

# Introduction to Asset Management for Elected Officials

Webinar Participant Workbook



This initiative is offered through the Municipal Asset Management Program, which is delivered by the Federation of Canadian Municipalities and funded by the Government of Canada.



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## Ontario Good Roads Association

The OGRA represents the transportation and public works interests of municipalities throughout Ontario. We accomplish this through advocacy, education & training such as today's course, infrastructure asset management, and a variety of member services. To find out more, visit our website, [www.ogra.org](http://www.ogra.org).



## Course Outline

### Learning Objective

This course offers a practical introduction to asset management that familiarizes municipal elected officials with what asset management is, why it is important, and how to ensure you have done your due diligence in ensuring it happens well within your municipality.

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## What is asset management?

*What is an asset?*

*What is asset management?*

- A structured approach to doing business, guided by an Asset Management Plan
- Incorporates financial, technical and sociopolitical dimensions
- Balances current and future needs
- Facilitates informed decision-making



*But isn't that just...*

- Asset management is not the same as:
  - PSAB (Public Sector Accounting Board) –Tangible Capital Asset accounting
  - Computerized Maintenance Management Systems / Enterprise Asset Management / ERP
  - Road Needs Study
  - Procurement bylaw/policy
  - RCM/RCFA
  - ISO55000

# 1

A set of regulated requirements

- Asset management because you have to.
- Focus is on documenting what is, rather than on planning what will be or could be.

# 3

Technology and tools

- Asset centric
- Technology and a tool box with practices and techniques to manage the assets.
- Outcomes typically measured by the improvement in capital plans.

# 5

A management philosophy

- Customer centric
- Asset management as an integral part of performance management,
- Integrated organizational alignment



## An aligned approach



*So basically what we're talking about is...*

- The importance of an aligned approach
- Making informed decisions (i.e. avoiding “worst first”)
- Maintaining a long-term perspective
- Figuring out how to keep this task both affordable and manageable
- Matching the level and intensity to the needs (and size) of the municipality

## Why is asset management important?

- Balances expenditure with performance and risk
- Matches expectations with service delivery
- Optimizes cost
- Helps to better predict failure and future replacements
- Legislatively required

## Legislation and Policy Context

- Province released **Building Together**, a long-term infrastructure plan for Ontario, in June 2011.
- **Municipal Infrastructure Strategy** is a long-term, cooperative effort among all three orders of government to make it happen.
- The new municipal Asset Management planning regulation – **O. Reg. 588/17** – was approved in December 2017, as part of the Infrastructure for Jobs and Prosperity Act, 2015.
- A six-year phased-in approach is expected.

## O. Reg. 588/17

### Timelines

January 1, 2018	Effective date of Regulation
July 1, 2019	Finalized strategic Asset Management policy
July 1, 2021	Approved Asset Management Plan for core assets
July 1, 2023	Approved Asset Management Plan for all municipal infrastructure assets
July 1, 2024	Approved Asset Management Plan for all municipal infrastructure assets that builds upon the requirements set out in 2023. Includes: <ul style="list-style-type: none"> <li>• discussion of proposed levels of service,</li> <li>• activities required to meet proposed levels of service,</li> <li>• strategy to fund the activities.</li> </ul>





## Other drivers

- Public demand for service, transparency and accountability
- Increasing business orientation in public sector – demand for demonstrated Return on Investment
- Many post-war assets nearing the end of their useful life
- State of assets has rarely been systematically recorded.
- Opportunity to optimize scarce resources by keeping assets productive
- Climate change and emphasis on sustainability

## 10 benefits of asset management

1. Leads to well-defined policy goals that guide decision making
2. Ensures investment priorities are achieved and program delivery meets public expectations
3. Demonstrates how, when and why resources were committed
4. Reduces unplanned maintenance activities
5. Maintains adequate service levels
6. Measures progress in achieving performance targets
7. Provides data re: the total cost of asset ownership
8. Helps predict future investment required
9. Makes funding decisions with a view to the total cost to be incurred over the useful life of an asset
10. Increases customer satisfaction





## Developing an Asset Management Plan

### An Asset Management Plan

Sets out how the municipality's infrastructure will be managed to ensure that it is capable of providing the levels of service needed to support the municipality's goals.

### Contents of an Asset Management Plan

- Background
  - Importance of asset management
  - Purpose
  - How the plan was
- Scope
  - Which assets over what period of time
  - Performance targets
- State of Local Infrastructure
  - Inventory of asset types and quantity
  - Valuation
  - Age
  - Condition
- Desired Levels of Service
  - Performance measures, targets and timeframes
  - Relevant trends
  - Current performance relative to targets
- Planned Actions
  - Strategies for asset repair, rehabilitation, replacement, disposal, expansion with associated costs per asset
  - Non-infrastructure solutions for lowering costs
  - Preferred technical, financial and delivery options
  - Risk assessment
- Financing Strategy
  - Revenue and expenditure forecasts
- Accountability
  - How the plan will be monitored
  - How performance and results reported
  - How and when the Plan will be updated or renewed



## Best practices for asset management planning

1. Good data
2. Know which assets to include
3. Stakeholder engagement
4. Service levels
5. Useful life
6. Determine critical assets
7. Asset life cycle costs
8. Funding strategy
9. Ensure accountability
10. Keep things current



## Getting it done

### Getting practical

- How ready is your municipality to do this?
- How much will it cost?
- How will you pay for it?
- Who will do what?

### Assessing asset management readiness

- Federation of Canadian Municipalities (FCM) Municipal Asset Management Program (MAMP) Asset Management Readiness Scale
- Five Asset Management “competencies”:
  1. Policy and governance
  2. People and leadership
  3. Data and information
  4. Planning and decision-making
  5. Contribution to Asset Management practice
- Five levels for each competency
- [www.fcm.ca/Documents/tools/MAMP/MAMP\\_Readiness\\_Scale\\_EN.pdf](http://www.fcm.ca/Documents/tools/MAMP/MAMP_Readiness_Scale_EN.pdf)

ASSET MANAGEMENT READINESS SCALE						
Competency: POLICY AND GOVERNANCE						
<i>This competency involves putting in place policies and objectives related to asset management (AM), bringing those policies to life through a strategy and framework, and then measuring and monitoring implementation over time.</i>						
Readiness Level	1		2	3	4	5
	Working on Level 1 <input type="checkbox"/>	Completed Level 1 <input type="checkbox"/>	Completed Level 2 <input type="checkbox"/>	Completed Level 3 <input type="checkbox"/>	Completed Level 4 <input type="checkbox"/>	Completed Level 5 <input type="checkbox"/>
	We have set expectations for our AM program. We have the support we need to begin work on an AM policy.		We have drafted an AM policy and strategy and have developed a framework for our AM system.	We are using our AM policy to guide our actions. We have created a roadmap and have established performance measures.	We have a fully functional AM system. We are using performance measures to track progress and outcomes.	We are continually improving the AM system. Our AM objectives and roadmap are refined based on the evolving needs of our community.
Outcomes	You have achieved a specific readiness level when you can demonstrate the corresponding outcomes below.					
Policy and Objectives	<ul style="list-style-type: none"> <li>Senior management has committed to formalizing an AM program.</li> </ul>		<ul style="list-style-type: none"> <li>We have drafted an AM policy.</li> <li>Senior management and council have endorsed the AM policy.</li> </ul>	<ul style="list-style-type: none"> <li>We are starting to use AM policy objectives to guide our actions.</li> </ul>	<ul style="list-style-type: none"> <li>We are managing assets and services in accordance with AM policy and organizational objectives.</li> </ul>	<ul style="list-style-type: none"> <li>We are validating and refining corporate, service and AM objectives based on the evolving needs of our community.</li> </ul>

## Financing strategies

- “Pay as you go”
- 100% Debt Financing
- Drawing Down Reserves
- Private, Public, Partnerships (3P’s)
- Alternative Financing and Procurement (AFP)
- 3<sup>rd</sup> Party Contributions
- User Fees
- New Revenue Sources

## Financial support

### Infrastructure Ontario Loan Program

[www.infrastructureontario.ca/Infrastructure-Lending/](http://www.infrastructureontario.ca/Infrastructure-Lending/)

### Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR)

[www.mah.gov.on.ca/Page181.aspx](http://www.mah.gov.on.ca/Page181.aspx)

### Ontario Municipal Partnership Fund (OMPF)

[www.fin.gov.on.ca/en/budget/ompf/2018/](http://www.fin.gov.on.ca/en/budget/ompf/2018/)

### Ontario Community Infrastructure Fund (OCIF)

[www.ontario.ca/page/infrastructure-funding-small-communities](http://www.ontario.ca/page/infrastructure-funding-small-communities)

### Federation of Canadian Municipalities (FCM) Municipal Asset Management Program (MAMP)

[www.fcm.ca/home/programs/municipal-asset-management-program/funding-mamp.htm](http://www.fcm.ca/home/programs/municipal-asset-management-program/funding-mamp.htm)

Pending – OGRA has advocated for \$25 million over the next five years in dedicated funding for Asset Management planning tools and supports

## Team roles

	Elected Officials	Senior Management	Customer/ Stakeholder	Champion	Process Owner	Finance Staff	Team Members
Determine scope	X	X	X	X	X		X
Policy review	X	X		X	X		X
Program review		X		X	X	X	X
Services review				X	X	X	X
Determine goals and objectives	X	X	X	X	X		X
Determine programs and services		X		X	X		X
Capital and financial plan	X	X		X	X	X	X
Implement plan		X		X			X
Monitor plan	X	X		X			X



## Role of Elected Officials in asset management

### Six Cs of an elected official's role in asset management

1. Compliance
2. Consultation
3. Clarity
4. Choices
5. Calibration
6. Communication

#### 1. Compliance

*A primary obligation:*

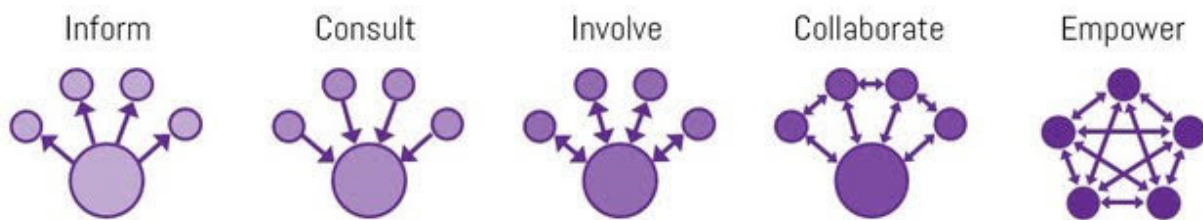
Councillors must ensure their municipality is in compliance with relevant legislation, including the new provincial asset management regulation, other laws and previous Council directives.

#### 2. Consultation

Councillors need to be in touch with their constituents, to share and gather information.

- Why?
- With whom?
- How?
- About what?

Be clear about the level of public participation you want. Which is best in this situation?





### 3. Clarity

Ask insightful questions to build your confidence in decisions being made, from an asset management point of view.

- For example:
  - Do we know the return on investment?
  - Can we leverage existing assets to generate more productivity or dividends?
  - Have we seriously considered alternatives?
  - Who stands to gain or lose from the implications of this choice?
  - What are the likely effects on future choices?
  - What is the expense of preparing the Asset Management Plan?
  - What will be the savings or expense of implementing the plan?
  - What are the benefits of the Plan?
  - How will this be financed?

### 4. Choice

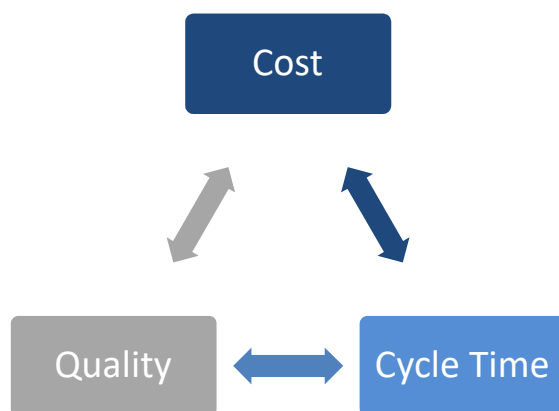
Asset management is about goals, choices and trade-offs.

You have understood requirements, asked insightful questions, and consulted with stakeholders.

Now, **make decisions**.

Set expectations that align with what you have heard.

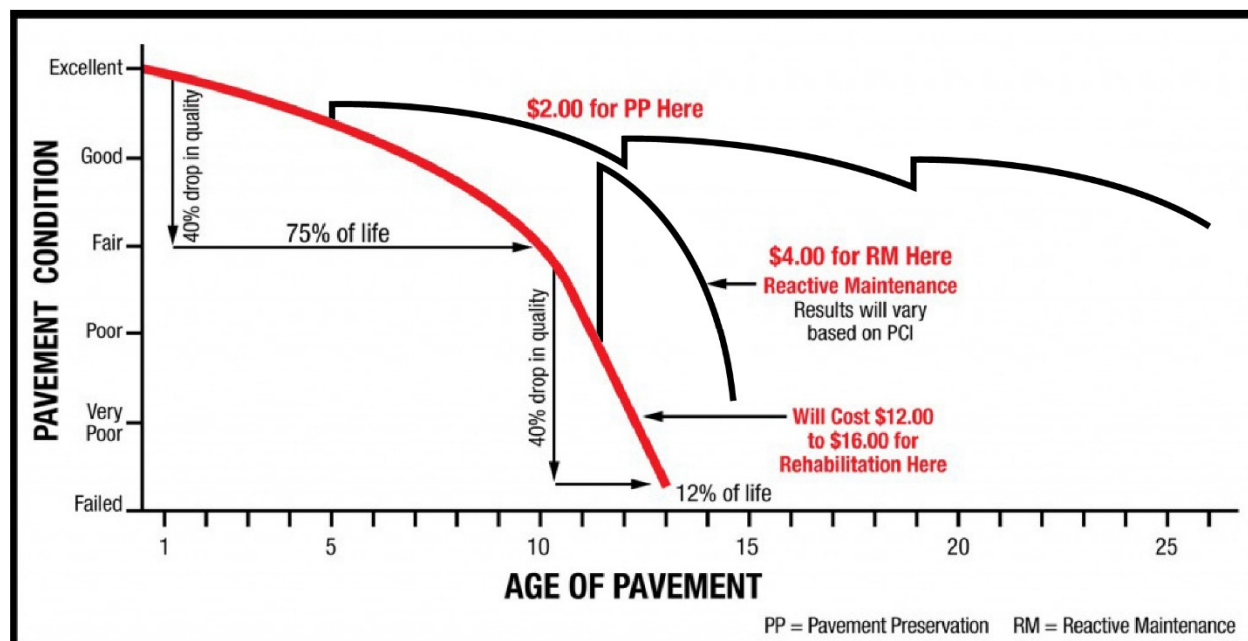
*Trade-offs*





### Pavement Condition Index

Source: California Pavement Maintenance Company, [cpmamerica.com/slurry-seal/](http://cpmamerica.com/slurry-seal/)



## 5. Calibration

Ensure **ongoing alignment** between what you heard, what you decided to do, and what is actually happening.

## 6. Communication

Councillors play a key role in communication. Strong asset management planning allows you to:

- Be a champion in the community for informed decision-making and long-term thinking
- Communicate your priorities and progress toward achieving them, with information at your finger tips
  - Proactively
  - In response to complaints

## Moving it forward in your municipality

### Next steps

#### *Readiness*

- ☐ Check your municipality's current status on the readiness scale
- ☐ Develop an action plan to get up to speed

#### *Policy*

- ☐ Check your municipality's AM Policy status (must be completed and posted online by July 2019). Does it include:
  - Council's involvement in planning?
  - Your commitment to give residents and others input into asset management planning?

#### *Plan*

- ☐ Check your municipality's current plan.
- ☐ Have a plan for review / updates
  - In-house or Contractor
  - Cost
  - Timing
- ☐ Progress updates and Annual Review
- ☐ Council approval

## Municipal Staff Readiness

The OGRA has a variety of courses available through our Academy for Municipal Asset Management that may be beneficial for staff:

- Data Collection & Condition Evaluation
- Asset Valuation & Capital Investment Planning
- Managing Data for Municipal Assets
- Public Sector Finance Fundamentals
- And more!

Our education calendar is available online at [www.ogra.org](http://www.ogra.org).

## My next steps

- What have I learned?
- What will be my specific next steps to support asset management in my community?

## Final Word – Ongoing process

- Asset management is a journey, not a destination



## Additional resources

### MAMP Readiness

**Funding: Municipal Asset Management Program**

[www.fcm.ca/home/programs/municipal-asset-management-program/funding-mamp.htm](http://www.fcm.ca/home/programs/municipal-asset-management-program/funding-mamp.htm)

**Municipal Asset Management Program: Asset Management Readiness Scale**

[www.fcm.ca/Documents/tools/MAMP/MAMP\\_Readiness\\_Scale\\_EN.pdf](http://www.fcm.ca/Documents/tools/MAMP/MAMP_Readiness_Scale_EN.pdf)

### OGRA Asset Management Tools

**What do I own and where is it located?**

[www.ogra.org/files/Asset-Mgmt/What%20do%20I%20own%20and%20where%20is%20it%20located.pdf](http://www.ogra.org/files/Asset-Mgmt/What%20do%20I%20own%20and%20where%20is%20it%20located.pdf)

**What we own and where is it located?**

[www.ogra.org/files/Asset-Mgmt/What%20do%20I%20own%20and%20where%20is%20it%20located.pdf](http://www.ogra.org/files/Asset-Mgmt/What%20do%20I%20own%20and%20where%20is%20it%20located.pdf)

**What is it worth?**

[www.ogra.org/files/Asset-Mgmt/What%20is%20it%20worth.pdf](http://www.ogra.org/files/Asset-Mgmt/What%20is%20it%20worth.pdf)

**What is its condition and remaining service life?**

[www.ogra.org/files/Asset-Mgmt/What%20is%20its%20condition%20and%20remaining%20service%20life.pdf](http://www.ogra.org/files/Asset-Mgmt/What%20is%20its%20condition%20and%20remaining%20service%20life.pdf)

**What needs to be done?**

[www.ogra.org/files/Asset-Mgmt/What%20needs%20to%20be%20done.pdf](http://www.ogra.org/files/Asset-Mgmt/What%20needs%20to%20be%20done.pdf)

**What do I need to do for it?**

[www.ogra.org/files/Asset-Mgmt/What%20do%20I%20need%20to%20do%20for%20it.pdf](http://www.ogra.org/files/Asset-Mgmt/What%20do%20I%20need%20to%20do%20for%20it.pdf)

**How much will it cost and how will it be funded?**

[www.ogra.org/files/Asset-Mgmt/How%20much%20will%20it%20cost.pdf](http://www.ogra.org/files/Asset-Mgmt/How%20much%20will%20it%20cost.pdf)

## Building Together – Guide for municipal asset management plans

[www.ontario.ca/page/building-together-guide-municipal-asset-management-plans](http://www.ontario.ca/page/building-together-guide-municipal-asset-management-plans)

**Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure**

[www.ontario.ca/laws/regulation/r17588](http://www.ontario.ca/laws/regulation/r17588)

## AMO Council Member's Toolkit

**Tips for evaluating asset management plans**

[www.amo.on.ca/AMO-PDFs/Asset-Management/OMKN-Toolkit-Tips-Municipal-Asset-Management-2015.aspx](http://www.amo.on.ca/AMO-PDFs/Asset-Management/OMKN-Toolkit-Tips-Municipal-Asset-Management-2015.aspx)

## Examples of Municipal Asset Management Plans

**The Regional Municipality of Halton Asset Management Plan**

[www.halton.ca/planning\\_sustainability/plans\\_strategies\\_studies/asset\\_management\\_plan/](http://www.halton.ca/planning_sustainability/plans_strategies_studies/asset_management_plan/)

**The Corporation of the City of Brantford 2017 Asset Management Plan**

<http://www.brantford.ca/govt/assetManagement/Pages/default.aspx>

**Town of Orangeville Corporate Asset Management Plan**

[www.orangeville.ca/treasury/asset-management-plan-1](http://www.orangeville.ca/treasury/asset-management-plan-1)

**City of Thunder Bay Asset Management Plan**

[www.thunderbay.ca/City\\_Government/Departments/Infrastructure\\_and\\_Operations/Asset\\_Management\\_Plan.htm](http://www.thunderbay.ca/City_Government/Departments/Infrastructure_and_Operations/Asset_Management_Plan.htm)

