

Asset Management Update

Building Together:
Municipal
Infrastructure
Strategy



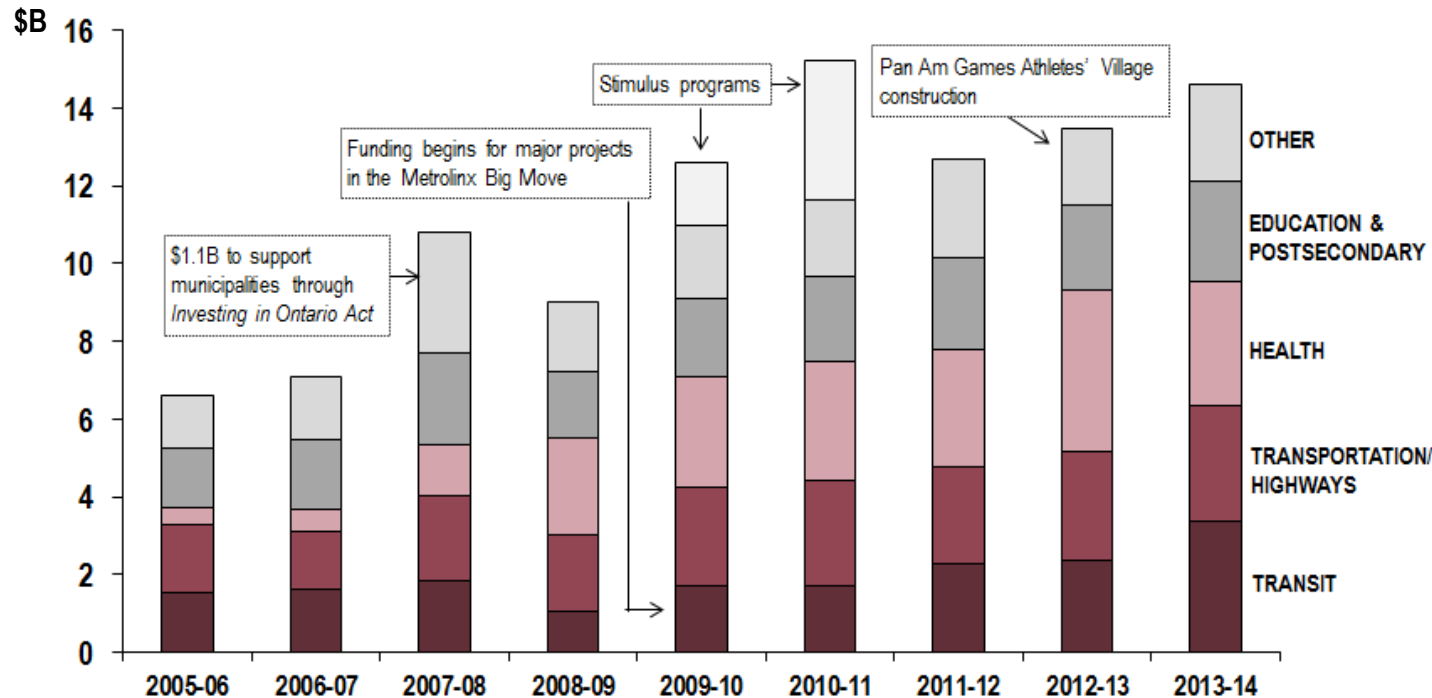
March 26, 2014

Overview

- Improving critical municipal infrastructure is a key pillar of One Ontario – the government’s plan to invest in people and infrastructure and foster a dynamic, innovative business climate.
- The province launched the Municipal Infrastructure Strategy in 2012 as part of the implementation of *Building Together*. Asset management is a cornerstone of the strategy.
- Improved asset management planning will be the foundation for resolving municipal infrastructure challenges together.
- It will enable a productive discussion about making optimal use of the full range of infrastructure financing tools and addressing the structural challenges faced by small communities.
- Many municipalities have made significant progress towards completing comprehensive asset management plans.

Context

- Since 2003, the Province has invested nearly \$100 billion in public infrastructure.
- These investments have helped municipalities to modernize and expand their transit systems, repair and upgrade roads and bridges, and revitalize community infrastructure.



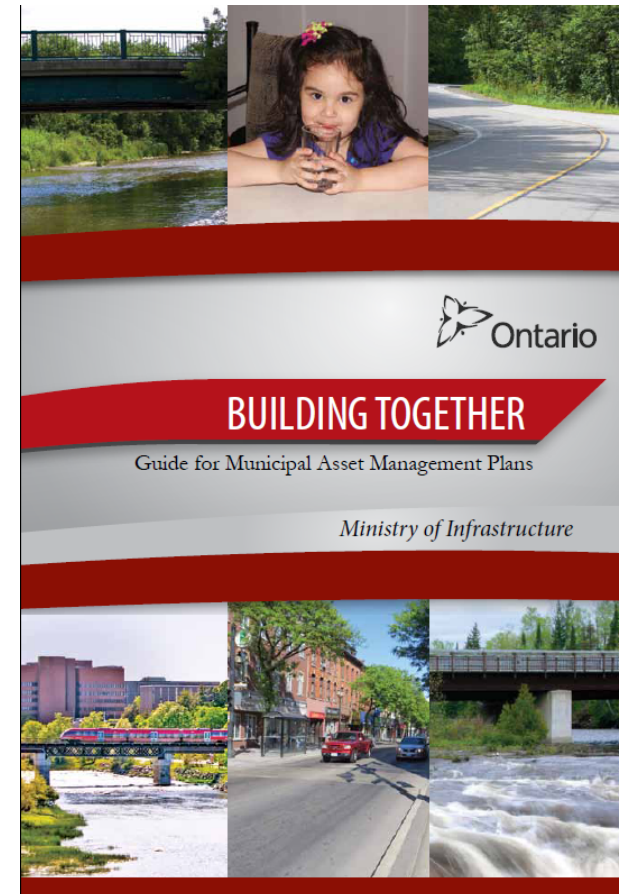
Notes: Includes third-party contributions to capital investment (in consolidated schools, colleges, hospitals and provincial agencies), and federal government transfers for capital investments. Investment in 2013-14 as of 2013 *Ontario Economic Outlook and Fiscal Review*. "Other" includes investments in the water/environment sector, justice facilities, and municipal and local infrastructure.

Municipal Infrastructure Strategy

- The Municipal Infrastructure Strategy requires municipalities that request provincial infrastructure funding to show how projects fit within a comprehensive asset management plan.
- To help municipalities prepare asset management plans, the province provided a Guide for Municipal Asset Management Plans and an online asset management toolkit.
- The province has made nearly \$200 million available through the Municipal Infrastructure Investment Initiative (MIII) and the Small, Rural and Northern Municipal Infrastructure Fund (SRNMIF).
- Ontario has provided a total of \$12.25 million to help smaller municipalities complete asset management plans and \$185 million for critical road, bridge, water and wastewater projects.
- Many associations (e.g., Ontario Good Roads and Municipal Finance Officers) have been developing and disseminating tools and training to help improve asset management.

The Value of Asset Management

- Asset management planning helps municipalities strategically prioritize what needs are most important and understand how they can be addressed.
- An asset management plan is a key vehicle to demonstrate to ratepayers that the right long-term decisions are being made to support services, save money and manage risk.
- In addition, alignment among municipal, provincial and federal governments on a common, systematic set of priorities will help us jointly leverage better outcomes from our investments.
- *Building Together: Guide for Municipal Asset Management Plans* sets out the content of a comprehensive asset management plan.

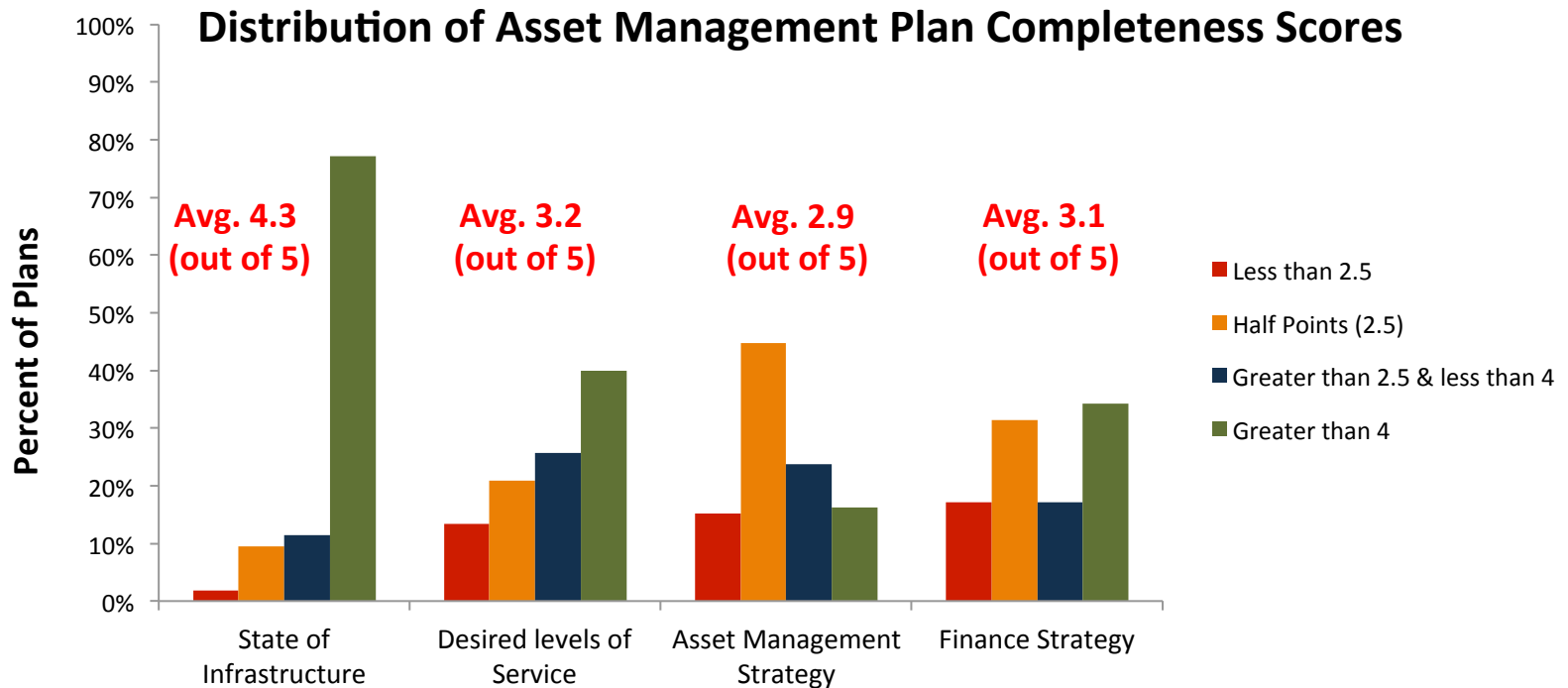


Feedback

- “You don't want to do two bridges that aren't a priority and then find a third one that's falling down. You need that planning,” said Chris White, Mayor of Guelph-Eramosa in the Guelph Mercury on August 18, 2012.
- The Meaford Express quoted Stephen Vokes, Operations Director with the City of Meaford: “These long-term asset management plans assist municipalities to distinguish the difference between needs and wants, prioritize projects and assist in the decision making of determining the right investments at the right time.” (September 17, 2012).
- Summer 2013 consultation feedback included broad support for asset management planning as well as concerns regarding the comparability of plans that are being developed and limited resources for ongoing work.
- On December 12, 2013, the Windsor Star reported that Windsor’s first asset management plan was going to council. The plan gives “the most complete picture ever of Windsor’s infrastructure”.
- Niagara This Week quoted a City of Welland technical analyst as saying “The [asset management] plan really does help focus capital spending.” Further, “We should take this as a bit of a wake up call,” said Councillor Paul Grenier (December 13, 2013).
- On February 20, 2014, an editorial in the Guelph Mercury by Ann Pappert, CAO of the City of Guelph, said “The most successful cities... establish asset management plans that direct investment to minimize future repair costs...”.

Funding Program Results

- The province received a sample of asset management plans through SRNMIF and assessed them for completeness as measured against *Building Together: Guide for Municipal Asset Management Plans*.
- The results indicate very good progress on the state of infrastructure and services levels sections. In general, further work should focus on improving asset management and financing strategies.



Looking Ahead

- The Province is considering options for a permanent municipal infrastructure fund as part of the 2014 Budget deliberations. Asset management plans would continue to be a requirement.
- The federal government is also increasingly emphasizing asset management planning in relation to municipal infrastructure investments (e.g., under Gas Tax Fund).
- Municipalities need to continue asset management planning work and share their successes and challenges so that we can all learn from each other.
- Councils should be looking to asset management plans to inform decisions that get better value for money and better results.
- Implementing and updating plans is an ongoing process of continuous improvement. We are moving towards greater standardization and consistency.