



# What's this arena really costing us?

## Understanding the full costs of your assets

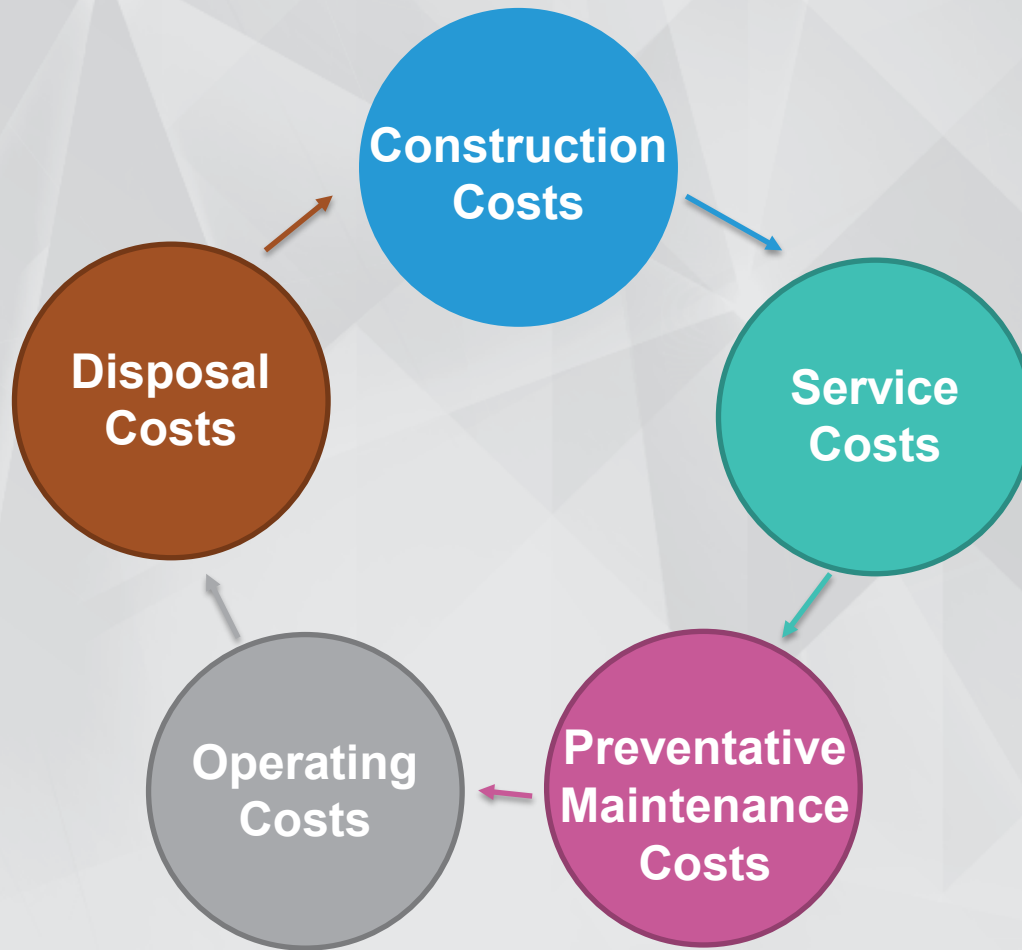
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Northwest Territories  
Municipal and  
Community Affairs

# Overview

- What is Lifecycle Costing?
- Why it is important?
- Costs to consider
- A few examples





# WHAT COSTS IMPACT ASSET LIFECYCLE COSTS?



# Why is it important



Provides a basis for maximizing the cost-efficiency of infrastructure-dependent services



Enables fact-based decisions regarding a best value approach for providing services



Helps understand and compare servicing alternatives, even when they may have markedly different initial capital costs and annual operation and maintenance costs



Provides consistency and transparency in decision processes

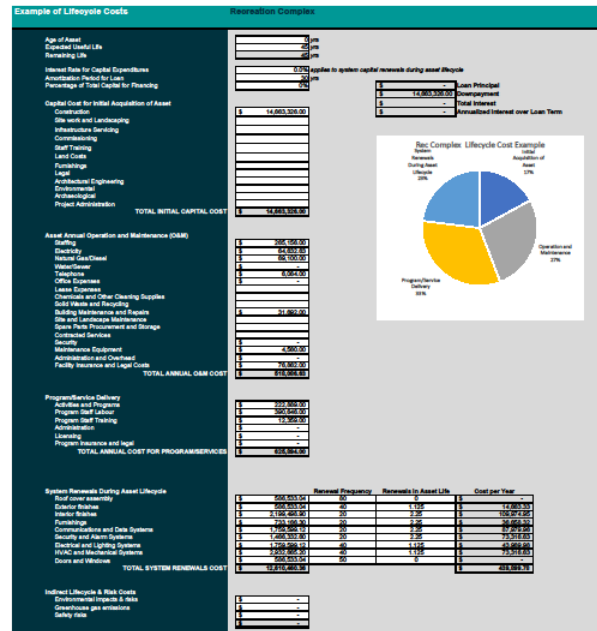


# Costs to consider

- Design & construction for infrastructure
- Purchase cost & shipping for other assets
- Operation, maintenance, utilities
- Program costs
  - Art supplies, sports equipment, ice making, water plant chemicals
- Staff costs
  - Lifeguard, truck driver
- Midlife retrofit for infrastructure
- Repairs or upgrades
- End-of-life disposal costs, or resale value
  - Environmental fees for vehicle disposal
  - Resale value of equipment
  - Building deconstruction



# Example 1 – Rec Complex

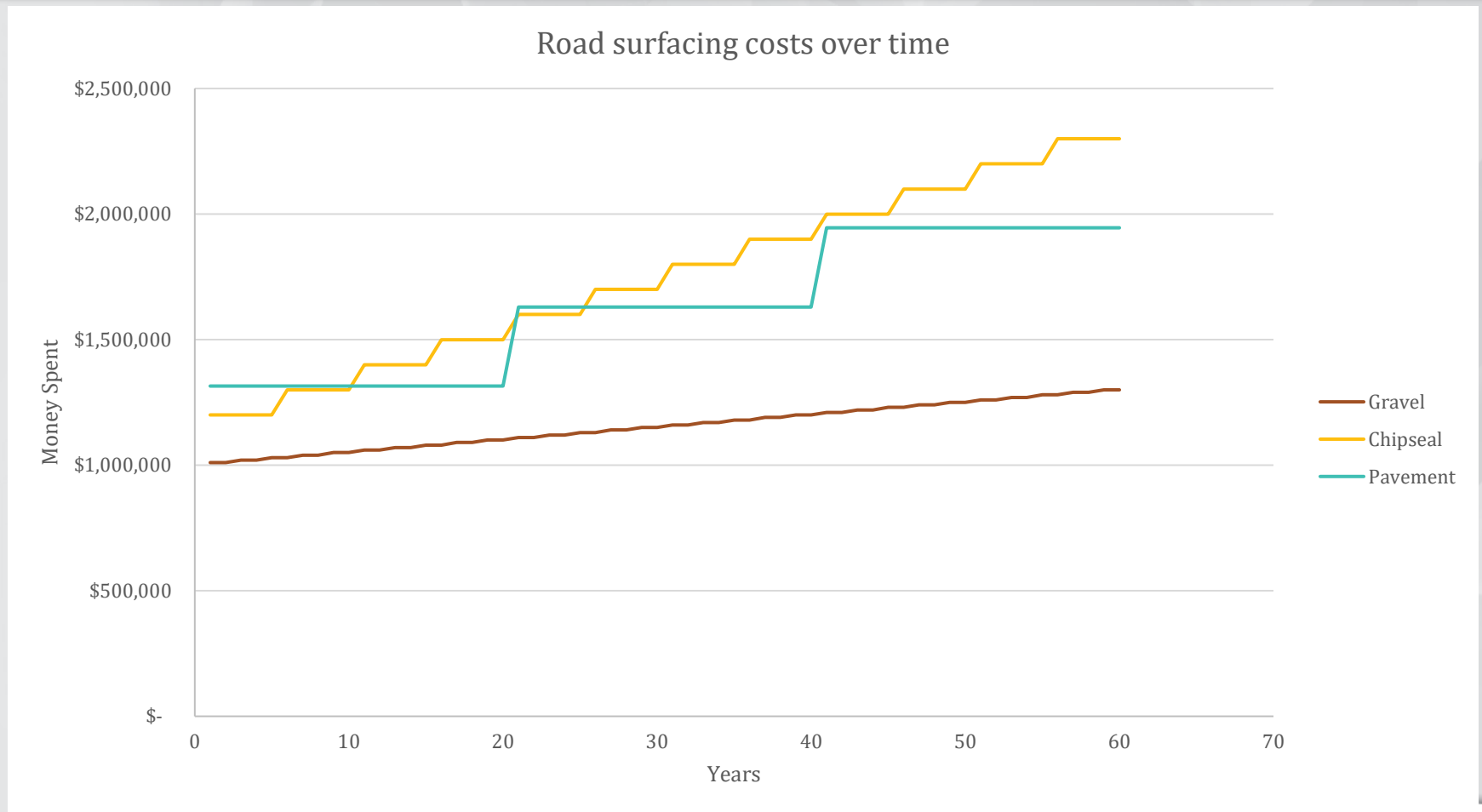


# Example 2 – Road surfacing

Asset life	60 years		
Base road cost	\$ 1,000,000 per km		
Surface type	Gravel Road with dust suppression (Polymer) (2 years)	Chipseal (5 years + extra layer at construction)	Pavement (20 years)
Resurfacing interval	2	5	20
Number of surfacings	30	13	3
Cost to resurface 1 km	\$ 10,000	\$ 100,000	\$ 315,000
Total for resurfacing	\$ 300,000	\$ 1,300,000	\$ 945,000
Total cost per km over lifetime	\$ 1,300,000	\$ 2,300,000	\$ 1,945,000



# Road surfacing – cont.





# Make Informed and Transparent Decisions

<b>Need vs. Want</b>	Need vs. Want - Cost out want you need vs. what might be nice to have.
<b>Look</b>	Look at more than one alternative.
<b>Know</b>	Know the cost of the decisions you are making.
<b>Inform</b>	Inform residents of these costs so they can understand the decisions of Council.



# Questions?

- Ask now!
- Or ask later:

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