By-Law 2018-007

Being a by-law to authorize the signing of an agreement with Public Sector Digest Inc. for the purpose of securing consulting services for an Asset Management Project.

Whereas the Council of the Corporation of the Municipality of Brockton deems it expedient to enter into an agreement with Public Sector Digest Inc. for the purpose of securing consulting services for an Asset Management Project;

Now Therefore the Council of the Corporation of the Municipality of Brockton **Enacts as Follows:**

1. That the Council of the Corporation of the Municipality of Brockton hereby enter into an agreement with Public Sector Digest Inc. which is attached as Schedule “A” and forms part of this by-law.

2. The execution by the Mayor and CAO/Clerk of said agreement dated January 22, 2018 between the Corporation of the Municipality of Brockton and Public Sector Digest Inc. is hereby authorized, ratified and confirmed.

3. This by-law shall come into full force and effect upon final passage.

4. This by-law may be cited as the “Public Sector Digest Asset Management Project Agreement By-Law”.

**Read, Enacted, Signed and Sealed this 22nd Day of January, 2018.**

Deputy Mayor – Dan Gieruszak  
CAO/Clerk – Sonya Watson
The Municipality of Brockton
Consulting Services – Asset Management Project

SUBMITTED BY:
The Public Sector Digest Inc.
148 FULLARTON ST, SUITE 1410
LONDON, ON N6A 5P3

CONTACT: GABE METRON
REGIONAL DIRECTOR
519-690-2565 EXT. 2480
GMETRON@PUBLICSECTORDIGEST.COM
Contact List: Municipality of Brockton (“Client”)

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Tel</th>
<th>E-mail</th>
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<tr>
<td>Trish Serratore</td>
<td>Chief Financial Officer</td>
<td>519-881-2223 Ext. 22</td>
<td><a href="mailto:tserratore@brockton.ca">tserratore@brockton.ca</a></td>
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Contact List: Public Sector Digest (“PSD”)

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<tr>
<th>Name</th>
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<tr>
<td>Gabe Metron</td>
<td>Regional Director</td>
<td>519-690-2565 Ext. 2480</td>
<td><a href="mailto:gmetron@publicsectordigest.com">gmetron@publicsectordigest.com</a></td>
</tr>
<tr>
<td>John Murray</td>
<td>General Manager – Asset Management</td>
<td>905-906-2532</td>
<td><a href="mailto:jmurray@publicsectordigest.com">jmurray@publicsectordigest.com</a></td>
</tr>
</tbody>
</table>

Document Revision History:

December 20th, 2017 Version 1.0

Statement of Confidentiality:

This document has been prepared specifically for the Client.

PSD shall treat as confidential the information obtained by PSD for and from the Client. In order to further refine the practice of Capital Asset Management Planning for the benefit of all PSD clients, PSD will utilize the Municipality’s data for the purposes of aggregating said data with that of other clients. PSD has and will continue to undertake scientific and engineering research in the field of Capital Asset Management in order to enhance this area of practice for all present and future clients. The client hereby permits PSD to access and utilize the Municipality’s data for the above stated purposes.

This proposal and all of its associated pricing shall remain valid for 30 calendar days from the date of issue indicated below.

Date of Issue: Wednesday December 20th, 2017
Roles and Qualifications

PSD has a staff of more than 40 individuals including former municipal executives, senior managers, and technical specialists with decades of hands-on experience in the fields of public works, asset management, and local government finance. It is the collective experience and skills of our staff that have allowed us to become an industry leader in asset management.

Biographies of Key Personnel

The relevant qualifications and experience of key personnel who will be assigned to the proposed project are also outlined below. All proposed PSD staff have the necessary time available to allocate to this project in its entirety but also have the necessary supporting staff resources to enable them to manage multiple projects of this nature. PSD is well positioned to use our expertise and experience to deliver on this project and commits to meeting the targets and goals set out by the Municipality of Brockton.

John Murray
General Manager - Asset Management, Strategy and Performance
519-690-2565 Ext. 2700
jmurray@publicsectordigest.com

John is formerly the Manager of Asset Management within the Public Works Department at the City of Hamilton. He was with the City of Hamilton’s Public Works department for 19 years and has extensive experience in infrastructure management practices and computer information systems. Prior to his Manager of Asset Management position with the City, he held the positions of Senior Project Manager of Infrastructure Programming and Project Manager of Infrastructure Management Systems. His responsibilities include the delivery of a short and long-term coordinated capital budget and the development and implementation of a strategic asset management program encompassing all City of Hamilton assets. John represented the GTA and Hamilton on sustainable infrastructure issues as part of an expert panel for discussions with the Organization for Economic Co-operation and Development (OECD). He is the President of the CNAM (Canadian Network of Asset Managers) and has represented the City of Hamilton on the National Round Table for Sustainable Infrastructure (NRTSI). John has recently completed his certification in Asset Management from the Institute of Asset Management (IAM).

Chris Vanderheyden
Asset Management Specialist
519-690-2565 Ext. 2724
cvanderheyden@publicsectordigest.com

Chris is an Asset Management Specialist at PSD with extensive experience in Municipal Government, the construction industry and hazardous waste site remediation. In his role, he is focused on implementing PSD’s Asset Management Road Map. Chris formerly served Oxford County Corporate Services in GIS Asset Management and Public Works Engineering. His role in GIS Asset Management involved maintaining and analyzing municipal infrastructure data, identifying inconsistencies and/or gaps and improving overall data quality and integrity. Implementing data structure initiatives and workflow processes and procedures. Prior to Corporate Services Chris supported Public Works Engineering, some of his roles included designing sanitary and storm sewer infrastructure, road reconstruction, water treatment facility process diagrams, schematics diagrams, and GPS infrastructure data capture and inspection. Chris brings with him over 15 years of knowledge and experience in commercial, industrial, institutional and residential development and he is also a participating member of the Fanshawe College GIS and Urban Planning Program Review Committee.
Matthew Smith
Asset Management Research Analyst
519-690-2565 Ext. 2732
msmith@publicsectordigest.com

Matthew is an Asset Management Research Analyst with a strong academic and professional background in policy analysis, research methods and local government. In his role he is responsible for leading asset management research projects, including the development of a level of service assessment framework for tracking and evaluating levels of service and associated key performance indicators. Prior to joining PSD he worked in the non-profit sector with the London Youth Advisory Council as a council facilitator and provided assistance to youth advocates looking to make a difference in their community. He also has experience teaching university-level political science courses on Canadian politics. Matthew received his honours bachelor’s degree in political science from Huron University College, and his master’s degree in political science at the University of Western Ontario.

Gabe Metron
Regional Director, Senior Advisory
519-690-2565 Ext. 2480
gmetron@publicsectordigest.com

Gabe is a Regional Director at PSD. Since 2009 Gabe has managed the implementation of more than 100 CityWide software projects nationally with local governments and is thoroughly involved in the training, consulting, and ongoing support of those projects. He has also managed the implementation of over 75 municipal asset management plans and continues to develop and enhance the asset management experience for all departments within our local government clientele. Gabe has an exceptional decorum in presenting and communicating the asset management plans to Councils in a manner in which the message is understood and absorbed. Gabe serves as a Senior Advisor for clients across Canada and he utilizes this experience working with municipalities to oversee successful implementations and training of the Asset Management RoadMap, Asset Management Plans, and other Programs in accordance with Canadian and International best practices and standards. Gabe has recently completed his certification in Asset Management from the Institute of Asset Management (IAM).

Matthew Dawe
Vice President
519-690-2565 Ext. 2300
mdawe@publicsectordigest.com

Matt has over thirteen years of in-depth knowledge specific to local government decision making processes. He has been the Project Manager/Team Lead for more than 250 successful local government implementations of Tangible Capital Assets (PSAB 3150) across Canada giving him extensive knowledge and experience with issues pertaining to local governments. He has a proven ability to research, coherently and accurately communicate and publish material specific to local governments based on significant experience working with senior levels of elected and appointed local government leaders. Each implementation involved defining, gathering, and analyzing the required asset information for PSAB compliance as well as providing options to further enhance existing processes, recommending TCA best practices, reporting and asset management. He is a published expert on TCA and Long-Term Capital Planning. He has worked for the company since 2003 and graduated from the University of Western Ontario with a degree in Economics. Matt has recently completed his certification in Asset Management from the Institute of Asset Management (IAM).
PSD’s experience in Asset Management consulting and solution delivery has been refined through the development of municipal asset management plans and municipal asset management solution implementations delivered across Canada. Beyond the key personnel listed above, the team is made up of research analysts, policy analysts, administrative staff and sales support staff that all have a hand in delivering high quality products and services to our clients. Our staff are highly qualified, ambitious and hardworking and complete every project with the clients’ needs in mind. It is expected that the proposed project for the Municipality of Brockton will involve multiple staff members at various stages of the project.

It is our strong staff that allow PSD to deliver projects to a broad client base which is made up of municipalities of all sizes. The cumulative experience gained through these successful deliveries enables our team to not only understand each Region’s requirements but the challenges that lie ahead and the complexity involved in the successful execution of a project. The scope of our projects range from simple implementations of CityWide Tangible Assets software for TCA compliance to complex integration of data sets from multiple departments for use across the organization for asset management.

**Our Understanding of the Project**

It is our understanding that the Municipality of Brockton is interested in implementing a systematic, viable, and intelligently structured approach to asset management to produce the highest value of assets for its residents at the lowest total lifecycle cost. Securing both high value and low cost across infrastructure classes requires a thorough understanding of how assets perform over time, and the optimal time and manner of reparative intervention, whether through ongoing maintenance, rehabilitation, or a full replacement. This understanding is vital to providing expected levels of service to residents with minimal downtime.

Building such an asset management program requires three critical variables: authoritative expertise in asset management, supplementary qualitative and quantitative research on asset management best practices, and empowering technology.

While there is a broad consensus on its value to the public, asset management tests all decision-makers as they try to meet high community expectations. Solving the infrastructure deficit is simply not affordable in some communities. There is constant negotiation between public works and finance for resources which are almost always inadequate; the CAO must contend with council priorities; and the council must answer to the public. What’s needed is an asset management mechanism that brings multiple departments together, empowers departmental decision-makers, and produces the best total-value for public money.

Advancements in knowledge and facilitative technologies have made infrastructure planning less ominous, and internal and external communications more effective. With more persuasive infrastructure data sets, the impetus on council and senior management to make necessary changes will be stronger.

Technology will continue to produce potentially invaluable streams of data. Mining this data for insights, and then integrating and aligning these insights with departmental and corporate objectives is what The PSD Asset Management Roadmap is all about.
**Proposed Project - Phase 1 Summary**

**Phase 1a - Asset Management Maturity Assessment**

As a first step, it is important to gauge the current state of practice related to asset management at the Municipality of Brockton. This assessment will allow for a thorough gap analysis to determine where the Municipality should focus its efforts in order to build up a strong asset management program. The remainder of the project will stem from the results of this assessment. To facilitate this step, PSD has developed two methodologies: Asset Management Self-Assessment Tool (AMSAT), and a series of stakeholder interviews.

AMSAT, implemented in a survey format, relies on a series of questions across specific categories which are based on established international standards and processes and are seen as the requirements of a successful asset management program. The assessment will cover asset management methods, tools and practices within the Municipality of Brockton in accordance with the established AMSAT method. Municipal staff from various departments, including Finance, and each infrastructure group, like engineering, facilities, and parks, will be expected to complete this survey. In addition to the AMSAT, additional information will be gathered through a series of in-depth meetings with key stakeholders for each asset group, including Finance, who are either directly involved or support the delivery of an asset class. The specific asset classes that will be assessed through this process will be determined by PSD and the Municipality of Brockton at the onset of the project.

The results of the AMSAT and stakeholder interviews will be compiled and reported back to the Municipality. These results will then allow PSD to compare the current state of practice within the Municipality of Brockton with the international standards and processes which set the benchmark for a successful asset management program. The main assessment categories as part of the AMSAT are:

- **Organizational Cognizance** - relates to the degree to which AM is both understood and prioritized by both senior management and council
- **Organizational Capacity** - High organizational capacity to undertake asset management includes adequate human resources, staff knowledge, and a cross-functional team working together
- **Infrastructure data/information** – assesses the completeness and accuracy of all asset inventory and condition data sets
- **Asset Management Strategies** - should establish a set of planned management activities to prioritize and optimize infrastructure programs and manage risk
- **Financial Strategies** – assesses the completeness and sustainability of current financial strategies related to asset management
- **Level of Service** – assesses the robustness of level of service frameworks which dictate the quality thresholds at which municipal services should be delivered to the community

The Municipality of Brockton will be rated on its proficiency level for each category described above. The overall results and proficiency level ratings will be reported back through a formal Status of Maturity Report.
**Phase 1b - Corporate Asset Management Policy**

For the stability of a good asset management program, it is important to establish an asset management policy that clearly states program objectives, roles, and responsibilities, and is vetted through senior management and endorsed by council. The policy becomes a guideline for employees to follow in making decisions. It provides a framework for the delegation of decision-making, eliminates misunderstandings, reduces uncertainties and enables goals and objectives to be met.

As outlined above, the Organizational Cognizance section of the AMSAT relates to the level that asset management is understood and prioritized by senior management and council and the outcome of that assessment will guide the activities in this step. Having worked with multiple municipalities on developing and implementing an asset management policy, PSD has the knowledge and experience needed to understand what makes a successful policy.

Building on the AMSAT results, PSD will work with council and senior management to thoroughly understand the organizational goal and expectations related to asset management. From this, the PSD team will develop a customized corporate asset management policy that is suitable for the current state of asset management within the Municipality and also lays out the framework needed to grow the asset management program.

**Phase 1c - Condition Assessment Protocols**

Municipalities need to have a clear understanding regarding the performance and condition of their assets, as all management decisions regarding future expenditures and field activities should be based on this knowledge. An incomplete understanding of an asset may lead to ill-timed failure or premature replacement. Some benefits of holistic condition assessment programs within the overall asset management process are listed below:

- Understanding of overall network condition leads to better management practices
- Prevents future failures and provides liability protection
- Establishes proactive repair schedules and preventive maintenance and rehabilitation programs
- Extends asset service life, therefore improving level of service
- Enables accurate asset reporting which, in turn, enables better decision making

Through the asset management Roadmap process, available condition assessment protocols by asset type will be reviewed, including the cycle or continued timeline for capture of the field condition data.

**Phase 1d (also Phase 2 & 3) – Data Disaggregation, Consolidation and Refinement**

Throughout all phases there will be a need for analysis and work to refine and/or consolidate the municipal datasets that can continue to form the centralized repository for both asset management and tangible capital asset reporting. PSD will assist with this throughout the RoadMap process and synchronize within the CityWide database.
**Proposed Project - Phase 2 Summary**

**Phase 2a – Risk and Criticality Model Development**

Risk and criticality models and analysis are key elements of proper asset management practices and programs. Through their use, an asset manager can determine which infrastructure is critical to the organization and can also rank and rate the level of business risk associated with all of the infrastructure stock. This can be achieved at the organizational level, the asset category level, the individual asset level and the asset component level. This becomes invaluable when limited internal resources are being used to try and address a significant number of field needs or priorities.

A good risk model will assist with prioritization of available resources. It will:

- Ensure vital services are available
- Prioritize and streamline inspection and condition assessment programs
- Prioritize and optimize capital budget processes and program delivery
- Ensure that available money and resources are applied to the right asset at the right time
- Establish attainable levels of service.

Through the asset management Roadmap process, a development of best practice risk and criticality models by asset type will be undertaken to assist with the prioritization and ranking of infrastructure needs.

**Phase 2b – Life Cycle Model Development**

Proper life cycle management of infrastructure components, networks, and portfolios is how a municipality will establish truly optimised budgets and make the best use of public funds. In order to accomplish this, an understanding of the types of maintenance activities and cycles, preventative maintenance activities, timelines for application and rehabilitation activities, and timelines for application and replacement activities for each asset class should be reviewed. In addition, the cost for the activities should be documented and a cost-benefit analysis should be performed to determine which activities provide the best value for money.

At the end of this process, a scheduled work framework should be established for each asset class that will determine how to do the right work to the right asset at the right time, in order to ultimately manage all the assets with the lowest overall cost.

The above is quite a detailed undertaking and, through the asset management Roadmap process, will involve the establishment of individual infrastructure category and class deterioration models, and a review of the work activity practices and costs.

For each asset class, the gathered information will be used to develop an optimized life cycle that provides the longest lifetime for the lowest cost (see below). A plan will be made to ensure the development of this type of life cycle model for each asset class is consistent with industry standards and best practices.

![Example Life Cycle Model for roads. The black dots represent life cycle activities while the dotted line shows the projected life cycle without any interventions](image-url)

**Phase 2a & b – All available and applicable data will be implemented into CityWide software modules for future management.**
Proposed Project - Phase 3 Summary

Phase 3a – Financial Strategies

The two main risks to financial sustainability for municipalities are providing levels of service that do not reflect fiscal capacity and the cost of infrastructure. As a result, in order for an asset management program to be effectively implemented, it must be integrated with financial planning and long-term budgeting. The development of a comprehensive financial plan is critical to identify the financial resources required for sustainable asset management based on existing asset inventories, desired levels of service and projected growth requirements.

The financial strategy should define the relationships between maintenance/capital requirements, debt strategy, reserve strategy and annual revenue opportunities/strategies. The end result is recommendations on the necessary near-term steps that need to be taken in order to manage the long-term budget requirements. At a high level the financial strategy will include:

- An understanding of the various costs associated with investing in assets: new, renewal, maintenance and operations
- An understanding of the various costs associated with accounting for assets: historical, replacement and depreciated
- Metrics to track assets & costs for both operational & management purposes
- The ability of all asset management plan financial requirements to be based on replacement costs and desired levels of service
- An analysis of the municipality’s financial capacity
- A comparison of how a municipality’s numbers relate to its comparators (existing and trends)
- Development of scenarios for consideration
- Final recommendations

Phase 3b – Level of Service Framework Development

Desired levels of service are high level indicators, comprising many factors, as listed below, that establish defined quality thresholds at which municipal services should be supplied to the community. They support the organisation’s strategic goals and are based on customer expectations, statutory requirements, standards, and the financial capacity of the municipality to deliver those levels of service. They typically involve a review of: Strategic and Corporate Goals; Legislative Requirements; Expected Asset Performance; Community Expectations; and, Availability of Finances. Levels of Service are used:

- to inform customers of the proposed type and level of service to be offered
- to identify the costs and benefits of the services offered
- to assess suitability, affordability and equity of the services offered
- as a measure of the effectiveness of the asset management plan
- as a focus for the AM strategies developed to deliver the required level of service

As part of the asset management Roadmap process, a level of service framework will be developed for each asset class through a review of the key factors involved in the delivery of that service, and the interactions between those factors. In addition, key performance metrics will be developed in order for them to be tracked over an annual cycle to gain a better understanding of the current level of service supplied.

Phase 3c – Comprehensive Asset Management Plan

The resulting comprehensive asset management plan will continue to meet provincial standards and guidelines, but will go beyond minimum requirements to become a document that officials, staff, and residents can use to guide their decision-making and develop an educated perspective. The desired phased approach for developing the Brockton comprehensive asset management plan, as part of the broader Roadmap, is as follows;
Phase 1 – Develop the State of Infrastructure Report (SOTI)

- Determine Sustainable Projections
- High Level Assessment of Current Service Level
- Determine Infrastructure Deficit
- Produce an Asset Report Card

Phase 2 – Desired Level of Service

- Determine Realistic Targets to Improve or Balance Service Levels
- Develop Related Performance Measures

Phase 3 – Asset Management Strategy / Financial Strategy

- Develop a 10 Year Implementation Plan
- Optimize Expenditures
- Develop a Financial Plan

The Province of Ontario as detailed within the *Building Together Guide*, the following approach and content. The AMP will be composed pursuant to the Ontario guidelines with, at minimum, the following components:

- Executed Summary
- Introduction
- State of Local Infrastructure
- Expected Levels of Service
- Asset Management Strategy
- Financing Strategy
# Professional Services

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Terms of Payment – Asset Management Roadmap Phases:

- **Phase 1** will be invoiced in equal monthly amounts beginning upon execution of the project charter.
- **Phases 2 and 3** will begin upon approval from Client and will be invoiced in equal monthly amounts from the commencement of each phase.
- **Phase 3 AMP** – The asset management plan within phase 3 will be invoiced in four equal monthly payments with the final invoice being issued once a draft document has been approved.
- PSD expenses such as mileage, accommodation and meals are extra where applicable and subject to prior written approval by the Client.

Authorization:

This proposal shall be deemed to have come into force when executed by representatives authorized to bind the respective corporations; The Municipality of Brockton and The Public Sector Digest Inc.

Terms and Assumptions Accepted:

BETWEEN:

Municipality of Brockton
100 Scott Street, Box 68
Walkerton, ON, N0G 2V0

The Public Sector Digest Inc.
1410 Fullarton Street, Suite 1410,
London, Ontario  N6A 5P3

By: _________________________________  By: _________________________________
(Print Name of Authorized Signing Officer)  (Print Name of Authorized Signing Officer)

__________________________________________________________________________
(Signature of Authorized Signing Officer)  (Signature of Authorized Signing Officer)

_________________________________  _________________________________________
(Date)  (Date)

**Additional information required to be completed by Customer**

Does your company require a Purchase Order (PO) before issuing payment?

NO ☐  YES ☐ The PO # for this order is: ___________________________

All PSD invoices shall be directed to:

Accounts Payable Contact: _______________________________________

Telephone: ___________________________________________________

Accounts Payable Email Address: _________________________________

Billing Address: _______________________________________________