Money Matters
Managing Winter Operations

October 24, 2019
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AMP it Up Program Manager
MFOA
Agenda

• Budget
  – Operating
  – Capital
  – Reserves and Reserve Funds

• Evolution of Asset Management
  – O. Reg 588/17 Review
  – Strategic Asset Management Policy (SAMP)
  – Are You Ready? Phase I - Asset Management (AM) for Core Infrastructure Including Service Levels
  – Coming Sooner than You Think -- Phase II -- Asset Management for All Infrastructure Including Levels of Service
  – Coming Phase III – Lifecycle Management and Financial Strategy
How Will Municipalities Pay to Manage assets?

Municipal budgets must pay for:

• All municipal operations
• Capital assets
  – Repair, replace existing assets; or
  – Build new assets (growth-related)
• Services
• New services when required
• Other new challenges (e.g. climate change adaptation)
Why is the Budget so Important?

Property Tax
(How the bills are paid)

Operating Costs

Budget

Capital Costs
Capital and operating budgets are different but not independent.

Relationship Between Capital and Operating Budgets and Reserves and Reserve Funds
• Capital and operating budgets are different but not independent.

**Operating Budget**
- Paying bills such as payroll
- Capital levy
- Contributions to reserves
- Affordability of capital impacts

Examples: Ongoing bills and mortgage payments

**Reserve and Reserve Funds**
- Smoothing out operating expenses (e.g. elections)
- Setting aside funds for future capital needs
- Acts like a “savings account”
- Reserves are for “rainy days” while reserve funds are for making large purchases

Examples: House expansion and kitchen renovation

**Capital Budget**
- Costs of constructing or acquiring new assets
- Funded from Debt
- Future replacement provisions

Examples: Getting a mortgage and replacing a roof
Reserves and Reserve Funds

Funds that have been set aside to meet a future funding requirement

• Generally set aside by:
  – Council By-law
  – Legislation
  – Allocation

• Council can set up a reserve or reserve fund for any purpose for which they have the authority to spend money
• Reserve funds provide a mechanism for legally saving money to finance all or part of future infrastructure, equipment, and other requirements.

• Reserve funds can also provide a degree of financial stability by reducing reliance on indebtedness to finance capital projects and acquisitions.

• In uncertain economic times, reserve funds can also provide officials with a welcomed budgetary option that can help mitigate the need to cut services or to raise taxes.
Operating Reserve and Reserve Funds

- Risk Analysis
- Smoothing
- Contingency
Risk Analysis
Municipalities use reserves and reserve funds to stabilize the tax rate

- **Deficit**
  - First charge on next year's budget, or
  - Fund from reserves

- **Surplus**
  - Can be used to reduce next year's budget (not recommended), or
  - Transfer to reserves for future requirements
Financial Stabilization Reserve

• Target Levels – Cyclical programs
  – For cyclical programs (snow clearing, water, wastewater) – look at last 5- to 7-year weather patterns or average spending (adjust for inflation) – operating budget should be set based on average – identify level of funding needed to fund overage years
  – For unforeseen events, may provide a set amount aside as a contingency

• Funding:
  – For cyclical programs would generally be “revenue less expenditure” surpluses when materialized
Financial Stabilization Reserve

• Target Levels – Contingency
  – For unforeseen events, may provide a set amount aside as a contingency
  – Events could be for a number of issues – earthquakes, hazardous spills, etc.
  – Sometime difficult to quantify but may want to provide for one significant event

• Funding:
  – Initial budget amounts may need to either be budgeted for or provide for from year-end surplus
Example: Cyclical Nature of Snow Removal

Reserve Accumulation To Target

Actual Snowfall Volumes

Reserve Withdrawals

Mean Snowfall Volumes Across Modeling Time Period

Reserve Fund Balance Target Expressed as ???
Capital Reserve Funds

• To assist in financing all or part of the cost of construction, reconstruction, or acquisition of:
  – a capital facility
  – the acquisition of equipment
  – land improvements

• Generally, capital reserve policies are developed as part of a long term financial plan strategy and/or part of an asset management plan

• Over long term, assists in reducing overall impact on rates and limit
Asset Replacement Reserves

• Big issue for Canadian municipalities
• Many municipalities may have “lifecycle” reserves for vehicles and equipment, but often do not have adequate reserve policies for water, wastewater, roads and major facilities for other services
• Consideration needs to be given to the approach to providing for capital needs valuation and annual contribution requirements
• Lifecycle contributions for each service have been rationalized
• Transfers to reserve funds have been provided for by phasing in the funds required for future needs
• Forecast has ensured that the rates attain “financial sustainability” for water by the end of the forecast period
• Annual contributions integrated with capital budget and capital component of rate structure
Vehicle and Equipment Replacement Reserves

- Similar approach to estimating long term needs as prior services discussed
- Note that because of the shorter lifespan of this asset vs. facilities, mains, etc., the variation between the sinking fund approach and the straight-line depreciation approach is less significant
- Often annual recoveries/contributions are provided by a general budgeted contribution, a departmental allocation or based on usage “charge per hour” basis
Benefits of Reserve and Reserve Fund Policy

- Promotes adequate levels of funds to offset current and future risks (i.e. revenue shortfalls, or unanticipated expenditures)
- Improved financial, cash management and particularly financial stability
- In conjunction with investment and debt management policies, informs decisions related to long-term financial planning
Reserve and Reserve Fund Policies

• Based on the foregoing, it is important to have policies that outline:
  – The types of reserve and reserve funds that are active in your municipality
  – The approved use of the funds:
    • Types of transactions
    • Values
    • Approvals required
  – Target balances
    • What is the optimal value for each?
    • Sources of funding?
  – Reporting Requirements
Capital financing strategies

How are Reserves and Reserve Funds part of the Solution?
Capital Financing Strategies Continuum

- "Pay As You Go"
- Drawing Down Reserves
- 3rd Party Contributions
- 100% Debt Financing

Some combination thereof
Asset Management
Evolution of Asset Management

- **Walkerton Inquiry**
  - 2002
  - Full-cost pricing

- **Ontario Building Together Guide**
  - 2009
  - Guide for municipal asset management plans

- **Municipal Asset Management Regulation**
  - 2016
  - O.Reg. 588/17

- **PSAB 3150**
  - 2012
  - TCA accounting

- **Infrastructure for Jobs and Prosperity Act**
  - 2018
  - Authority for the Province to regulate municipal asset management planning
O. Reg. 588/17

Approximately two year consultation period with the municipal sector through online and regional consultations.

Regulation finalized and enacted based on feedback received during May 25-July 25 consultation period.

All municipalities required to prepare and publish a strategic asset management policy

July 1, 2019

All municipalities required to develop enhanced asset management plans covering core infrastructure assets

July 1, 2021

All municipalities required to expand enhanced asset management plans to cover all infrastructure assets

July 1, 2023

Expand asset management plans to provide further details for all infrastructure assets

July 1, 2024
SAMP* – What is it?

- Commitment to AM principles and philosophies
- Aligning and integrating AM organization
- Guiding the AM planning process
- Defining AM responsibilities and accountabilities
- Culture that values AM and makes it a priority.

* Strategic Asset Management Policy
SAMP Components

Guiding Principles

**Principles** guide the analysis completed to inform decisions and the management process followed to make decisions.

Governance (Roles & Responsibilities)

**Responsibility** identifies which executive lead is responsible for asset management planning and how Council will be involved.

**Accountability** sets the commitment to annual updates by Council on ongoing efforts to implement the asset management plan and strategy options to address factors affecting the Municipality's policy commitments.

Strategic Alignment

**Strategic alignment** in the context of asset management is about integrating diverse municipal initiatives into coherent plans and decisions.
How Will SAMP Help with Future Phases?

Benefits

• Defined Champion
• Collaborative Approach/Improved Culture
• Involvement of Council & Public
• Integration with Municipal Processes
**Asset Management Regulation Overview**

<table>
<thead>
<tr>
<th>Strategic Asset Management Policy (by July 1, 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requires municipalities to outline commitments to best practices and continuous improvement</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Asset Management Plan: Phase 2 (by July 1, 2023)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Builds out the Phase 1 plan to include all assets</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Asset Management Plan: Phase 1 (by July 1, 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>For core assets:</td>
</tr>
<tr>
<td>• Inventory of assets</td>
</tr>
<tr>
<td>• Current levels of service measured by standard metrics</td>
</tr>
<tr>
<td>• Costs to maintain levels of service</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Asset Management Plan: Phase 3 (by July 1, 2024)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Builds on Phase 1 and 2 by adding:</td>
</tr>
<tr>
<td>• Proposed levels of service</td>
</tr>
<tr>
<td>• Lifecycle management and Financial strategy</td>
</tr>
</tbody>
</table>

*Core assets are municipal roads, bridges, water, wastewater, stormwater assets*
Phase I – AM for Core Assets including Levels of Service
Phase I – AM for Core Assets including Levels of Service

July 1, 2021: Date for municipalities to have an approved asset management plan for core assets that identifies current levels of service and the cost of maintaining those levels of service.
Phase I – Major Components

• Current Levels of Service
• Current Performance of Each Asset Category
• Asset (Inventory) Analysis
• Lifecycle Activities and Associated costs; and
• Growth Considerations
Levels of Service

An approved asset management plan for core assets (roads, bridges and culverts, water, wastewater and stormwater management systems) that identifies current levels of service and the cost of maintaining those levels of service.

A. Current Service Levels
• When determining the current levels of service, it is important to use data from, at most, the two calendar years prior to the year in which the current levels of service are established.

B. Proposed Service Levels
• When establishing the proposed levels of service for each of the next 10 years, the municipality must explain why the proposed levels of service are appropriate.
Levels of Service Approach

Community Level
Images and/or descriptions of what the end-user experiences

Technical Level
Using metrics that describe what the organization provides

Example: BRIDGES

Service Attribute
Scope

Community Levels of Service
Description of the users that can access the bridges (eg. pedestrians, freight vehicles, etc.)

Technical Levels of Service
% of bridges in the municipality with loading or dimensional restrictions
Levels of Service Analysis Components

- **Service**
  - Community Expectations
    - Measured through public and/or Council engagement, consultation and surveys
  - Strategic Levels of Service (or Community Levels of Service)
    - Measured through broad tangible attributes like reliability, quality, safety, efficiency and capacity
  - Technical Levels of Service
    - Measured at an operational performance level and identifies what the organization has to do to provide the services
Metrics

• Metrics are provided in the regulation for core infrastructure assets. The metrics are focused on the scope and reliability of the service and address community levels of service (a qualitative description or image of the services experienced by the people using the asset) and technical level metrics (a quantitative figure that describes the level of service provided by the asset, for example, the percentage of bridges in the municipality with loading or dimensional restrictions). Municipalities are required to establish their own metrics for non-core assets.
### Level of Service Tables - Tables O. Reg. 588/17

<table>
<thead>
<tr>
<th>Service Attribute</th>
<th>Community Levels of Service Qualitative Descriptions</th>
<th>Technical Levels of Service Technical Metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope</strong></td>
<td>Description of the traffic that is supported by municipal bridges (e.g., heavy transport vehicles, motor vehicles, emergency vehicles, pedestrians, cyclists).</td>
<td>Percentage of bridges dimensional restrictions</td>
</tr>
</tbody>
</table>
| **Quality**       | 1. Description or images of the condition of bridges and how this would affect use of the bridges.  
2. Description or images of the condition of culverts and how this would affect use of the culverts. | 1. For bridges in the municipality, the average bridge condition index value.  
2. For structural culverts in the municipality the average bridge condition index value. |

### Scope
- Description, which may include maps, of the user groups or areas of the municipality that are connected to the municipal wastewater system.

### Reliability
- Description of how combined sewers in the municipal wastewater system are designed with overflow structures in place which allow overflow during storm events to prevent backups into homes.
- Description of the frequency and volume of overflows in combined sewers in the municipal wastewater system that occur in habitable areas or beaches.
- Description of how stormwater can get into sanitary sewers in the municipal wastewater system, causing sewage to overflow into streets or backup into homes.
- Description of how sanitary sewers in the municipal wastewater system are designed to be resilient to avoid events described in paragraph 3.
- Description of the effluent that is discharged from sewage treatment plants in the municipal wastewater system.

### Technical Levels of Service Technical Metrics
- The number of events per year where combined sewer flow in the municipal wastewater system exceeds system capacity compared to the total number of properties connected to the municipal wastewater system.
- The number of connection-days per year due to wastewater discharge compared to the total number of properties connected to the municipal wastewater system.
What are performance measures?

Performance measures quantify the strategic and technical LOS measures, to enable a meaningful tracking of performance over time. This is important to ensure that the municipality is trending in the right direction towards established LOS targets.
Performance Information

• The outcomes your Municipality is working towards are specific to your community

• Levels of service and performance measures must link be directly linked to outcomes in order for you to know how ‘well’ you are doing

Therefore:

• The performance management framework, including the measures and/or targets will be unique to your organization
A good performance management framework helps you …

• Ensure all activities of the organization align with the strategic goals
• Is the mechanism for setting goals and measuring achievement towards them, at all levels of the organisation
• Provide regular up to date information to the community on how the organization is performing and the value they are getting
• Provide information on services that helps inform decision making about changes in levels of service
The important things are:

• That you have a clear framework that shows how activities and levels of service contribute to outcomes and how the performance measures indicate achievement of levels of service.

• That you use the framework and terminology consistently across the organisation.

• That your levels of service / performance measures are targeted and meaningful.
## Risk Assessment Framework – Consequence of Failure

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>The monetary consequences of asset failure for the organization and its customers</td>
</tr>
<tr>
<td>Social</td>
<td>The consequences of asset failure on the social dimensions of the community</td>
</tr>
<tr>
<td>Environmental</td>
<td>The consequence of asset failure on an asset’s surrounding environment</td>
</tr>
<tr>
<td>Operational</td>
<td>The consequence of asset failure on the Town’s day-to-day operations</td>
</tr>
<tr>
<td>Health and Safety</td>
<td>The consequence of asset failure on the health and well-being of the community</td>
</tr>
<tr>
<td>Strategic</td>
<td>The consequence of asset failure on strategic planning</td>
</tr>
</tbody>
</table>
## Performance Measures Examples

### Sample Performance Measures

<table>
<thead>
<tr>
<th>Strategic LOS Expected (Customer Perspective)</th>
<th>Technical LOS Expected (Staff Perspective)</th>
<th>Current LOS</th>
<th>Performance Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safe, reliable roads with adequate capacity</td>
<td>Average condition rating: Local (5/10), Collector (6/10), Arterial (7/10)</td>
<td>Local: 4/10 Collector: 4/10 Arterial: 5/10</td>
<td>Average condition rating</td>
</tr>
<tr>
<td></td>
<td>Follow Minimum Maintenance Standards</td>
<td>Following MMS</td>
<td>Number of MMS non-compliance events</td>
</tr>
</tbody>
</table>
Performance Measures Examples cont...

<table>
<thead>
<tr>
<th>Strategic LOS Expected (Customer Perspective)</th>
<th>Technical LOS Expected (Staff Perspective)</th>
<th>Current LOS</th>
<th>Performance Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality and efficient water supply, with adequate capacity</td>
<td>Meet legislative requirements</td>
<td>Meeting legislative requirements</td>
<td>Number of days of Boil Water Advisory</td>
</tr>
<tr>
<td>Unaccounted for water under 30%</td>
<td>Unaccounted for water: 35%</td>
<td>% unaccounted for water</td>
<td></td>
</tr>
<tr>
<td>Less than 5 main breaks annually, per 100 customers</td>
<td>Breaks per 100 customers: 2</td>
<td>Main breaks per 100 customers</td>
<td></td>
</tr>
<tr>
<td>Quality wastewater collection, with adequate capacity and no environmental impacts</td>
<td>Meet legislative requirements</td>
<td>Meeting legislative requirements</td>
<td>N/A</td>
</tr>
<tr>
<td>Minimize incidents of bypass</td>
<td>Incidents of bypass: 0</td>
<td>Number of incidents of bypass</td>
<td></td>
</tr>
<tr>
<td>Less than 5 main breaks annually, per 100 customers</td>
<td>Breaks per 100 customers: 20</td>
<td>Main breaks per 100 customers</td>
<td></td>
</tr>
</tbody>
</table>
Replacement Costs

- Effort increases with accuracy – i.e., the cost of information is higher.
"The lifecycle activities that would need to be undertaken to maintain the current LoS...for each of the 10 years following .... and the costs of providing those activities based on an assessment of the following:

• Full lifecycle of the assets.

• Options for which lifecycle activities could potentially be undertaken to maintain the current levels of service.

• Risks associated with the options

• Lifecycle activities ....that can be undertaken for the lowest cost to maintain the current LoS
Asset Inventory Requirements

• Municipalities are to provide summary-level information on each asset category, including:

- What assets are in each category
- Average age, condition
- Total replacement cost value
- How condition information is gathered

• While the regulation requires municipalities to discuss how the supporting information will be made available to the public, the detailed, asset-by-asset information is not required in the asset management plan.
Lifecycle Activities and Associated Costs

• Concepts of cost particularly useful to AM

**Current replacement cost** - The full cost to replace an asset in its current operating environment

**Life cycle cost** - The total cost of an item throughout its life, including the costs of planning, design, acquisition, operations, maintenance, and disposal, less any residual value, or the total cost of providing, owning, and maintaining a building or component over a predetermined evaluation period.
Lifecycle Activities and Associated Costs

AM’s two major cost perspectives

**Direct life cycle costs**
- Acquisition
- Operation
- Maintenance
- Renewal
  - Reparation
  - Rehabilitation
  - Replacement
- Disposal and decommissioning

**Economic costs**
- Financial costs
  - Direct costs to the governmental organization
  - Direct customer costs
  - Community costs
- Triple bottom line
  - Financial and economic
  - Social
  - Environmental
<table>
<thead>
<tr>
<th>Strategy</th>
<th>Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do nothing</td>
<td>Always consider 'doing nothing' as an option. This position would be the baseline against which other options are compared. In some cases, risk levels or levels of service requirements offer 'do nothing' as a legitimate alternative.</td>
</tr>
<tr>
<td>Operational procedures</td>
<td>Operational management changes to limit peak demand, such as minimizing leakage (i.e. water), or modifying schedules for use of an asset, could be employed. Contingency plans can improve recovery times and reduce impacts of failure.</td>
</tr>
<tr>
<td>Maintenance procedures</td>
<td>The level and timing of maintenance can improve asset performance and/or extend its useful life.</td>
</tr>
<tr>
<td>Asset rehabilitation/renewal</td>
<td>Depending upon where an asset is on its lifecycle, rehabilitation may be an option to maintain service levels, or extend service life.</td>
</tr>
<tr>
<td>Expansion</td>
<td>Where demand exists, investment may be required to create new assets, or to augment/enhance existing ones.</td>
</tr>
<tr>
<td>Asset replacement/disposal</td>
<td>An asset which is no longer providing adequate service levels may have to be disposed of and replaced, or reconfigured to meet alternative business needs.</td>
</tr>
</tbody>
</table>
## Sample Lifecycle Scenarios – Non-Asset Based

<table>
<thead>
<tr>
<th>Non-Asset Based Solutions</th>
<th>Strategies to reduce demand can be employed such as pricing incentives and provision of alternative services (i.e. promote several parks).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce demand for service</td>
<td>Accept lower levels of service for certain identified assets (i.e. pavement surfaces could be allowed to deteriorate to a lower condition level for certain local roads).</td>
</tr>
<tr>
<td>Reduce levels of service</td>
<td>Use communication/information to allow customers to manage their use of assets (i.e. carpooling or water conservation) and their expectations of asset performance and failure rates.</td>
</tr>
<tr>
<td>Educate customers</td>
<td></td>
</tr>
</tbody>
</table>

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**MFOA**

MUNICIPAL FINANCE OFFICERS' ASSOCIATION OF ONTARIO
**Phase II Connection to the SAMP**

### Explicit Connections

**Climate Change**
In the SAMP municipalities defined their commitment to consider “the actions that may be required to address the vulnerabilities that may be caused by climate change to the municipality’s infrastructure assets, in respect of such matters as:

- A. operations, such as increased maintenance schedules
- B. levels of service, and
- C. lifecycle management

### Implicit Connections

**Role of Council**
- Did your SAMP articulate Council’s role in level of service definitions?
- Lifecycle management analysis?

**Role of Public Consultation**
- Did your SAMP commit to consulting the public on Customer LOS definitions?
Build on Phase I to include **all assets**

- Current Levels of Service
- Current Performance of Each Asset Category
- Asset (Inventory) Analysis
- Lifecycle Activities and Associated costs; and
- Growth Considerations
Regulatory Compliance: Tick a box or build a foundation?
Lifecycle management and financial strategy

• By July 1, 2024, the regulation requires municipalities to determine the lifecycle activities that would need to be undertaken for each asset category over a 10-year period to provide the proposed levels of service.

Lifecycle activities

• The regulation requires municipalities to identify lifecycle activities based on the options they have considered.

• Good asset management planning requires a complete understanding of the range of choices available to municipalities. The analysis must consider: the entire lifecycle and associated costs related to the assets; risks; and the financial viability of the options considered.

Financial considerations

• The financial component of the strategy must include the estimated costs of the identified lifecycle activities to achieve the proposed levels of service, as well as the funding available, for each year of the full 10-year period.
"The lifecycle activities that would need to be undertaken to maintain the current LoS... for each of the 10 years following .... and the costs of providing those activities based on an assessment of the following:

- Full lifecycle of the assets.
- Options for which lifecycle activities could potentially be undertaken to maintain the current levels of service.
- Risks associated with the options
- Lifecycle activities ....that can be undertaken for the lowest cost to maintain the current LoS
Challenge with Council – Show me the $$$$$$
Where Do Municipalities Stand?
Plan vs Planning
What part of Phase 2 poses the most significant challenge?
Decision Making Framework

• Political Influence
• Evidence Based

• Well done – Road vs road
• Challenge – Road vs new roof
Consequences of Decisions

British Columbia

Fernie Memorial Arena worker deaths caused by aging equipment failure, poor decisions: report

What Happened in Walkerton?
When a small town in southern Ontario discovered that its water supply was contaminated in May, the reverberating shock waves amounted to one of the biggest scandals to hit municipal and provincial po...

De la Concorde overpass: Before and after the collapse

An inquiry into the collapse found the Laval overpass had problems from the very beginning

Sarah Lessard · CBC News · Posted: Sep 30, 2016 5:00 AM ET | Last Updated: September 30, 2016

The De la Concorde overpass collapse in 2006 killed five people and injured six. (Radio-Canada)
Future Challenges – Level of Service

... and how do we manage the RISK!!!
Benefits of Long-Term Financial Plans

• Provide a roadmap for future projects and allows council members to see how projects will affect the municipality
• Assist with forecasting and identification of opportunities and risks
• With input from council and staff, provides an established plan to allow for continuity
• Will positively affect bond ratings
Asset Management Planning

- Make best possible decisions re building, operating, maintaining, renewing, replacing and disposing of infrastructure assets

- Demands understanding of infrastructure assets, service levels expected from them

- Set priorities to optimize decision-making about when, how to invest

- Requires financial plan: most critical step in investing

Asset management plans have historically been neglected but are a required component of a long-term financial plan (LTFP).
Benefits of Asset Management Plans

• Improve the capital planning process and ensure fiscal sustainability
• Improved stewardship of assets to support services at desired levels
• Provides justification for infrastructure investment
• Improved readiness for any funding announcements
What is a Long-Term Financial Plan?

What is a long term financial plan and how does it promote financial sustainability?

• Plan encompasses current and future sustainable resource needs to achieve strategic goals.

• Decision making tool that provides focus and allows data based priority setting for limited resources.

• Manages risks and sensitivities to changes in economy and assumptions.
Why do we need a Long-Term Financial Plan?

• Financial Planning
• Enhances budgeting and planning processes by modeling for future costs beyond the township’s current budget process.
• Aids in understanding future budget pressures
• Provides options for closing the infrastructure gap
• Provides data on operation and maintenance costs, allowing for true asset costs.
• Provides direction on proactive preventive maintenance and rehabilitation which ultimately lower costs.
Financial Strategy

- Impact in Taxation
- Use of Grants & Contributions
- Rate Sensitivity Analysis
- Debt Levels
- Infrastructure Funding Gap
- Reserve & Reserve Fund Impacts
- Impact on User Fees
- AM Policies

Rate Sensitivity Analysis
Debt Levels
Infrastructure Funding Gap
Reserve & Reserve Fund Impacts
Impact on User Fees
AM Policies
Use of Grants & Contributions
Impact in Taxation
MFOA Resources

• Self Assessment Tool – Linked to guide
  – Strongly recommend continued use to track and report out on progress through time.

• AM Guide and Maturity Framework

• AMP It Up 2.0

• Guide to establishing an asset management community of practice

• AM Road Map
MFOA’s Guide to Asset Management

- The following sections were developed based on MFOA’s Asset Management Framework

- This document was developed to promote best practices in asset management while taking into account Ontario’s unique context and legislative framework.

- http://mfoa-amp.ca
Based on Province’s 2012 Building Together – Guide for Municipal Asset Management Plans

### General Questions
- 1. Introduction
- 2. AM Policies and Procedures
- 3. State of Local Infrastructure
- 4. Levels of Service
- 5. Lifecycle Strategy
- 6. Financing Strategy

### Asset Specific Questions
- 7. Making AM Operational
- 8. Continuous Improvements and Updates
- 9. AM Tools
- 10. Internal Governance and Ownership
- 11. Council Approval and Support
- 12. Public Engagement and Communication

**MFOA’s 12 Steps**
Level of Effort vs. Accuracy

- No one-size-fits all approach
- A maturity framework developed as a guide for improvement

- Municipalities will have to decide appropriate level of effort based on:
  - Resources available
  - Risk tolerance
AMP It Up 2.0

- Direct support
- Funded by the Province and MFOA
- Experts will review your plan
- Our teams have finance and engineering expertise
- Identify gaps
- Develop “next steps” work plan that you can manage with the resources you have

Municipalities in AMP It UP *

* as of September 2019
SELECT PARTNER RESOURCES

FCM Municipal Asset Management Program (MAMP)
- Recently renewed $60M program
  - Includes direct funding to municipalities
- Many ready-to-use resources, including:
  - Council education presentation
  - 2-page tip-sheet on buying AM software

AMOntario
- Municipal Metrics (LOS) Catalogue
Asset Management Resources

In partnership with Asset Management Ontario, the Asset Management Resources webpage is a central source for important documents, videos, and policies related to asset management. Based on the 12 sections of MFOA's asset management Self-Assessment Tool (SAT), the resources on this page have been carefully selected to suit your municipality's asset management needs.

How to Use

To the right of your screen are all the documents available on our Resource page. Each resource includes a date of publication, author information, and a brief description. Click on the title to access the document.

To filter the resources, select items on the left by checking off characteristics of the resource you are looking for. The results of your search will appear on the right.

Starting the asset management conversation with your municipal council (2018-10-01)
This resource is a communication tool (presentation) that is ready to use as is. It includes slides and speaking notes that can be personalized for your community’s needs and a particular Show more...

Asset Management: Infrastructure in Small Communities (Video), (2018-05-01)
This resource is a video hosted on YouTube. It provides a mayor's point of view on the value of asset management to his community in enabling it to face the many challengessmall Show more...

Strategic Asset Management Policy Toolkit (2018-04-01)
This resource provides foundational guidance and information to municipalities to support Policy development and implementation aligned with O.Reg. 588/17. It includes: - Scalable Show more...

Asset Management Communities of Practice Guide (2018-04-01)
This resource is intended to assist municipal staff in developing and maintaining their own communities of practice to best meet their needs in developing and sustaining effective asset Show more...

Leveraging Asset Management Data for Improved Water Infrastructure Planning (2018-01-01)
The document is a national study of municipal asset management sata and information practices, that includes interviews with municipal employees involved in asset management Show more...

In partnership with Asset Management Ontario, the Asset Management Resources webpage is a central source for important documents, videos, and policies related to asset management. Based on the 12 sections of MFOA's asset management Self-Assessment Tool (SAT), the resources on this page have been carefully selected to suit your municipality's asset management needs.

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- Augments MFOA’s SAT, Guide and Maturity Framework by connecting theory to practice
- Revisits core concepts while sharing challenges and lessons learned from implementation
- Just in time training will ensure that all topics are covered in the order you need them most

COMPREHENSIVE COURSE CALENDAR COMING SOON!
Wrap Up

MFOA
MUNICIPAL FINANCE OFFICERS’ ASSOCIATION OF ONTARIO

Learning through sharing
..... With MFOA
QUESTIONS & THANK YOU

PLEASE, NO HARD QUESTIONS!