

# GETTING READY:

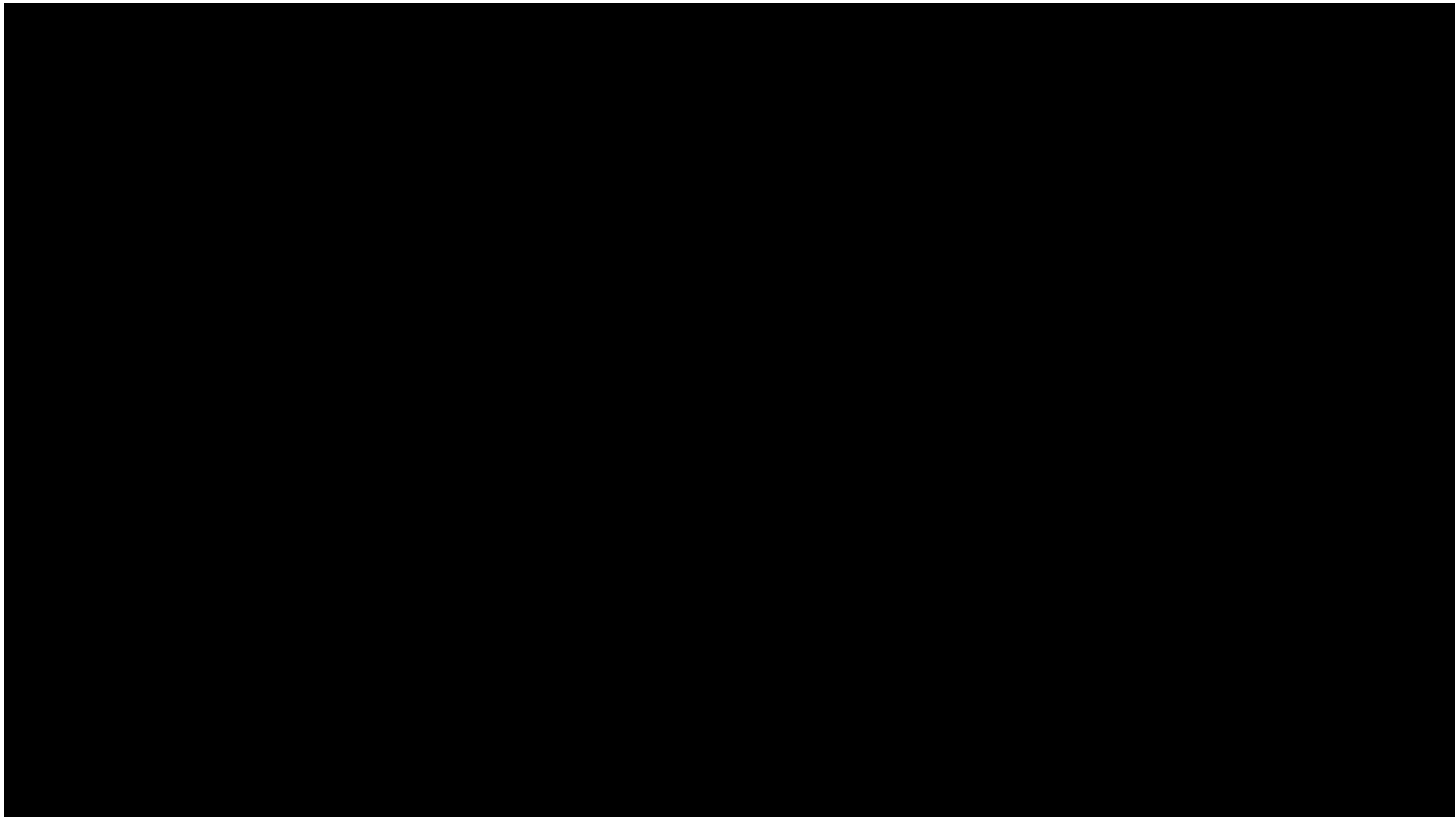
# ASSET MANAGEMENT PLAN AND OUTCOMES

2016

# FEDERAL GAS TAX FUND

- Only long-term, stable & predictable source of funding for infrastructure
- Municipalities in Ontario receive about \$744 million per year on basis of their population
- In total, Ontario's municipalities will receive \$3.8 billion in funding from 2014-2018

# ALL ABOUT THE GAS TAX FUND



# ELIGIBLE PROJECT CATEGORIES

Productivity and Economic Growth	Clean Environment	Strong Cities and Communities
Local Roads and Bridges	Community Energy Systems	Disaster Mitigation
Public Transit	Drinking Water	<b>Capacity Building</b>
Local and Regional Airports	Wastewater	Recreational
Broadband Connectivity	Solid Waste	Cultural
Short-Sea Shipping	Brownfield Redevelopment	Tourism
Short-Line Rail		Sport

# CAPACITY BUILDING

- Gas Tax funds can be used to finance expenditures that strengthen the ability of municipalities to develop and implement asset management plans
- Eligible expenditures include:
  - Software acquisition and implementation
  - Training directly related to asset management planning
  - Completing long-term infrastructure plans

# ASSET MANAGEMENT PLAN

- Priority for Canada in the Gas Tax Agreement
- Municipalities are required to develop and implement an Asset Management Plan by December 31, 2016
- Should include all infrastructure categories eligible for Gas Tax funding
- Municipalities are encouraged to build upon their existing Asset Management Plans using Ontario's *Building Together: Guide for Asset Management Plans*

# DEMONSTRATING OUTCOMES

- Project Outcomes
  - Beneficial impacts in terms of Productivity & Economic Growth, Clean Environment, Strong Cities & Communities
  - Enhanced impact of funds as predictable funding source of funding
- Asset Management Outcomes
  - Demonstrate how Asset Management Plans are being used to guide investments decisions and address priority projects

# WHAT IS AMO DOING?

- We have taken steps to support the integration of financial planning into asset management
  - Introduced seamless investing of Gas Tax funds into the One Investment program
  - Sponsoring research on the use of municipal debt and reserves and how this relates to municipal financial sustainability and infrastructure investment



# WHAT IS AMO DOING?

- Roads and Bridges Study
  - AMO has sponsored a study on state of the roads and bridges infrastructure as a baseline to demonstrate outcomes on Asset Management as required by the federal Gas Tax Agreement in 2018 and 2023
  - 93 municipalities in Ontario with the most complete data were identified and analyzed on an asset by asset basis using both lifecycle and condition data

# KEY RESULTS

- On average, federal Gas Tax Fund accounts for 29% of the available funding for roads and bridges infrastructure
- 32% of the assets are in poor to very poor condition with a replacement cost of \$9 billion
- Assets with condition data are found to be performing better than what their age data suggests, implying that municipalities are conducting maintenance on their assets
- Current Infrastructure Deficit of \$5 Billion
- Annual Investment Gap of about \$0.5 Billion

# MUNICIPAL NEXT STEPS

- Continue work on refining asset management plans to:
  - Include all municipal assets
  - Match desired levels of service
  - Improve data quality through use of condition data
  - Identify financing strategies
  - Embed asset management in municipal operations

# CONCLUSION

- Developing and Implementing an Asset Management Plan is now a requirement of the federal Gas Tax Agreement
- Expenditures related to preparing an Asset Management Plan are eligible for federal Gas Tax funding
- Increase condition assessments of your assets to improve the credibility of your asset management
- Demonstrate outcomes by using Asset Management to identify priority projects and guide infrastructure investment