

February 8, 2022

**Capital Asset Management in a scenario we can all understand.**

I would like to use an analogy that we can all relate to, to further explain Capital Asset Management - your personal car.

Every year, we know that we will be spending money maintaining our cars: fluid changes, tune ups, tire replacements, brakes, and so on... it seems to never end. You perform maintenance to help ensure your car will run reliably, and hopefully, not break down. We do the same thing with the ongoing maintenance of our water and sewer systems. We perform regular maintenance to help ensure these important services can serve you reliably, without interruption.

However, Capital Asset Management requires us to take it a bit further. Through studies and industry standards, we can calculate approximately how long every piece of the infrastructure system will operate reliably. This is like your car, you know to change the oil every 5,000 km, tires are likely to last three years, and so on. Without thinking much about it, the maintenance of your car is already planned. If you are savvy about it, you could set aside money from every pay check to have enough money to pay for this maintenance when it is due. With a bit more research and budgeting, if you set aside a bit more from every pay check, you could even set aside enough money to replace your car when it reaches a certain age.

This is exactly what we are required to, plan for repairs, and eventual replacement – not only in terms of work, but also financially. This is Capital Asset Management! However, the cost of the Village's water and sewer infrastructure is much greater than the cost of the average car (much more than the most expensive car you can think of!).

As shown earlier, the total replacement cost of our water treatment and distribution system (WTDS) is in excess of \$16 million dollars. Although the village has done a great job regularly maintain the WTDS, we have set aside enough money each year to be able to fully cover the staggering costs of maintaining and eventually replacing this infrastructure.