LAS/MFOA
Asset Management Training
“Setting the Stage”

March 2014
AMO & LAS

• AMO formed in 1899
  – Advocacy, policy development, and training
• LAS formed in 1992
  – Programs & services
    • One Investment Program
    • Electricity/Natural Gas Hedging
    • Closed Meeting Investigation
    • LED Streetlight Retrofit
    • Employee Health/Dental Benefits
    • Energy Services
    • Training and Symposiums
MFOA

• Established in 1989
• The professional association of municipal finance officers
• More than 2,300 members
• Represent individuals responsible for handling municipal financial affairs and who are key advisor to councils on finance policy
• Conduct a number of workshops and trainings
Background

• 2009 PSAB 3150 Tangible Capital Assets work

• 2012 MOI Guide for Municipal Asset Management Plans
  – Roads, Bridges, Water, Wastewater, Social Housing

• AMP’s to accompany requests for provincial infrastructure funding
Asset Management

• Asset management is an integrated business approach involving council, planning, finance, engineering, maintenance, and operations.

• AM is not a finance or engineering exercise – it involves all departments and council.

• The plan should include all assets in addition to the five mentioned in the AM Guide, i.e. parks and rec, administration, fleets, etc.
Traditional Asset Management or Service Based

• Traditional Asset Management
  – Asset centric
  – Maintenance based on asset age and condition

• Service Based
  – Service to customer centric
  – Maintenance based on risk to service delivery
• Objective is to effectively manage existing/new infrastructure to maximize benefits, reduce risk, and provide safe and reliable levels of service to users.

• An Asset Management Plan should be developed based on a municipality’s
  – Services
  – Strategic Plan
  – Long Term Financial Plan
MFOA/LAS Partnership

• We will engage subject matter experts to provide just-in-time training to help you better understand asset management and realize your asset management goals
• Will also include basic training and resources that will help council get up-to-speed related to AM
Partnership with Public Sector Digest

• Completed AMPs for >25% of Ontario’s municipalities
• Have a comprehensive AM software tool
• Have significant AM resources
• Will be working with LAS and AMO as subject matter experts to develop
  – On-line courses
  – Roads and Bridges assessment study
What are the goals of the LAS/MFOA partnership

• To help municipalities in developing AMPs with a goal of long-term financial sustainability
• To help municipalities understand the need for defined service levels
• Help make asset management a valuable exercise that will receive organizational commitment
• To encourage the use of the plan in guiding council deliberations to ensure a consistent funding stream for upkeep and replacement of strategic capital infrastructure
What is a typical 2013 AM Plan?

• Many plans have been submitted.
• Excellent start: Council commitments, costs and revenue forecasts, service level discussions, condition ratings, funding gaps identified, financing strategies addressed
• Ongoing project
• Check list coming soon
• Will suggest next steps to refine plans
AMP Checklist

• AM governance/process
• Inventory
• Service levels
• Condition ratings
• Internal processes
• Finance policies
• Budget integration
Components of the Guide

- Definition of AM
- Financing strategy
- State of local infrastructure
- Asset management strategy
- Expected level of service

Prov. AM Guide
Asset management planning is the process of making the best possible decisions regarding the building, operating, maintaining, renewing, replacing and disposing of infrastructure assets. The objective is to maximize benefits, manage risk, and provide satisfactory levels of service to the public in a sustainable manner. Asset management requires a thorough understanding of the characteristics and condition of infrastructure assets, as well as the service levels expected from them. It also involves setting strategic priorities to optimize decision-making about when and how to proceed with investments. Finally, it requires the development of a financial plan, which is the most critical step in putting the plan into action.
Your AM should discuss

- Goals
- AM rel’n to other processes
- Ongoing feedback and eval.
- What assets?
- How developed?
- Timeframe?
State of Local Infrastructure

- Asset Types
  - All preferred
  - Min includes r/b, w/ww, sh

- Asset valuation
  - Depreciation assumptions
  - Inflation

- Age
  - Age profile of assets

- Condition
  - Good/fair/poor

- Updates
  - When?
  - How?
Desired Levels of Service

- DLS through performance measures
  - Regulatory requirements

- Actual service levels
  - Services actually delivered vs desired

- Service level trends
  - Past/future
  - Things that will affect SL (climate change, accessibility)

- Performance relative to targets
  - Where are you relative to desired state?
AM Strategy

- Demand management
- Intensification

Maintenance
- Inspections
- Maintenance schedules

Renewal/Rehab
- Betterments
- Eg. Pipe lining

Disposal
- How assets are removed from the inventory
- Write downs

Expansion
- Growth
- Life cycle costing in planning for new assets

Non-infrastructure solutions
Financing Strategy

Expenditure forecast
- Non-infrastructure solutions
- Maintenance
- Renewal/rehab
- Replacement
- Disposal
- Expansion

Revenue forecast
- By source, year
- Excludes grants where there is no executed agreement
- Includes assumptions

Funding shortfalls
- Shortfalls that cannot be met by revising service levels, eliminating services, increasing revenues, etc.
- Impact of the shortfall
- How will it be managed
Innovative Cost Reduction Strategies

- **Procurement**
  - AFP
  - DBFM

- **Costing**
  - Lifecycle costs
  - Overheads
  - Cost/benefit analysis
  - Demand management (conservation)
  - Green strategies
  - Shared service strategies

- **Risk assessment**
  - Risk assessment as a budgeting tool
Next Steps

• Complete the inventory
• Service level analysis
  – Council and citizen engagement
• Refining and/or expanding condition ratings
• Refining the cost forecast
  – Age based forecast likely overstate costs
  – Including additions to the asset base
Why an AM Training Roadmap?

• Ensures that the training is complete and comprehensive and not just ad hoc
• Getting the training in the right order, delivered over time, helps our members better understand AM and manage the process
• A “roadmap” was used effectively on training on PS 3150
MFOA/LAS Roadmap Summary

• Multiple stages over several years – similar to MFOA PS 3150 training

• Each stage separated to allow lessons from prior stage to be absorbed and implemented
AM Training - Challenges

• Municipal resources and ability to do AM varies significantly
  – AM plan of a large urban not the same as a rural township
  – Training has to be scaled

• Not all municipalities are at the same place with respect to AM
  – Some well advanced, some still just starting

• Different audiences
  – Council
  – Public
  – Engineers, planners, finance officials
Challenges (con’t)

• Identifying the right materials, in the right order delivered at the right time with the right format

• Ensuring teaching is at the right level of complexity
  – Basic, advanced

• Determining the right training delivery models
  – Workshops
  – Webinars
  – E-learning modules
  – Conference format
Challenges (con’t)

• Government support
  – If associations show how asset management can be done well, we can’t have governments say the plans are insufficient

• A road map must address all of these challenges

• Ultimate destination: **LONG-TERM FINANCIAL PLANNING**
MFOA/LAS Roadmap Details

• Includes:
  – Just in time training delivery
  – Web-based and in-person training opportunities
  – Many opportunities will be available via AM web portal after the session date
Where you should be – catch-up stream

- Where you should be:
  - General
    - AMP goals
    - Relation to budgets, strategic plans
    - Assets included
    - Planning timeframe
    - How developed
    - Feedback and evaluation
  - Complete inventory
  - Service level discussion
    - Council led/customer defined
    - Metrics
  - Condition ratings
  - Cost/revenue forecasts, gap quantified
Catch-up (con’t)

• Will be offered as an e-learning module
• Content developed by MFOA/LAS with subject matter experts
• Applicable to both municipal staff AND elected officials
• Both sides of the table need to be up to speed related to AM
Best Practices in AM

• April 2014 – webinar
• Learn through best practices
• Increase the accuracy of your plan
• Integration with other key municipal documents/processes
Know Your Assets

• Available online in July 2014
• Will address:
  – Basic asset inventory
  – Componentized inventory and building your data
  – Data management and accessibility
  – Next steps for your plan
AMO Gas Tax Roads and Bridges Study

- Learn about the state of local roads and bridges in Ontario, through a study completed by Public Sector Digest for the AMO Gas Tax Program

- As the largest spending category, this study will show the impact of funding over time
Other courses from MFOA/LAS Course Calendar

• The other courses are fall 2014 and into 2015. So summary will be high-level

• Refining your forecasts
  – Moving beyond age based forecasts
    • Looking at life expectancies
    • Replacement costs
    • Forecasting basics
    • Prioritizing projects
Stay Tuned

• We will communicate directly to all Symposium attendees related to upcoming events and resources
• Will leverage technology as feasible to provide training to highest number of municipalities, but some events will be in-person
• And the symposium proceedings will be made available to all attendees.