement needs and long-term sustainability. As a result of these decisions, the City is in a good overall financial position when it comes to its ability to sustain its existing infrastructure in the long-term for effective service delivery.

Asset management is one of local government's primary responsibilities; services provided to the community are heavily dependent on the city's infrastructure assets, resulting in the need to strategically manage the asset inventory to support sustainable service delivery. Coquitlam's asset inventory and valuation system is PSAB 3150 Tangible Assets Accounting Regulation compliant, and has also been further enhanced through investments in asset maintenance systems (for instance, VFA), replacement modelling systems, replacement cost estimates, and physical condition assessments, resulting in enhanced and informed decision-making capability around timing and cost of asset replacement.

4. Category Criteria.

A. Please describe how your project/program meets the objectives of the category you have applied under. Refer to S. 3 of the Program & Application Guide.

Like many municipalities, the City of Coquitlam strives toward sustainable service delivery, and ensuring existing service levels can be maintained well into the future. Services provided to the community are heavily reliant on the City's capital assets including road and utility networks, buildings, park infrastructure, vehicles and equipment. The performance of, and access to, these capital assets is vital to the

health, safety and quality of life of residents.

Consistent with the Government Finance Officers Association best practices, the City has and continues to improve its system for managing assets and appropriately planning and budgeting for capital maintenance and replacement needs. This process is based on a continuous improvement cycle where improvements to the available asset data are made to enhance the ability to make better decisions with respect to planning and budgeting for future asset renewal and replacement.

Numerous improvements have been made in the area of asset management across the region in the last few years. Firstly, with the introduction of Public Sector Accounting Board (PSAB) 3150 Tangible Capital Assets Regulation (2009) all public sector organizations were required to start reporting their tangible capital assets. As such, the City undertook a comprehensive process to inventory its capital assets, to the best of its ability, and now reports on its annual activity, including additions and disposals, as part of the annual financial statements.

Moreover, the City has invested in robust asset management systems such as VFA which is used to track building component data and record the physical condition assessment, where appropriate, of these assets in order to enhance available information which in turn better informs decisions related to timing and cost of facility component renewal and replacement. To further enhance available information related to other infrastructure, as well as increase efficiency and manage risks, the City is currently implementing asset management replacement optimization software for major engineering assets including roads and utilities. Once completed for engineering assets, the City plans to evaluate the feasibility of this software solution for other applicable asset categories. In addition to modelling asset condition data, the software will allow staff to incorporate risk, value and other data into the system, allowing a more comprehensive asset replacement approach.

However, additional funding for asset management was considered on an asset type basis. Since Council was often faced with new funding requests for individual asset categories, as part of the 2017 budget process, Council requested a holistic review of all asset categories so that funding decisions could be made with an understanding of total City needs for asset replacement. In order to review all asset types on a comparable basis, a holistic asset management review was led by Finance with a consistent methodology across all asset types. This methodology included the following general steps: 1) Gather Asset Inventory; 2) Review Asset Life Cycles and Replacement Costs (based on agreed-upon standards); 3) Analyze Current Needs and Backlog; 4) Incorporate Condition Assessment Data and Calculate the Remaining Useful Life; and 5) Calculate the Average Annual Target Investment.

The Average Annual Target Investment (AATI) is a key component of a sustainable funding model of asset management. The overarching goal is to set aside funding annually at a steady rate through the operating budget, thus limiting impacts to taxation

by avoiding yearly fluctuations.

B. In many cases projects may meet the criteria of more than one category. If applicable, please describe how your project meets the criteria of one or more other categories.

SECTION 4: Program Criteria

- 5. Leadership.** Describe the extent to which your local government acted as a local or regional leader in the development or implementation of the project/program.

The City of Coquitlam's evolving city-wide asset management funding program is a testament to sound financial stewardship and taxpayer confidence in value creation with its investments; Coquitlam rates above provincial and regional averages when it comes to satisfaction with city services (95%) and value for taxes (86%). Moreover, Coquitlam residents are more likely than others in the province and region to prefer increasing taxes to pay for services (51%). While asset management is a primary local government responsibility, this program has demonstrated leadership in a number of ways.

By integrating the program's leadership under one department (Finance & Technology), Coquitlam's approach to asset management funding ensures that a holistic approach is considered when managing the city's vertical and linear assets while maintaining the unique needs of each asset category. Regardless of departmental responsibility, assets are managed in a cohesive way, using a consistent methodology.

- 6. Partnerships and collaboration.** Describe the breadth and depth of community and/or regional partnerships that supported the project/program and the extent to which internal and/or external collaboration was evident.

The approach to asset management at the City of Coquitlam is one of internal collaboration and partnership. While the Finance and Technology Department provides administrative oversight and strategic advice on funding the program, individual departments, including Engineering and Public Works and Parks, Recreation and Culture, are responsible for the strategic direction of the departmental programs, and operationalizing and implementing in their respective areas of the plan. Only through internal collaboration within City departments is it possible to discern the actual recommended funding levels as outlined in the City's asset replacement assessment, which identifies the steady stream of funding required to manage the City's assets. In addition, City representatives with both a corporate service as well as operational and technical backgrounds continue to attend a variety of available asset management workshops and share knowledge with internal City groups that is applied holistically where feasible. This collaborative culture has helped create success in various asset management related initiatives.

- 7. Innovation and promising practices.** Describe the degree to which the project/program demonstrated creativity and innovation, and contributed to increased efficiency or effectiveness.

While the management of vertical and linear assets is a core function of local government, the way this process is administered varies depending on local conditions. The City of Coquitlam's asset management funding program is a holistic approach that brings together partner departments into one iterative process, increasing efficiency and decreasing duplication and administrative burden. It also supports sound decisions by Council by providing them with a holistic review of all the asset funding needs under one consistent framework.

- 8. Public engagement and communications.** Describe the extent to which public engagement was foundational to the success of the project/program, including the use of communication tools such as social media.

The City of Coquitlam seeks public engagement on our various financial processes through multiple engagement channels with the public, Council and staff stakeholders. Annually, outside of election years, the City conducts a statistically-valid survey, administered by Ipsos Reid, which asks residents, among other things, to identify their level of satisfaction and relative importance of various city services. In conjunction with other metrics, we are able to better identify appropriate service levels for our various assets through this process as it assists in identifying which services the public considers the most important.

Further, as part of the annual budget process, the City uses an online engagement Citizen Budget tool to encourage feedback and input into the City budget, including management of assets. Residents are encouraged to use "sliders" to manage their own version of the City budget, see the impact on the tax rate, and make decisions based upon their own priorities. Through these two processes, the City receives feedback from residents on their priorities for asset management.

Throughout the year, Council and staff work in tandem to identify emerging priorities related to asset management through reports to Council and direction to staff. The City's integrated planning framework comprises three complementary planning processes that provide an iterative approach to strategic, business and financial planning. Annually, staff provides Council with a list of priorities that support the Strategic Plan, and the budget to support those priorities, and vertical and linear assets are no exception. An example of projects in the last number of years include the extension of David Avenue in the City's Northeast sector, the Southwest Parks Revitalization project, refreshing a number of City parks through the Southwest, and the Community Amenity Enhancement Program, comprising a multitude of asset-related projects such as greenways and public washrooms.

- 9. Transferability.** Describe the degree to which the process or outcomes of the project, or other learnings, could be conveyed to other UBCM members.

Asset management is a core local government responsibility and components of any asset management program would likely be applicable to other municipalities. In

Coquitlam, one of the initiatives that has been used to support sustainable asset management is enshrining asset management practices into the city's financial policies, a practice that can be adopted to any size of municipality, large or small. Below is a summary of how the applicable policies:

Operating Costs for New Capital

The City will manage new infrastructure in a sustainable manner by recognizing reasonable incremental operating costs in the City's annual budget for each new asset built.

Building Component Replacement Reserve Policy

The City will work toward full replacement funding of building components by contributing to the Building Component Replacement Reserve. To stop the growth in the current funding deficit, each year 2% of the construction cost of each new facility will be included in the Base Budget as part of the "Operating Costs for New Capital" budget.

Asset Replacement Reserve Funding Policy

The City will increase the contribution to asset replacement in the annual budget each year in proportion to the use of casino revenue used for asset construction.

Preventative Maintenance Policy

The City will annually contribute to this reserve based the square footage of each civic facility that the City maintains. Annual funding amounts are updated to reflect changes in facility inventory. This assists with ongoing funding of preventative maintenance for City facilities.

Coquitlam's continually evolving, unique, collaborative approach, supported by fiscally prudent policies towards a holistic asset management funding framework ensures the City continues to make the much needed investment in the City's asset infrastructure in a strategic and responsible manner.

SECTION 5: Additional Information

10. Please share any other information you think may help support your submission.

SECTION 6: Signature

Applications are required to be signed by an authorized representative of the applicant.

Name: Graham Stuart

Title: Manager Corporate Planning

Signature:



Date: May 24, 2018