

March 7th, 2015, Board of Trustees Meeting

Introduction to the Capital Asset Management Plan Task Force Report

Why an Asset Management Plan?

- To provide an integrated, long term framework for planning, building and maintaining our community's infrastructure.
- To build a fundamental understanding of what capital assets the community owns, what those assets cost and contribute over their life cycles, and what capacity we have as a community to establish and sustain service levels over time.
- To draw a roadmap and timeframe that will guide current and future Trustees in acquiring, maintaining, and replacing major capital components in a planned and financially responsible way.

Why Now? Because.....

- An epidemic of serious proportions exists in regard to how communities across N. America, and worldwide, have failed to properly evaluate and provide adequate funding strategies to maintain and replace capital assets and infrastructure. This inadvertent lack of preplanning has created what has been estimated to be a \$170+ Billion deficit gap or backlog in Canada alone.
- Piers Island suffers from this same predicament although previous administrations have had the foresight to create two fund "silos" currently assigned to waterworks and fire department projects. This annual allocation of a portion of the overall tax levy each year began the process for us, however at a time when our infrastructure is aging and the risk of asset failure is increasing, we must recognize that we are inadequately prepared: we need to more aggressively structure a methodology that will align our service delivery expectations with a comprehensive asset maintenance program and long term funding plan. By embarking on this initiative now we will begin to build a foundation that will enable our community to integrate best practices into sustainable interdisciplinary decisions.

- It is also important for residents to understand that our major assets were acquired at hugely discounted prices through Government make-work programs, grants and volunteer labour. These subsidies are no longer available to us so we now require a practical strategy that will enable us to replace our assets without outside financial assistance and likely with less volunteer labour.
- Better capital budget prioritization - Major decisions made without a long term plan may not consider the investment's full impact over time, may not integrate all facets of community service in a balanced way, and may not provide a tempering measure against attractive "flavour-of-the-month" decisions to which we all succumb from time to time.
- And finally, local governments have a mandated responsibility to provide a sustainable financial model for the long term and in this area the current Trustees feel that the status quo is not sufficient to our needs. We suspect, however, that any potential shortfall situation can be remedied in a steady, measured way and at relatively modest cost--but time is of the essence.

Objectives

- To assist Trustees to develop, engage and adhere to a widely understood, community-supported plan of action--a plan that will guide informed decision making and foster good stewardship of our community property for years to come.
- To provide current and future Trustees with a way to ensure long term sustainability of services and utilities that we currently enjoy:
 - a) Our excellent domestic water system which is our most valuable asset and increases the value of every property on Piers Island.
 - b) Our valuable fire protection and medical response service.
 - c) Our private parking lot, boat launch, trailer storage and government dock access in North Saanich, an amenity that adds unique convenience to ownership on Piers.

What will it require from Residents?

- An increased reserve fund levy beginning as soon as possible
- An increased Operations & Planned Maintenance (catch up & keep up) Budget levy
- Continuing attention by Trustees, Task Force, and volunteers to keep the Asset Management Plan current and valid
- Ongoing time and effort from volunteers and external agents to prepare and implement Maintenance Plans.

How are we beginning to do it?

In November 2014, the Trustees asked five Piers Islanders with financial, business and management experience to form a task force to develop a Capital Asset Replacement Plan. As the first deliverable, we asked the team to work with islanders and outside experts to understand exactly what our current capital assets are, estimate their expected life spans, estimate when they will need to be replaced, and begin to analyze the financial impact of replacing them in kind at the end of their life. This is what we have asked the team to present to all of us today.

The next very important steps will include the structuring of maintenance procedures and plans for every major asset. Without implementation of an effective maintenance schedule, the Asset Management Plan will fail because extending the life of our assets for as long as possible through proper "planned maintenance" is critical to long term affordability.

The Trustees hope that this Plan will never be finished—it needs to remain open to change and undergo careful supervision especially during the early years. We also hope that future Trustees will continue to review each iteration with the community as part of the annual budget process as this would help to ensure that the Plan remains fully transparent and contemporary to the needs of the community.

And now, the Trustees would like to move this fledgling project into the public forum by having the Task Force report on their work to date.