

# POLICY UPDATE ASSET MANAGEMENT SYMPOSIUM 2016

Craig Reid,  
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# OBJECTIVES

- What are policy requirements for asset management?
- What is changing?
- Provincial environment
- Federal environment
- Where are municipalities
- Where do we need to be to best take advantage of future opportunities

# ASSET MANAGEMENT: STATE OF PLAY

- Asset Management Planning has been eligible for Gas Tax Funding support since inception.
- In 2012, the province's Municipal Infrastructure Strategy was created to guide infrastructure programming for municipalities
  - Included requirements for municipalities to have an asset management plan when requesting provincial funding
  - Subsequent provincial infrastructure funding programs for municipalities have included support for asset management
    - MIII
    - SRNMIF
    - OCIF
    - 98 per cent of municipalities now have AMP
- OCIF will be expanded to \$300 million annually in 2018. \$200 million formula.

# PROVINCIAL STATE OF PLAY – BILL 6

- Bill 6, *The Infrastructure for Jobs and Prosperity Act* passed third reading in spring session 2015
- Includes the requirement for all broader public sector organizations to have an asset management plan
- Regulations to specify:
  - form
  - content and
  - timing of plans
- Regulations to be developed
- Consultation in 2016?

# FEDERAL STATE OF PLAY - BUDGET 2016

- Federal Budget 2016 includes \$11.9B for infrastructure in next 3-5 years
- Funding for:
  - Social infrastructure
  - Green infrastructure
  - Public transit infrastructure
- Building Canada Fund and Federal Gas Tax Fund continued
- Funding for asset management planning capacity development
  - FCM - \$50 million for asset management best practices
- Federal funding recognizes that upgrades and maintenance is needed – unsexy!
- Phase 2 funding will identify opportunities through asset management data – focus is economic growth

# ASSUMPTIONS GOING FORWARD

- Provincial and federal governments increasingly concerned with asset management
- Municipal councils have shown leadership in developing plans – 98 per cent
- Better information is needed – condition data
- Ultimately need comparable measurements
- Asset management plans need to encompass:
  - Health and safety
  - Economic/demographic
  - Environment and climate change
- Plans need to be scoped and financed – take advantage of service delivery changes and partnerships for efficiency

# PROGRAM UPDATE

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April 8, 2016

# ELIGIBLE PROJECT CATEGORIES

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

- 17 Eligible Project Categories
  - Only capital expenses eligible under each category except capacity building
  - Social housing and health care are not eligible
  
- Program Focus is on Demonstrating Project Outcomes:
  - Increased productivity and economic growth
  - Cleaner environment
  - Stronger cities and communities



# CAPACITY BUILDING CATEGORY

- Gas Tax funds can be used to finance expenditures related to the development and implementation of asset management plans
  
- Eligible asset management expenditures include:
  - Software acquisition and implementation
  - Condition assessments for tangible capital assets
  - Staff training
  - Long-term infrastructure plans
  
- What's not eligible:
  - Administrative costs including staff wages
  - Feasibility studies
  - Environmental assessments not followed by eligible capital project

# ASSET MANAGEMENT REQUIREMENTS

## Asset Management Plan Requirement

- Municipalities develop and implement an asset management plan by December 31, 2016 including financing strategies
- 98% of municipalities have a plan capturing core infrastructure
- Include all 16 infrastructure categories eligible for Gas Tax

## Asset Management Outcomes Requirement

- Municipalities demonstrate how asset management plans are being used to identify and fund priority projects
- AMO required to report municipal sector's progress on asset management to Canada in 2018 and 2023

# WHAT AMO IS DOING?

- Baseline data research
  - Roads and bridges
  - 2 different municipal surveys on asset management (2014 and 2015)
- Financing strategies
  - Ability to bank funds for up to five years
  - Seamless investing in One Investment of banked funds or HISA for shorter term funds
  - Debt and reserves research
- Online training for councillors
  - Municipal Councillor Financial Literacy
  - Cover Your Assets
- Social media friendly informational video on asset management

# WHAT AMO IS DOING: ASSET MANAGEMENT OUTCOMES

Proposed asset management outcomes focused on 5 themes:

- Inclusion of all municipal infrastructure assets
  - **Percentage of TCAs reported in FIR Schedule 51 that are part of AMP**  
(Effective 2016 Gas Tax Reporting)
- Better linkages between service levels and asset management plans
  - Whether current service levels are monitored, and whether target service levels are being met or not
- Improving data used to inform asset management plans
  - Change in usage of condition data over time in an AMP
  - Small municipalities can use a risk based approach
- Embedding asset management within municipal operations
  - Whether priority projects identified in AMP are part of municipal capital budget
- Effective Financing strategies
  - How quickly assets are being renewed?



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