"I Want a Five-Star Experience for a Two-Star Price":

Setting and Communicating Levels of Service

RMA
RURAL MUNICIPALITIES
of ALBERTA

AUMA

This initiative is offered through the Municipal Asset Management Program, which is delivered by the Federation of Canadian Municipalities and funded by the Government of Canada.

fcm.ca/assetmanagementprogram

Welcome!

Why we're here:

- Learn to set expectations for service delivery for both the municipality and user

- Deepen understanding of the role of service levels in asset management

- Think through what service levels means to constituents and businesses in your community, and how they impact staff, activities, and resources

"I Want a Five-Star Experience for a Two-Star Price": Setting and Communicating Levels of Service

Participant Workbook

Setting and Communicating Levels of Service

AUMA

RMA
RURAL MUNICIPALITIES
of ALBERTA
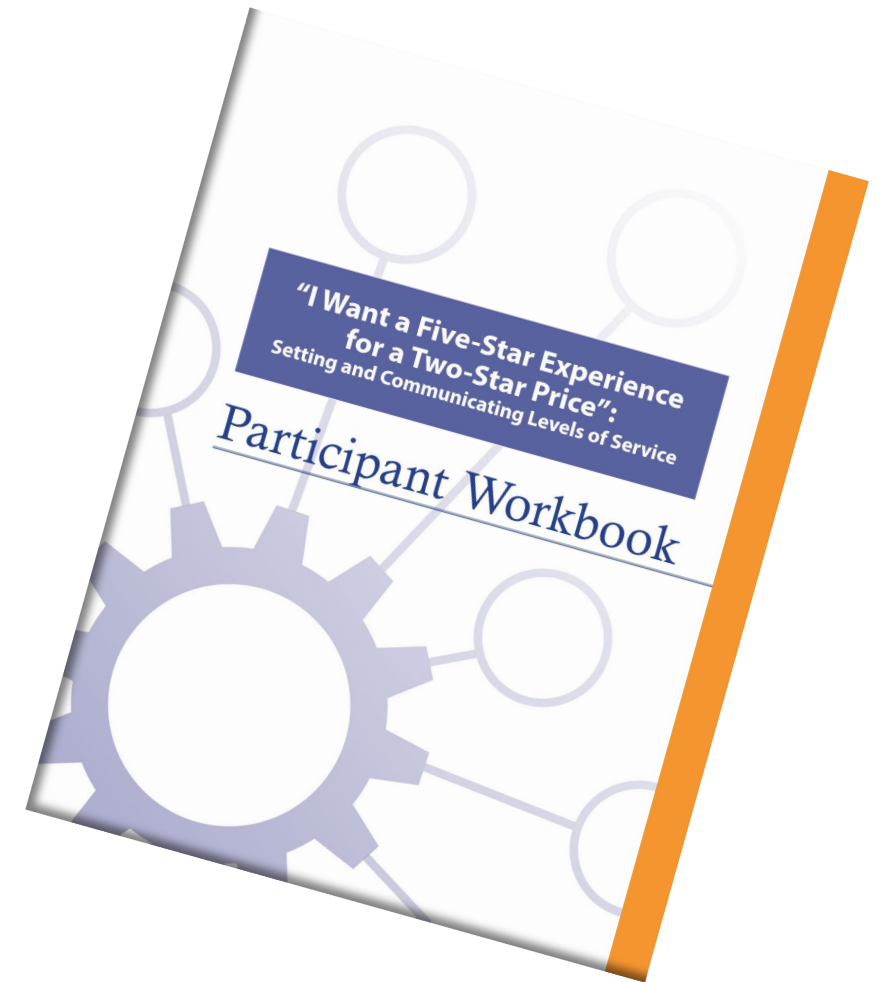
FCM's Municipal Asset Management Program

- Funding for asset management activities
  - Assessments
  - Plans, policies, and strategies
  - Data collection and reporting
  - Training and organizational development
  - Knowledge Transfer

- Funds up to 80% of eligible costs to a maximum of $50,000

Your Facilitators

Using the Workbook

Schedule

Time	Topic
	Introductory Remarks
	➢ Asset Management Refresh
	➢ Identify Levels of Service
	➢ Identify Common Challenges Related to Municipal Service Delivery
	➢ Identify Why Levels of Service Are Important and the Connection to Asset Management
	➢ Identify Council's Role in Setting Levels of Service
	Refreshment Break
	➢ Identify the Process for Setting Levels of Service
	➢ Incorporate Levels of Service into Decision-Making
	➢ Communicate Levels of Service with Constituents
	➢ Monitor and Revise Levels of Service
	Concluding Remarks

Setting and Communicating Levels of Service

AUMA

RMA
RURAL MUNICIPALITIES
of ALBERTA

What Does Asset Management Mean to You?

Setting and Communicating Levels of Service

What is Asset Management?

"The process of **making decisions**
about the use and care of infrastructure
to **deliver services** in a way
that considers current and future needs,
manages risks and opportunities
and makes the best use of resources"

Source: Munis 101 (Elected Officials Education Program)

Setting and Communicating Levels of Service

Asset Management

- It is not just for large communities - all municipalities make decisions about their services and assets.

- The systems and processes don't need to be extensively detailed or expensive.

- You can start where you are, building on existing processes.

- Asset management is about updating those processes to ensure they are systematic, documented, consider the right kind of information and take a long-term perspective.

Setting and Communicating Levels of Service

Did You Know?

- Asset management includes not only engineered assets but also natural assets, including aquifers, riparian areas, and wetlands.

- Asset management processes can be applied to these natural assets in support of sustainable service delivery.

Setting and Communicating Levels of Service

Some Vocabulary…

Assets | Also known as a tangible capital asset, a physical component of a system that enables a service, or services, to be provided.

Asset management system | A set of processes and procedures that support asset management. Components may include a plan, policy, and/or strategy.

Sustainable service delivery | Process of ensuring that municipal services are delivered in a socially, economically, and environmentally responsible way.

Setting and Communicating Levels of Service

Asset Management and Decision Making

Source: Alberta Handbook and Toolkit
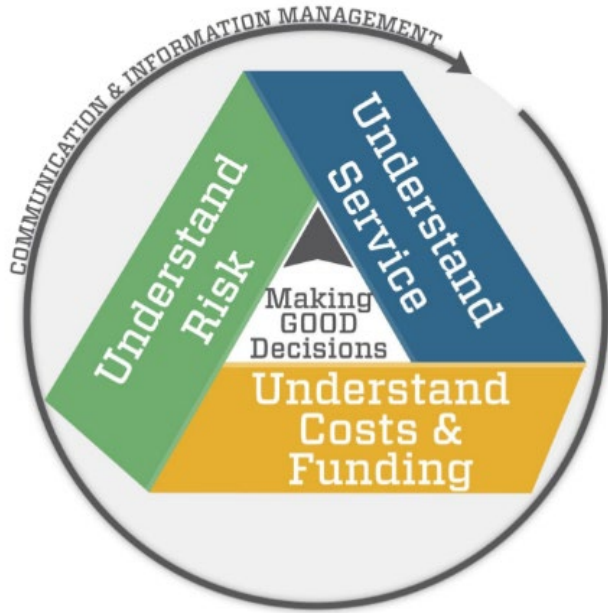
- Municipal councils make decisions and set direction.

- Decisions require trade-offs between service, risk, and cost.

- Council must incorporate an asset management lens and understand these trade-offs to support decision making.

Setting and Communicating Levels of Service

Service, Risk, and Cost Considerations

Service	Risk	Cost
• Types of services • Who benefits or doesn't benefit from a particular service • The current and desired level of service • Regulatory requirements • Service demands	• Events that would have an undesirable impact on services • **Asset risk** describes the risk of an asset failing to perform the way you need it to deliver a service • **Strategic risk** describes a change that would affect your ability to achieve municipal objective • Risk management strategies	• Replacement and capital costs • Operating and maintenance costs • Revenue sources • Partnerships

Setting and Communicating Levels of Service

AUMA

RMA
RURAL MUNICIPALITIES
of ALBERTA

Module 1

Define Levels of Service and the Connection to Asset Management

Setting and Communicating Levels of Service

What is Level of Service? (LOS)

"The **quality** and **quantity** of services provided"

Setting and Communicating Levels of Service

Identifying Measurable Levels of Service

Example:

General service desire: Snow is cleared quickly after a snowfall

LOS measure: The target response times and priorities for snow and ice control

Setting and Communicating Levels of Service

Some Vocabulary…

Customer LOS | LOS from the perspective of the person using the service, in non-technical terms.

Technical LOS | Operational measures for staff that support achieving the customer LOS.

Setting and Communicating Levels of Service

AUMA

RMA
RURAL MUNICIPALITIES
of ALBERTA

Identifying Levels of Service

Service Type	Example Customer LOS	Example Technical LOS
Parks	Local ball teams are satisfied with the availability of ball diamonds.	Ball diamonds are maintained weekly.
Water	Water customers experience fewer than two unplanned water outages per year.	Watermain valves are exercised annually.
Roads	Major roads are smooth to drive on.	Cracks in major roadways are sealed annually.
Solid Waste	Garbage is picked up once per week.	Garbage trucks undergo complete inspection and preventative maintenance monthly.

Setting and Communicating Levels of Service

Level of Service Responsibility

Council:
- Translate and respond to community needs
- Decide on provision of new services/changing existing services
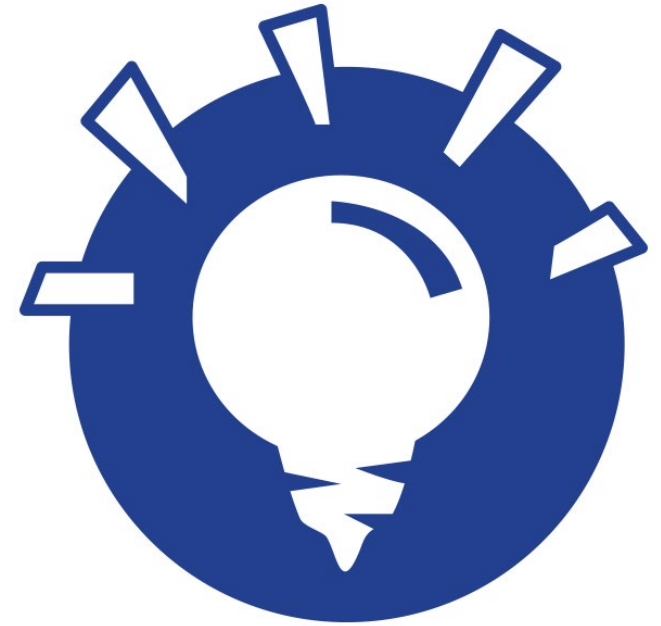- Use staff input to set Customer LOS

Staff:
- Provide information to council on risks and trade-offs of different LOS
- Translate Customer LOS into Technical LOS
- Set and meet Technical LOS

Activity

See page 8 in Workbook

Level of Service: Choices and Impacts

The service level a municipality choses to deliver impacts:

- Constituent's experience of a service

- Use, wear and tear, and maintenance of assets

- Investments in assets and resources

- Staff time

- Municipal budgets

- Municipality's reputation

LOS in Different Communities

- Each community is unique

- LOS is dependent on community geography, culture, and lifestyles.

- Community population and the corresponding tax base factors into LOS and the ability to fund infrastructure and services.

AUMA

RMA
RURAL MUNICIPALITIES
of ALBERTA

LOS Challenges - Expectations

- Public may have different service expectations than staff and council

- Staff and council may have different service expectations

- Constituents may expect a higher LOS than what was expected or delivered in the past

Setting and Communicating Levels of Service

LOS Challenges – Costs

- Expectations may be high, but willingness to pay may be low
- Current LOS may be a drain on municipal budgets

LOS Challenges – Perceptions of Fairness

- Cost sharing for services that are not used by everyone
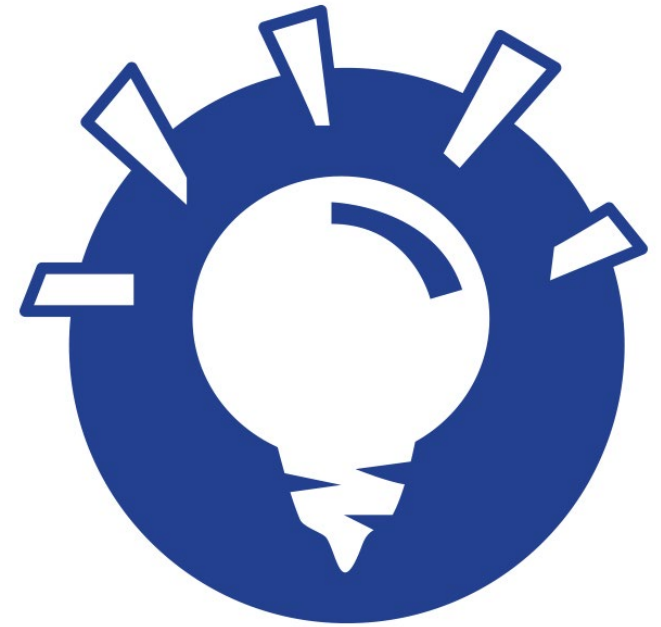- Variation in LOS between neighbourhoods

LOS Challenge – Defining LOS

- Competing needs
- Service may be difficult to define
- Municipality reluctant to commit and "tie their hands"

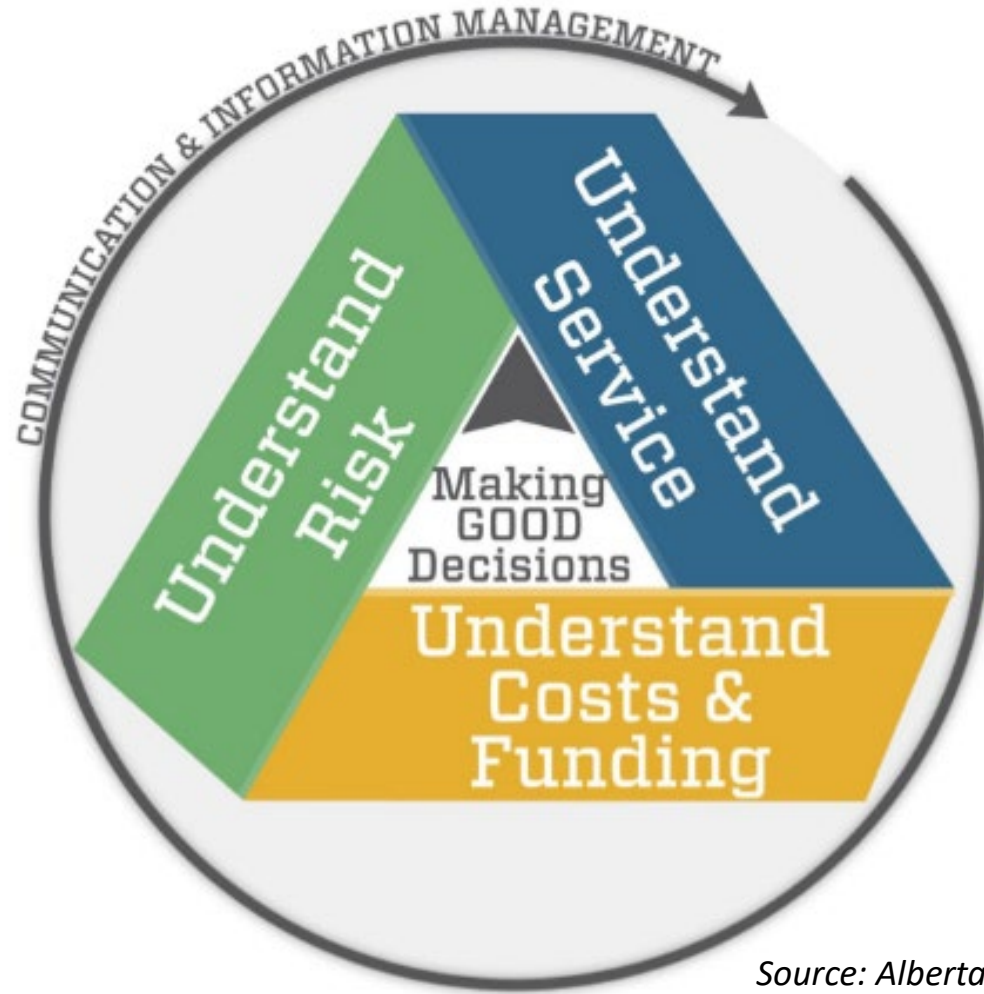Setting and Communicating Levels of Service

Activity

See page 10 in Workbook

Source: Alberta Handbook and Toolkit

Setting and Communicating Levels of Service

Service

- Types of services
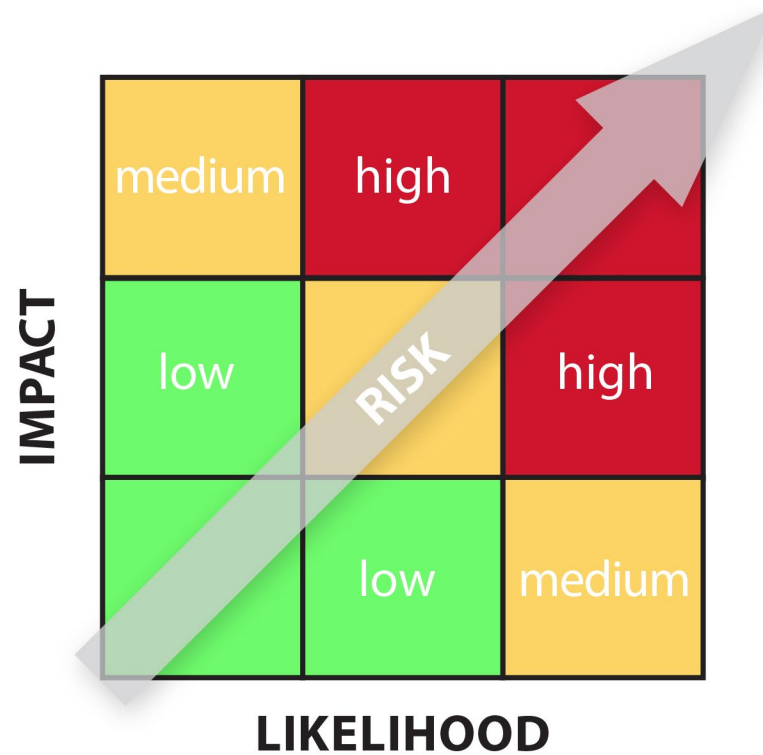- Benefits
- Level of service
- Service demands

Risk

RISK = IMPACT x LIKELIHOOD

(how severe will the negative consequences be?)

(how probable is it that these negative consequences will happen?)

Risk

LOS and Risk

- LOS Influences impact and likelihood
- Establishing LOS depends on risk tolerance
- Competition for resources to increase LOS may introduce new risks

Setting and Communicating Levels of Service

Costs and Funding

Long-term service sustainability requires:

- Adequately resourcing the service through budgeting and allocation of time and other resources

- Understanding of lifecycle costs of assets and work to minimize these costs

- Ensuring that constituents are willing and able to pay for the LOS being provided
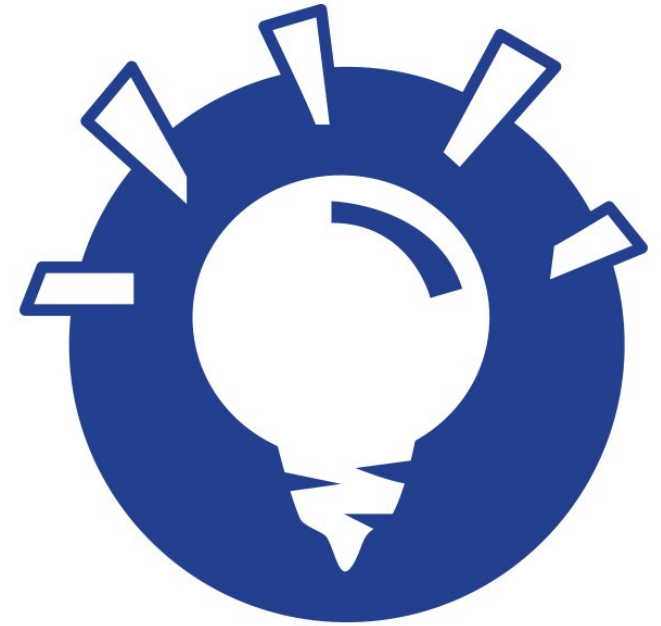
Setting and Communicating Levels of Service

Role of LOS in Asset Management

- Align expectations
- Have conversations about willingness to pay
- Drive improvements in service efficiency and effectiveness
- Prioritize resource investments
- Identify and manage risks

Setting and Communicating Levels of Service

Activity

See page 14 in Workbook

Module 2

Identify How to Set Levels of Service

Setting and Communicating Levels of Service

Council's Role

- Determine which services to provide
- Determine the standard to which services are provided (quality and quantity)
- Ensure decisions reflect community values and priorities
- Balance LOS with managing risks and costs

Setting and Communicating Levels of Service

Activity

See page 17 in Workbook

Process for setting LOS

1. Understand current LOS

2. Identify cost of current LOS

3. Review current risk, service demand, trends, and future service needs

4. Evaluate affordability and willingness to pay

5. Develop target LOS and timelines

6. Document target LOS and communicate to staff, council, and the public

Setting and Communicating Levels of Service

Community Engagement and LOS

What do we mean by engagement?

- Educating the public on infrastructure and cost of service delivery
- Being transparent about investment decisions and LOS
- Considering public input and expectations in LOS and understanding willingness to pay

What are the benefits?

- Minimizes surprises to constituents
- Transparency of decision-making and prioritization can improve trust
- Educating the public on how services are delivered, and the trade-offs considered can increase the willingness to pay

Setting and Communicating Levels of Service

AUMA

RMA
RURAL MUNICIPALITIES
of ALBERTA

Module 3

Effectively Apply and Communicate Levels of Service

Setting and Communicating Levels of Service

AUMA

RMA
RURAL MUNICIPALITIES
of ALBERTA

Council Decisions and LOS

- Council sets LOS
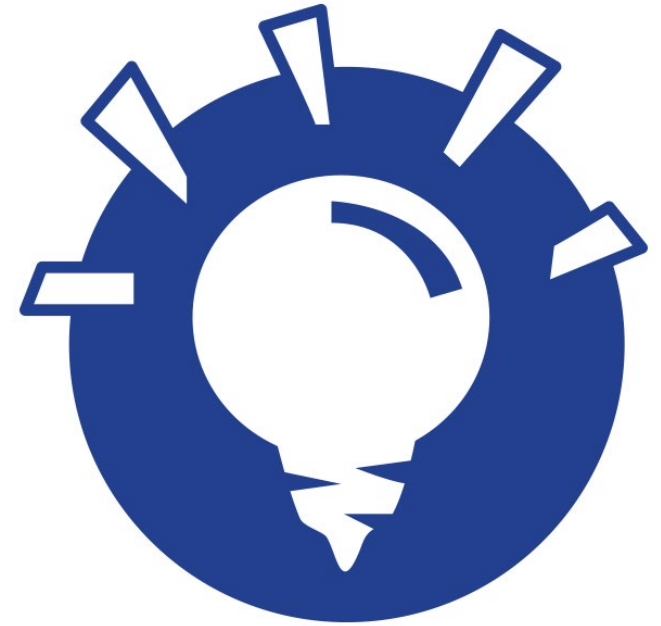- However, council decisions may indirectly impact LOS in other ways

Council Decisions and LOS

- Reducing O&M budget or not increasing it when new assets are added

- Asking developers for upgraded amenities in some areas of the municipality, setting a precedence for other areas and raising expectations

- Adopting vision statements that set new expectations for LOS

- Prioritizing high profile projects over necessary projects, increasing risk for basic services

Activity

See page 21 in Workbook

AUMA

RMA
RURAL MUNICIPALITIES
of ALBERTA

Communicating LOS

- Proactively – regularly communicating the LOS the municipality is providing, what its targets are, if there will be any changes to LOS and what the timeframes are for change

- Reactively – incorporating levels of service into discussions when constituents have concerns about service delivery or are lobbying for specific projects

Both communication styles will help avoid surprises, enable transparency, and ensure that municipal decisions are made with constituents interests in mind.

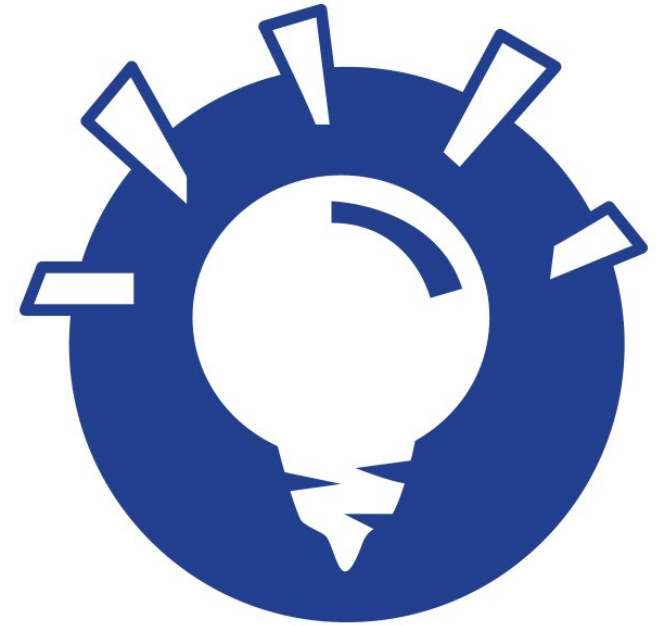Setting and Communicating Levels of Service

Communicating LOS

- **Proactively**
  - Regularly communicating the LOS, targets, changes, and timeframes for changes
- **Reactively**
  - Discussing LOS when constituents have concerns about service delivery or are lobbying for specific projects
- Both types of communication are needed

Setting and Communicating Levels of Service

Activity

See page 22 in Workbook

Monitoring and Revising LOS

- Staff should monitor LOS
  - Are targets being met?
  - Are targets suitable?

- If targets are not being met, actions will need to be taken to meet them or change the current LOS.
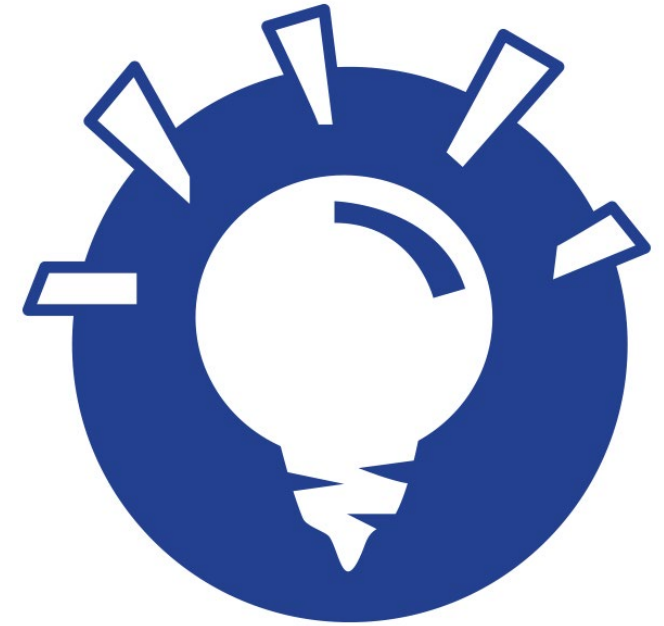
Monitoring LOS

- Current LOS
  - Resident comments and complaints
  - Operational observations
  - Service outcomes (e.g. service outages, sewer back ups, etc.)

- Target LOS
  - Master planning exercises (e.g. recreation master plan)
  - Best practices research
  - Municipal resources review
  - Community engagement

Activity

See page 24 in Workbook

You've Made It!

Asset Management Mindset Checklist

- ❑ Do we have the information we need to make a decision?

- ❑ Have trade-offs between cost, risk, and service been considered?

- ❑ Are we focusing on service delivery?

- ❑ What are the long-term implications?

- ❑ Have all the relevant disciplines been properly engaged in this decision (e.g., planning, engineering, public works, finance, etc.)?

- ❑ Are we thinking about both short- and long-term needs?

Setting and Communicating Levels of Service

Half-Day Specialized Courses

- Boring Until It's Broken: Engaging the Public in Infrastructure Asset Management
- Risk: How Asset Management Can Help
- "I want a Five-Star Experience for a Two-Star Price": Setting and Communicating Levels of Service
- It's Got Teeth but Doesn't Bite: Developing and Implementing an Effective Asset Management Policy
- Weathering the Storm: Asset Management and Climate Change

Setting and Communicating Levels of Service

AUMA

RMA
RURAL MUNICIPALITIES
of ALBERTA

Questions?

Evaluation Form