1. **State of local infrastructure and assets**
   a) **Knowing your municipality's assets**

The first step in managing your assets is to learn and understand their current state by compiling and recording your municipality's current asset data. Important questions that should be asked regarding asset data are:

- What do I own?
- Where is it?
- What is its condition?
- What is its useful life?
- What is its value?

Best practices include:

- Preparing an asset inventory and system map;
- Developing a condition assessment and rating system;
- Assessing remaining useful life by consulting projected-useful-life tables or decay curves; and
- Determining asset values and replacement costs.

Assessing your municipality's asset management capacity

The next step would be to begin the planning process and assess their capacity to manage their assets. The province of British Columbia has developed a tool to aide municipalities in assessing their readiness and capacity to manage their assets. AssetSMART has been designed to assist local governments evaluate their asset management capacity, identify particular areas of strength and improvement, establish priorities, build awareness, generate productive discussions across departments, measure progress, benchmark against other communities and create short/long-term goals. In all, it provides an overall evaluation of five core capacities for asset management: awareness and priorities, organizational systems, people, information, and financing.

This tool can be accessed at
http://www.civicinfo.bc.ca/Library/Asset_Management/Tools_and_Resources/AssetSMART_-_A_Local_Government_Self_Assessment_Tool_(BETA)--LGAMWG--September_2010.pdf.

   b) **Developing an asset inventory**

What is an asset component?

An asset component is an asset or part of an asset that can be independently replaced or has a significantly different life span. It is important to separately record components of an asset in

the inventory system, as it facilitates tracking and upkeep, in addition to ensuring the overall management and financial accountability.

Two things need to be considered for componentization: separable replacement, which determines whether parts of an asset can be replaced independently of other parts; and different lifespans, which determines what parts of an asset need to be replaced more or less frequently. Consider what needs to be identified to know for valuation and lifecycle management of the asset. If an asset is made up of several parts but none of these parts could be replaced independently of the others, then there is no need to identify the separate parts. For example, if one part of an asset fails, the entire asset is replaced.

For example, a single asset could be made up of three different components with varying life spans. Asset Management BC explains that when 'assets' are not componentized, the replacement of only 1 of 3 components cannot be recorded as a replacement of the total 'asset.' The cost of that component replacement may therefore have to be recorded as an expense cost (maintenance item) rather than a capital cost (asset renewal). Consequently, this does not reflect the true nature of that cost or the true state of that 'asset'.

A basic asset inventory should include, as a minimum:

- Type of asset
    - For example, is it a building, a road or a storm drain?
- Location
    - It is suggested that the inventory contain some descriptive comment, an appropriate code, or location name that allows users to readily find the asset at a site. There needs to be a link between the recorded information regarding an asset component and the location of the physical asset.
- Quantity and size
    - As a guide, the size dimensions and/or quantity values that need to be recorded are those you would need to be aware of in order to purchase a replacement or provide the necessary upkeep.
- Material
    - Knowing the material helps to make an initial prediction on how long a particular asset will last and the replacement costs, even when no condition data is known.
- Useful life
    - The useful life refers to full expected lifespan from the date of installation to the date of removal and/or replacement. It highlights the asset component's average physical and economic life.
- Install date and age
    - Knowing the age of the infrastructure assets is an essential component when planning for asset replacement and when calculating the asset's depreciated value. It is equally important to consider the age of the asset

component developing maintenance strategies in order to maximize the useful life of the component within the parameters of acceptable costs and risks.

- Remaining life
  - o This can be calculated from the expected lifespan of the asset minus its current age.

Example of a best practice:

- Develop an asset hierarchy based on available information and update periodically.