

# Affordable Levels of Service

## Planned Actions

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Built with integrity, leading through innovation.

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# Affordable Level of Service

## Definition

Affordable level of service (LOS) requires delivering customer expectations while finding the balance between the risk associated with delivering the service, or possibly not delivering the service and the budget available to deliver said service.

- Strategic and tactical LOS can be developed for your municipality where *“strategic means doing the right things and tactical means doing things right.”* (Chris Adams, *Modern Analyst*)
- Strategic LOS should be linked to the municipality’s visions for the future and be a qualitative measure used to relate how well a facility or service is operating from a user’s perspective
- Tactical LOS should support the strategic objective and focuses on how you will get the job done

“The National Guide to Sustainable Municipal Infrastructure (InfraGuide) defines Level of Service as the *“service quality for a particular activity or service area against which service performance may be measured”*.”

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Remember needs may go unmet

Source Dave Anderson

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- Develop an unconstrained list of current asset needs and the cost to address those needs.
- Consider future asset needs e.g. traffic growth due to new industry, addition of bike lanes.
- Develop lifecycle costs for all assets which are the sum of all recurring operating, maintenance, preservation, major renewal and/or replacement costs plus any other one-time costs that may be incurred over the useful life of an asset.
- Once the condition, needs, risk, level of service, preferred lifecycle cost alternative selected and financial alternatives known, trade-offs can be made.
- The trade-off analysis will assist in the development of a constrained list of projects that's within your municipality's limitations. This will identify funding shortfalls and a potential backlog of projects at the end of the planning cycle.

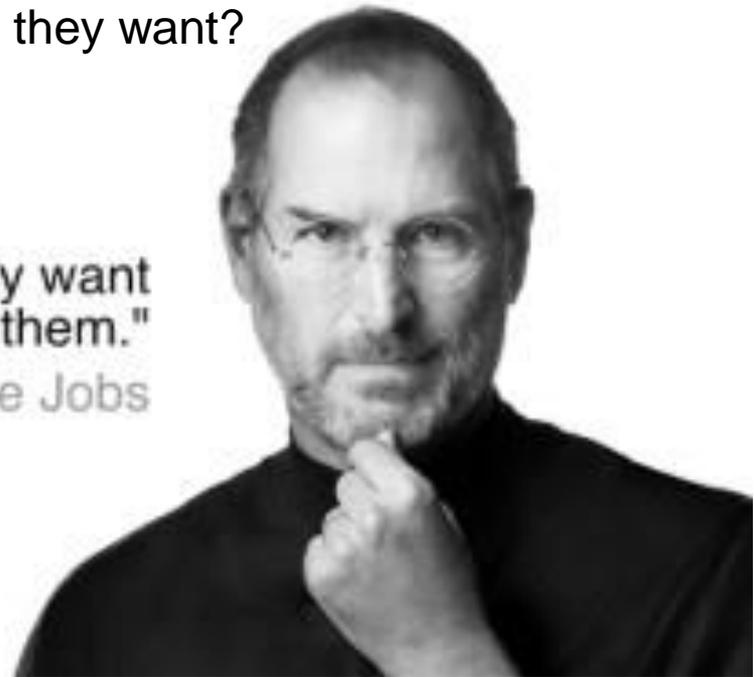
# Affordable Level of Service

**What council will need to determine the planned actions?**

## **Customer/Stakeholder Input** —————

- Customer/stakeholder expectations must play a role in the development of the affordable levels of service
- But does the customer really know what they want?

"People don't know what they want  
until you show it to them."  
- Steve Jobs



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## What else will you need? —————

## What staff will bring to the table

- Knowledge of the regulatory and legal obligations for the services provided.
- Knowledge of any issues that impact the assets. These issues can range from safety concerns, capacity, condition and any other relevant issue/need that may be a potential risk to the asset or the users of the asset.
- It is critical to understand the true cost of operating and sustaining municipal assets. The financial components of the AMP should include:
  - The depreciated value of the asset, what the asset is worth today.
  - The replacement value of the asset,
  - The total cost of asset ownership (lifecycle cost),
  - Which financial strategy will be used, tax base (or pay as you go), using reserve accounts, 100% debt financing, grants from senior levels of government or some combination thereof?
- Performance measures to assist in the identification of operational strengths and weaknesses and to monitor achievement of the municipality's goals and objectives

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## Update the plan

On an annual basis senior management should be asking themselves:

- What has changed with the municipality's assets?
  - Has the municipality acquired new assets or undertaken projects that provide a betterment to an existing asset?
  - Does the acquisition of an asset exceed the capitalization threshold for that asset type? If yes, the asset must be added to the AMP.
  - Has asset condition changed? Did the betterment change the overall condition or remaining useful life of the asset? For example, new windows may improve the efficiency of the HVAC system but does not impact the overall condition of the building.

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