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TO:	MAYOR MEMBERS OF COUNCIL MEETING ON OCTOBER 22, 2013
FROM:	MIKE TURNER DEPUTY CITY TREASURER
SUBJECT	SUPPLEMENTAL INFORMATION CORPORATE ASSET MANAGEMENT SYSTEM ASSESSMENT AND PROGRAM PILOT TRIALS

RECOMMENDATION

That, on the recommendation of the Deputy City Treasurer, this report **BE RECEIVED** and reported to Municipal Council for supplemental information regarding Agenda Item 2, Corporate Services Committee on October 8, 2013.

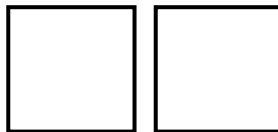
PREVIOUS REPORTS PERTINENT TO THIS MATTER
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- October 8, 2013, Report to Corporate Services Committee, Corporate Asset Management System Assessment and Program Pilot Trials
- November 26, 2012, Report to F&AS Committee, RFP 11-37 Corporate Asset Management Plan and State of the Infrastructure Report. (Unit 4)
- January 16, 2012, Report to F&AS Committee, RFP 11-37 Corporate Asset Management Process. (Unit 1,2 and 3)
- September 28, 2011, Report to F&AS Committee, Request For Proposals For Consultant Support -Corporate Asset Management.

BACKGROUND

Corporate Asset Management (CAM) has progressed through Units 1 – 4 of the total 7 Unit program from previously approved funding. This funding has led to the completion of the CAM Governance Model, Current State Analysis and Administrative Policy. The CAM program strategies have been compiled and accepted by the Steering Team. The Corporate Asset Hierarchy and Registry frameworks are 95% complete. The preliminary State of Infrastructure Report is complete pending acceptance by the Steering Team. The Corporate Asset Management Plan is 15% complete. Both are expected to be complete by the end of 2013.

As expected, senior levels of government are now requiring asset management plans to accompany infrastructure stimulus funding applications. This has resulted in the City of London committing to a completion schedule of December 2013 for the first City of London Corporate Asset Management Plan which will comply with the new Canada-Ontario Infrastructure Stimulus Fund Guidelines. Future versions of the Corporate Asset Management Plan will benefit from the existence of a fully implemented CAM program. Fortunately, the work done to date places the City of London well ahead of many municipalities which have yet to embark on asset management programs. London is well positioned to meet future stimulus funding eligibility requirements.



This report requests consideration of two decisions:

1. Carry on with the unaccelerated, less expensive program that consists of two pilot trials;
2. Advance funding from the 2014 budget requests now, allowing early progression on program Units 5 and 6; software assessment and pilot trials.

In the beginning when the project was presented to the Service Review Committee, Committee members expressed their support of the program asking that staff identify ways to accelerate the implementation of the program. Proponents were then asked to prepare prices on both unaccelerated and accelerated programs. Table 1 outlines the successful bid. There was little difference for prices relating to the first five units of the program. The difference between unaccelerated and accelerated programs was fundamentally in Unit 6 consisting of two pilot trials at a cost of \$415,000 versus five pilot trials at a cost of \$1,162,000. Choosing two pilot trials avoids the extra costs required to undertake five pilot trials.

Table 1 CH2MHILL ESTIMATE (000's) - Nov 2011 RFP 11-37

Project Unit	Unaccelerated (Two Pilot Trials) *Recommended	Accelerated (Five Pilot Trials)
Unit 1 – Start Up	\$53.5	\$53.5
Unit 2 – Strategy Development	\$50.5	\$50.5
Unit 3 – Corporate Asset Hierarchy and Registry	\$65	\$67
Unit 4 - Corporate Asset Management Plan and State of Infrastructure Report	\$109	\$112
<i>Funding Requested in October 8th CSC Report</i>		
Unit 5 – Software/System Assessment	\$137	\$162
Unit 6 - CAM Pilot Trials	\$415	\$1,162
Total of Units 5 and 6 Requested	\$552	
<i>2014 Budget Request</i>		
Unit 7 - CAM Implementation	\$1,014	\$1,089
Total	\$1,844	\$2,696

Based on experience completing work related to program Units 1, 2, 3 and 4, plus shared experience from other municipalities, City staff are of the opinion that undertaking five pilot trials through an accelerated program would not produce the desired understanding or results. Experience has shown that each service delivered by the City entails the use of complex and unique asset bases.

As Units 1, 2, 3 and 4 are completed, it opens the opportunity to commence Units 5 and 6 in 2013 provided funding can be made available before the March 2014 budget approval. Staff are recommending progression of the unaccelerated program, Unit 5 (\$137,000) and Unit 6 (\$415,000) at this time. Unit 7 (\$1,014,000) is the unit that implements lessons learned from the pilot trials creating standardized asset management practices across the remaining core service areas of the City. Unit 7 and the software contract have been requested as part of the March 2014 budget approval.

If the remaining parts of the program, Units 5, 6 and 7 are not approved the project will stall, timelines will be extended and the full benefits of the Corporate Asset Management Program will not be realized. Therefore at this time, we are recommending that Units 5 and 6 of the project be advanced under the unaccelerated, less expensive scope and price that includes two pilot trials and that we proceed to Unit 7 as quickly as possible based on what is learned during the pilots.

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Ultimately, Corporate Asset Management will result in positive impacts on service delivery across the City. It is intended to support sustainability and continuous improvement, as well as effective and efficient management of the Corporation's assets. The program is essential for good government and is a critical component of two of Council's strategic priorities; Sustainable Infrastructure, and Strong Economy. It is also a mandatory element under Federal and Provincial direction.

Project Funding

The funding for Units 5 and 6 of the unaccelerated CAM program of \$552,479 would come from the Efficiency, Effectiveness and Economy Reserve Fund as per the Source of Financing attached to the October 8th report to the Corporate Services Committee. The balance of the request for Unit 7 of the unaccelerated CAM program of \$1,013,640 and the estimated cost for an asset management software system of \$360,000 totalling \$1,373,640, will be part of the 2014 budget deliberations.

Acknowledgements

This report was prepared by Lois Burgess, Khaled Shahata and Jason Davies.

SUBMITTED BY:	RECOMMENDED BY:
LOIS BURGESS DIVISION MANAGER CORPORATE ASSET MANAGEMENT	MIKE TURNER DEPUTY CITY TREASURER

Attachment

c: Martin Hayward