Asset Management:
Long-term gain for short-term pain

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Background

• Former AMO President
• Former OSUM Chair
• Former Councillor, Town of Collingwood

• My first year
  – Pressing community needs
  – Three consecutive 0% tax years
  – Municipality needed a “catch-up” budget
  – Resulted in a near double digit tax increase
Why 0% does not make sense

• The role of government
  – Service delivery or representation?
  – Cost recovery impossible in most cases

• The role of the resident
  – Taxpayer/customer or citizen?

• Taxes are contributions towards achieving a common objective
Why 0% does not make sense

• 2% inflation = 2% decline in budget funding
• But municipal costs often rise faster than this
  • Pensions & Benefits = 8%
  • Policing = 8.5%
  • Energy = 9%
  • Construction = 14%

• Need for today (operating) and tomorrow (debt/reserves for capital)
Why 0% does not make sense

• What gets cut?
• Often, capital and maintenance is first to go
• Trading the short-term for the long-term
• It costs more to replace a house than to fix the leaky pipes
Why 0% does not make sense

• The sector as a whole is still “catching up”
• $60 billion infrastructure deficit that will take 10 years to close

• Additional pressures
  – Social services & housing
  – Impacts of climate change and extreme weather
  – Declining operating and capital grants
What do we do?

• It starts with a mature conversation with the public and our stakeholders
• Starts with context and situational analysis: what does my municipality do and how does it do it?
• Questions to ask:
  – What services do we/should we provide?
  – What are the fiscal, social, economic, environmental and cultural costs of doing (or not doing) so? (pillars of sustainability)
What do we do?

• Reconciles the short-term with the long-term
• Develops a common understanding of the context, issues, and possible solutions
• Brings stakeholders “into the tent”
• Provides ownership to your citizens; they are part of the solution
• Ensures the public is on board during elections

• Collingwood - sewer/water sustainability in 9 yrs of the 10-year plan
What do we do?

• Demonstrate leadership by doing our homework
  – Does your municipality manage risks?
  – Do you monitor and adopt best practices?
  – Do you measure performance?
  – Do you have long-term budgeting based on lifecycle needs?
Keep your eye on the prize

• Municipal sustainability
• Asset management is an integral piece of the puzzle
  – It can start the conversation
  – It can ensure maintenance is not the first to get cut