


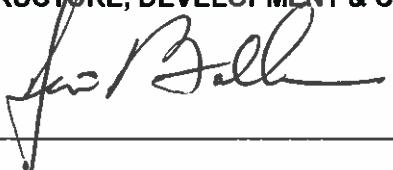

TO: GENERAL COMMITTEE

SUBJECT: SINGLE SOURCE AWARD OF ASSET MANAGEMENT PLANS UPDATE TO GHD INC.

PREPARED BY AND KEY CONTACT: B. G. PARKIN, P. ENG. 
INTERIM DIRECTOR OF CORPORATE ASSET MANAGEMENT (Ext. 4300)

SUBMITTED BY: B. G. PARKIN, P. ENG. 
INTERIM DIRECTOR, CORPORATE ASSET MANAGEMENT

GENERAL MANAGER APPROVAL: R. J. FORWARD, MBA, M.SC., P. ENG. 
GENERAL MANAGER OF INFRASTRUCTURE, DEVELOPMENT & CULTURE

CHIEF ADMINISTRATIVE OFFICER APPROVAL: JON M. BABULIC 
CHIEF ADMINISTRATIVE OFFICER

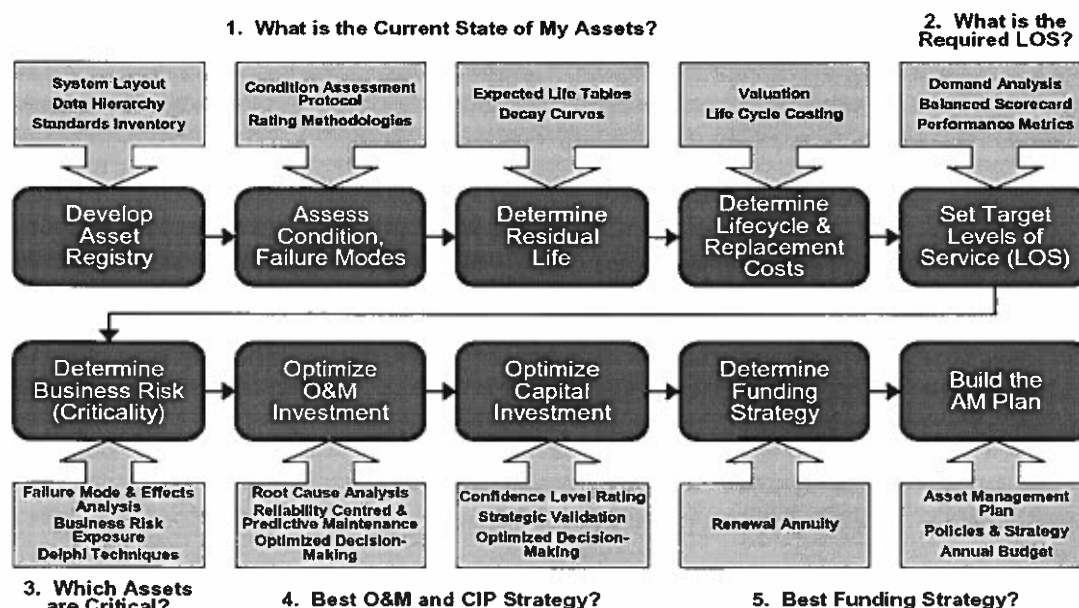
RECOMMENDED MOTION

1. That staff be authorized to negotiate a single source agreement for a term of five years with GHD Inc. to update Asset Management Plans and prepare Corporate Asset Status Reports in accordance with section 15.1 of the Purchasing By-law 2008-121 and subject to funding approved in annual business plans.

PURPOSE & BACKGROUND

2. The purpose of this report is to obtain authorization to issue a single source contract to GHD Inc. (GHD) to conduct updates to the Asset Management Plans and Corporate Asset Status Report that were developed in 2009 and presented to General Committee in January, 2010 as well as to continue with the implementation of the corporate asset management strategy.
3. Given the analysis previously described, staff are recommending a single source award per Section 15.1 of the City's Purchasing bylaw to GHD for this work. Section 15.1 the Purchasing By-law allows for a single source purchase for goods, services or construction of any contract value in prescribed circumstances including when there is a need for standardization to maintain functionality or existing service capacity.
4. In 2009, the City of Barrie issued a Request for Proposal for the development of a corporate asset management business framework and implementation strategy for a comprehensive approach to managing all City-owned assets. This included the following deliverables:
 - Corporate Asset Management Policy, Framework & Business Processes
 - Corporate Asset Management Strategy
 - Asset Management Plans
 - Change Management and Communication Plans
 - Operational and Organizational Reviews
 - Performance Measurement Program
 - IT System Architectural Plan
 - Corporate Asset Status Report
5. Through a comprehensive review and selection process involving staff from across the corporation, GHD and the approach they were proposing was selected.

6. The work undertaken in 2009, with the assistance of GHD, has laid the foundation for the City's efforts towards managing City-owned assets more effectively and efficiently. It has been instrumental in developing the Capital Planning Process and moving the City closer to its goal of community sustainability.
7. Asset Management Plans are usually long-range planning documents similar to Master Plans for the various services that the City provides. They can be used to provide a rational framework for managing the City's assets and outline the asset related activities for each service area. The objective of Asset Management Plans is to outline actions and resources to provide defined levels of service in the most cost effective way.
8. Asset Management Plans are intended to improve the City of Barrie's ability to meet its corporate goals and objectives in a way that best services its customers. They provide a rational framework enabling systematic and repeatable process to manage costs, risks, and levels of service for the City's assets. They also enable identification of future costs and assist in predicting future problems that may impact service delivery.
9. Asset Management Plans generally contain the following elements:
 - Summary of the organization's strategic goals and key asset management policies.
 - Definition of levels of service and performance standards.
 - Demand forecasts and management techniques.
 - Description of the asset portfolio.
 - Broad descriptions of the lifecycle management activities to operate, maintain, renew, develop and dispose of assets.
 - A cash-flow forecast
 - Key asset management improvement actions including resources and timeframes.
10. Through the selection of GHD, the City of Barrie adopted the following Asset Management Planning framework designed by GHD:



11. As noted in the first Asset Management Plans, "this is the City of Barrie's first version of an Asset Management Plan and will therefore not meet all of the long term goals of a full developed Asset Management Plan. It is intended that the continual improvement of asset management practices within the City of Barrie will result in annual updates to this document. As such, this Asset Management Plan is a living document that will require ongoing refinement to reflect the evolution of asset management maturity within the City of Barrie over time."
12. Through the development of the 2011 Business Plan, it was determined that, given the challenges that currently face the City of Barrie, an updated analysis of the City's financial condition in conjunction with an update to the Asset Management Plans would be the most beneficial approach to provide Council with the most complete picture of current and future challenges as well as strategies to best address those challenges.
13. The Asset Management Plans update will build on the work previously undertaken by GHD as well as assist in driving and supporting Long Range Financial Planning and annual capital planning work.

ANALYSIS

14. The update and associated work planned for 2011 with anticipated outcomes are as follows:
 - An update to the asset portfolio inventory
 - An update and analysis of high risk assets
 - Improved confidence in capital planning for high risk assets by optimizing lifecycle investment decisions.
 - A provision of sound justification for renewal investment decisions for high risk assets as well as the ability to better rationalize renewal investment decisions within limited budgets.
15. Staff are recommending that this work be awarded to GHD on a single source basis given the work they have undertaken with respect to the initial strategy, framework and business processes as well the Asset Management Plans they were previously developed. Through that work GHD has become familiar with the City's asset portfolio, asset management practices as well as the challenges the City faces managing its capital needs which will generate sufficient time and cost savings within the project.
16. GHD also has extensive experience in this type of work. GHD is an internationally recognized leader in the field of asset management. They have undertaken similar work for municipalities across Canada and around the world.
17. The recommended term of five years is based on a plan to update the Asset Management Plans and Corporate Asset Status Report in 2011 and again in 2013 following the receipt of Master Plan and growth scenario information for the annexed lands and once again in 2015. Throughout the duration of this term staff will be working closely with GHD to expand their knowledge and build in-house capacity to undertake this work internally in the future.

18. Subject to the approval of the single source award to GHD, the projected timelines for the Asset Management Plans update are set out in the chart below:

Milestone	Target Dates
Council Approval of CAM004-11	June 13, 2011
Development of Project Plan	June 2011
Asset portfolio updates	June 2011
Optimized Renewal Decision Making Workshops	July 2011
Asset Management Plans update	July 2011
Corporate Asset Status Report presentation	August 2011
Incorporate into Business Plan and Capital Plan development	August – September 2011

ENVIRONMENTAL MATTERS

19. There are no environmental matters associated with this recommendation.

ALTERNATIVES

20. The following alternatives are available for consideration by General Committee:

Alternative #1 General Committee could direct staff to proceed with a competitive process to engage a consultant for this work.

This alternative is not recommended, as it would be unreasonable to expect another consultant to work within the proprietary planning framework that was designed by GHD. Given the stage of implementation, the adoption of a new framework developed by another organization would be counter-productive. In addition, the time savings associated with the knowledge that GHD has already gained on the City's asset portfolio, asset management approach and capital needs will provide the opportunity to complete this work and present the findings in conjunction with business planning direction for 2012.

FINANCIAL

21. The cost of the Asset Management Plans and Corporate Asset Status Report update has been estimated at \$80,065 (excluding HST). This was included in the 2011 Business Plan adopted by City Council and will be funded through the Federal Gas Tax program in the section of Building Capacity to permit better decision making.

LINKAGE TO COUNCIL STRATEGIC PRIORITIES

22. The recommendation(s) included in this Staff Report support the following goals identified in the 2010-2014 City Council Strategic Plan:

☒ Strengthen Barrie's Financial Condition

23. Asset Management Plans support effective capital planning and long range financial planning which assist Council when making decisions with respect to the application of limited financial resources to address capital needs of the City.