

ASSET MANAGEMENT OUTCOMES WORKING GROUP

FEDERAL GAS TAX FUND

Agenda

- Welcome
- 2019 AM Outcomes – Progress so far
- 2020 AM Reporting Requirements
- Round table update on data collection & capacity building initiatives
- Next Steps

Context – FGT Requirements

- AMO's Administrative Agreement for the federal Gas Tax Fund requires 442 Ontario municipalities to demonstrate progress on asset management by:
 - Developing and implementing asset management plans
 - Using existing asset management plans to guide infrastructure planning and investment decisions; and
 - Using federal Gas Tax funds to address priority projects identified in the asset management plans

Asset Management Outcomes Working Group

- Guides us in advancing our asset management outcomes framework by ensuring that any reporting requirements:
 - Meet the objectives of the federal Gas Tax program
 - Don't create additional reporting burden for Ontario municipalities
 - Rely on existing data sets
 - Are consistent with the asset management regulation in Ontario
- Consensus from last WG meeting held on October 22, 2019:
 - Municipalities provide revised plans if any during 2019 reporting cycle
 - Complete an optional questionnaire on recent activities and progress

Current State of Asset Management in Ontario

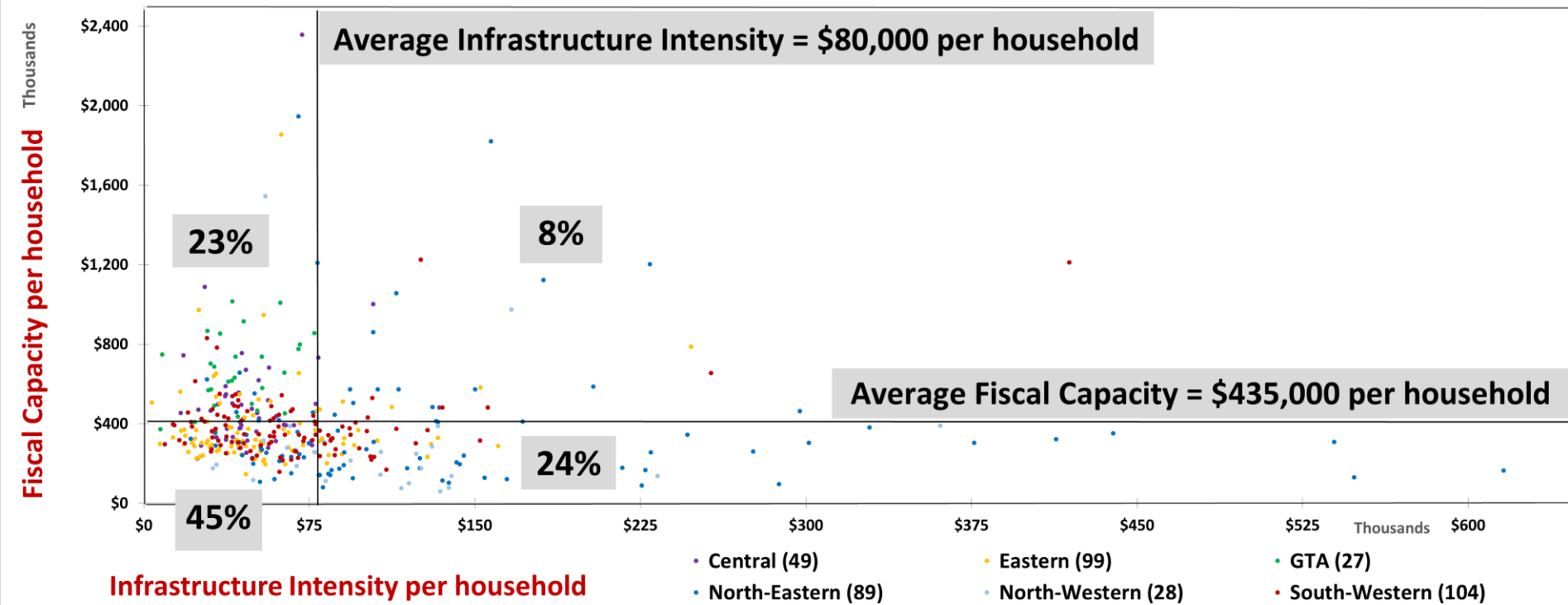
- **442** municipalities have developed a baseline AMP
- In general, majority of Ontario municipalities don't identify priority projects in their plans due to lack of:
 - Data on lifecycle costs, service levels and risk assessment;
 - Financial resources to collect and maintain required data; and
 - Adequate staff resources and training.

2019 Asset Management Outcomes

- **53** Ontario municipalities shared their updated asset management plan during 2019
 - Quality of the plans are proportional with the size and asset management capacity of municipalities
 - Majority added non-core infrastructure categories in the plans, revised replacement costs and investment projections
 - Urban municipalities and upper-tier municipalities have dedicated funds and staff resources to determine existing service levels and develop comprehensive financial strategies based on diverse financial instruments.
 - They also have better condition and performance data on non-core infrastructure categories such as facilities, parks and recreation.
 - More likely to incorporate climate change considerations in their risk models

Fiscal Capacity and Infrastructure Intensity

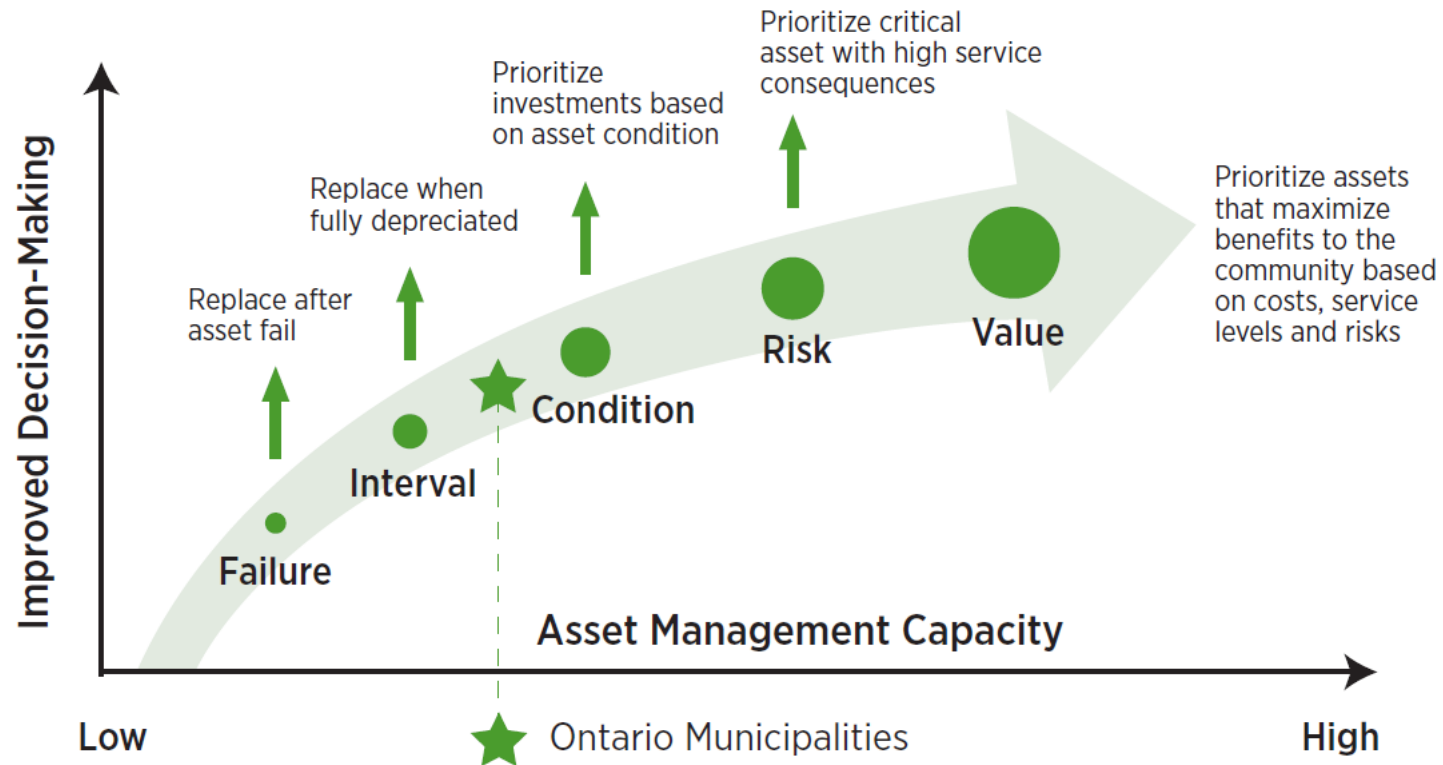
- Based on review of 442 asset management plans; 396 reported replacement costs
- Infrastructure Intensity = Replacement cost per HH (2019 AMPs, 2016 Census)
- Fiscal Capacity = Total Wtd & Disc Taxable Assessment per HH (2018 FIR, 2016 Census)



2019 Asset Management Outcomes

- **257** municipalities completed the optional questionnaire on AM progress based on the following themes: people, assets, strategy, processes and technology
- Municipalities indicated improving their internal capacity by:
 - Participating in AM training and educational programs;
 - Developing asset management governance structures, policies and strategies;
 - Improving quality of asset condition data; and
 - Leveraging technology through use of financial, analytical and GIS software

Progress in Adopting Asset Management in Ontario



Provincial Asset Management Requirements

■ Municipal Asset Management Planning Regulation (O. Reg. 588/17)

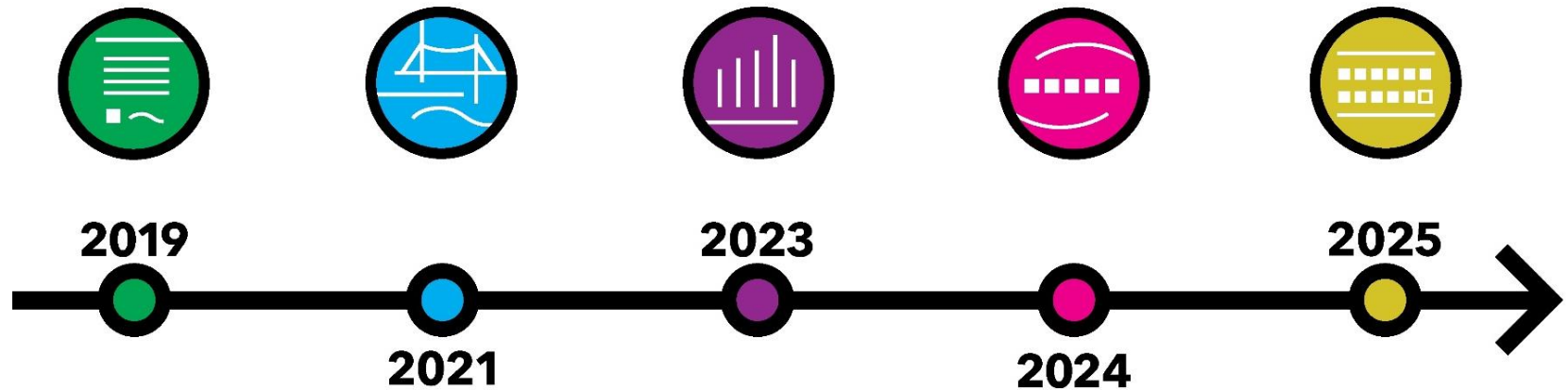
Strategic Policy

Core Infrastructure

All Infrastructure

Financial Strategy

Annual Review



- Defines Role of Council
- Integration with Financial Planning
- Alignment with Official Plan and Master Plans
- Community Engagement
- Coordination with Other Municipalities
- Climate Change Mitigation & Resiliency

- All Other Infrastructure Assets
- Identify what you own
- Identify Current Service Levels
- Identify Costs to Maintain Current Service Levels

- Council to Conduct Annual Review:
 - Plan Implementation progress
 - Strategy to Address any Challenges

- Roads, Bridges & Stormwater Assets
- Identify what you own
- Identify Current Service Levels
- Identify Costs to Maintain Current Service Levels

- Establish Future Service Levels based on Sustainability & Affordability
- Determine Future Priority Investment Activities
- Develop a Financial Strategy

Where Small Municipalities Need Most Help?

- Small municipalities can benefit from free training programs to build internal capacity in order to meet phased requirements of the asset management planning regulation
- Guidance on determining replacement costs and expected useful lives based on industry standards
- Need funds for collecting data on levels of service metrics to monitor existing state and to specify realistic targets
- Lack expertise in using risk assessment to shortlist priorities
- Sector in general can benefit from guidance on using whole lifecycle costs to determine capital investment needs

Current Initiatives

- On-line Councillor training
 - Including video series
- Technical assistance under MAMP
- Direct technical support for small/remote municipalities
- Virtual workshops/facilitated discussions for elected officials on asset management

ROUND TABLE UPDATE

DATA COLLECTION AND CAPACITY BUILDING INITIATIVES

1. What are you seeing?
2. What are you doing?

Next Steps

- Ensure alignment and coordination with other data collection and capacity building initiatives
- **2020 Asset Management Reporting Requirement**
 - Municipalities to provide revised AMPs if applicable and complete an optional questionnaire regarding progress made during 2020:
 - Establishing policy and governance structure
 - Improving quality of asset management plan



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