

GLOSSARY



08

GLOSSARY

Asset Management Policy: The asset management policy is a document that formalizes corporate commitment to asset management. The policy broadly outlines the principles and guides the development and implementation of asset management across the organization in a systematic and coordinated way, consistent with the organization's plans.

Asset Management Plan: An asset management plan outlines how groups of assets are managed over their full lifecycles to deliver an agreed-upon standard of service. It supports implementation of asset management policies and helps in making informed decisions.

Asset Management Program: The set of policies, people, practices and processes that make up a municipality's formal approach to asset management.

Annual Sustainable Funding: In the context of this plan, annual sustainable funding is the annual funding target that, if implemented, will support all capital maintenance and replacement costs of an asset over its lifespan. A simplified approach to determine annual sustainable funding is to estimate an asset's replacement cost and divide by its useful life. However, a sophisticated approach also includes consideration of debt interest costs and reserve balance investment returns.

Backlog: The asset 'backlog' generally refers to the replacement value of assets that have not been replaced yet and whose current lifespan exceeds the asset's recommended useful life.

Built Assets/Infrastructure: These are sometimes also referred to as "grey infrastructure" or "engineered infrastructure". These are assets that are designed and constructed as opposed to Natural Assets that exist in nature and were not constructed.

Funding Gap: Two different funding gaps are discussed in this Plan: (1) annual funding gap, and (2) 100-Year Funding Gap.

1. Annual Funding Gap: This is the difference between current annual infrastructure funding and annual sustainable funding.
2. 100-Year Funding Gap: This is a forecasted funding gap that predicts the difference between forecasted 100-year infrastructure spending and current funding levels over the next 100-years.

Lifecycle Costing: Lifecycle costing involves considering all costs associated with the acquisition, operation, maintenance, renewal, and disposal of an asset over its entire life. This approach helps minimize the overall cost of service delivery.

Level of Service is a measure of the quality, quantity, and/or reliability of a service from the perspective of residents, businesses, and customers in the community

- Customer levels of service refer to the quality and consistency of service provided to customers, measured from their perspective. These levels are often categorized to help businesses understand and improve their service delivery.
- Technical levels of service focus on the performance and reliability of the infrastructure or systems from the service provider's perspective. These levels ensure that the technical aspects of service delivery meet the required standards.

Municipal Finance Authority: The Municipal Finance Authority of British Columbia (MFA) is a co-operative financial institution, owned and governed by its Members for the benefit of public institutions throughout BC. The MFA offers three main services: reliable and low-cost borrowing solutions, purpose-built, investment funds, and financial support **for professional development for local government leaders.**

Master Plan: Typically, a master plan evaluates an existing asset system, outlines a plan for servicing the community including a discussion and analysis of future population growth. Master plans can be similar to asset management plans however master plans are more focused on guiding future development while asset management plans are tactical documents that focus on the efficiency of assets through their lifecycle.

Natural Assets: Natural assets are ecosystem features that provide municipal services, such as aquifers, riparian areas, and wetlands. These assets can be managed similarly to engineered assets to support sustainable service delivery

Non Market Change Revenue: Non market change (NMC) revenue is derived from new buildings or newly subdivided lots. In other words, NMC is property taxation revenue from assessed values that did not exist in the prior year. NMC revenue is new in the first year but becomes part of the annual tax base every year thereafter.

Pavement Quality Index: The Pavement Quality Index is an overall performance index for the pavement section and is derived through a combination of the sectional Riding Comfort Index and Pavement Condition Index values.

Reserve Accounts: These are funds that are set aside for a future purpose, but can be defined by the criteria contained in policy or bylaw pertaining to each specific reserve.

Sustainable Infrastructure Investment Plan: The SIIP is the Organization Asset Management Plan produced by the City in 2013.

Tangible Capital Asset (TCA): Tangible capital assets are non-financial assets having physical substance that:

1. are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance, or repair of other tangible capital assets,
2. have useful economic lives extending beyond an accounting period,
3. are to be used on a continuing basis, and
4. are not for sale in the ordinary course of operations.

Useful Life: An assets useful life is a duration in which an asset should be in service prior to being replaced in accordance with established levels of services and risk tolerances. An asset's useful life is not its physical life. A physical life is the total life before an asset fails. Often infrastructure managers select a useful life that is less than a physical life as an asset failure is not preferable. One example where a selected useful life is less than a physical life is water infrastructure as water infrastructure managers want to replace a water main prior to a water main break.

Weighted Average Useful Life: An asset class will often have sub asset classes. For instance, the sanitary sewer asset class may include mains, laterals, lift stations and other. Each of these sub asset classes have different useful lives. In order to express the useful life of the asset class, useful lives of the sub assets are calculated and weighted by total replacement cost to arrive at the weighted average useful life.