

Asset Management: Getting Started & Lessons Learned To Date

SASKATCHEWAN ASSOCIATION OF RURAL MUNICIPALITIES

2017 ANNUAL CONFERENCE, SASKATOON

MARCH 15, 2017



Introductions



- **Darian Brown, M.Sc.**

- Director of Technical Services, ATANA Management Inc.
- Experience with a number of asset management projects for urban and rural communities (using NAMS methods)



- **Nicole Allen, M.Sc. P.Eng.**

- Director of Asset Management, ATANA Management Inc.
- Co-Trainer – 3 Day NAMS Workshop & 10 Week Online Professional Certificate in Asset Management
- Led Development of Asset Management Plans for 24 Municipalities (AB & BC)
- Advisory to 18 Asset Management Teams in larger Cities / Local Governments



- **Kathy Rintoul**

- Executive Director, Municipal Infrastructure and Finance, Ministry of Government Relations
- Oversees funding programs that provide over \$400 million annually to Saskatchewan municipalities
- Gas Tax Fund, Oversight Committee member
- Bachelor of Administration; Chartered Professional Accountant (CPA, CMA)

Introductions



- **Wendy Gowda**

- Administrator, RM of LeRoy No. 339
- Managed a Project that involved the development of the AMP for the RM of Leroy as part of the MSMA (Mid Sask Municipal Alliance) and a test project for the SARM Infrastructure Committee



- **Donna Tymiak**

- Administrator, RM of Big River No. 555
- Managed a Project that involved the development of the AMP's for the RM of Big River
- In local government administration for the past 20 years, 17 of which she has served with her current employer
- Holds her Rural Class "Superior A Certification"

Agenda

1. Introduction to Session: Darian Brown

- Welcome, Opening Comments, Introductions
- Overview of 2016 Canadian Municipal Infrastructure Report Card
- FCM \$50 Million – Municipal Asset Management Program (MAMP)
- FCM Video – Why Invest in Asset Management?

2. Overview of Recent Gas Tax Agreements – Role of Asset Management Plans

- Kathy Rintoul, Executive Director of the Municipal Infrastructure and Finance Branch

3. SUMA Asset Management Getting Started Guide

- Nicole Allen, ATANA Management Inc. & Co-Lead Trainer NAMS

4. Panel: Asset Management Journey to Date & Lessons Learned To Date – Q&A

- Wendy Gowda, Administrator, RM of LeRoy
- Donna Tymiak, Administrator, RM of Big River

Canadian Infrastructure Report Card 2016

Highlights – Canadian Infrastructure Report Card 2016

- Objective assessment of the state of infrastructure, and infrastructure management, in **120 municipalities**.
- Municipalities own the core infrastructure assets that are critical to quality of life of Canadians and the competitiveness of our country.
- **One third** of our municipal infrastructure is in **fair, poor or very poor condition**, increasing the risk of service disruption.
- Building for today's communities and tomorrow's Canada requires **long-term planning**.

A Penny Now, or a Dollar Later

- The report card emphasizes the importance of having an asset management process in place.
- Having **credible** asset management plans and practices in place will:
 - increase the **longevity** of the assets,
 - **optimize investments** in maintenance and rehabilitation, and
 - **inform** the public, decision-makers and other stakeholders.

Example of Asset Deterioration Curve (Roads)

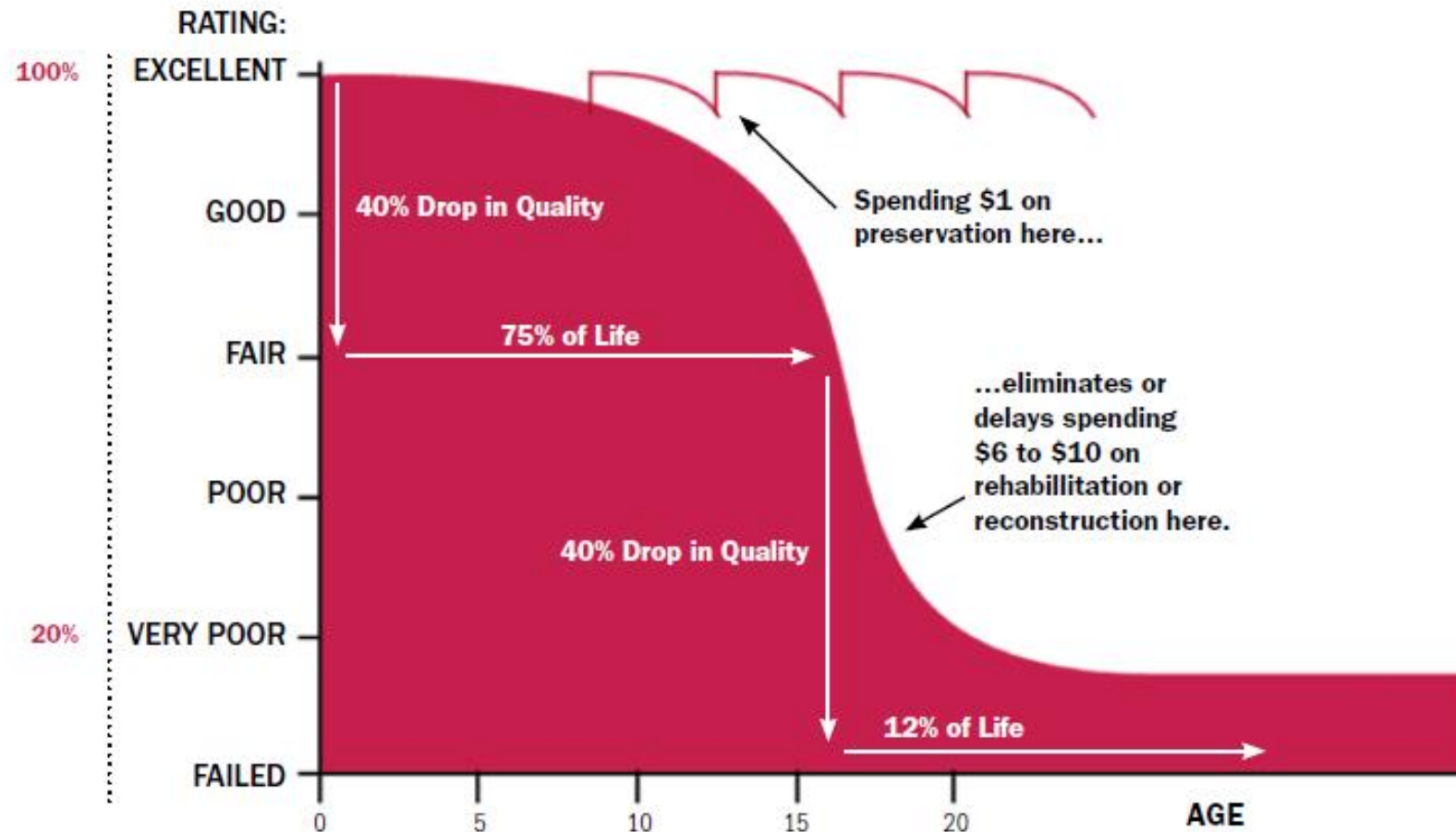


Image source:
Informing the Future: The Canadian
Infrastructure Report Card, Key
Messages, 2016.

Federation of Canadian Municipalities, Municipal Asset Management Program, 2017

Highlights

- Developed in partnership with Infrastructure Canada and delivered through collaboration with the provincial and territorial municipal associations (PTAs):
- A **5-Year, \$50M** fund to help Canadian communities establish and enhance Asset Management practices by:
 - **Generating awareness** of the benefits of Asset Management
 - Providing direct, application-based **funding** to municipalities to develop and implement their own AM practices
 - Creating a nationwide resource to **build and transfer knowledge and expertise and share best practices**

FCM Video: Why Invest In Asset Management?

[HTTP://WWW.FCM.CA/HOME/PROGRAMS/GREEN-MUNICIPAL-FUND/GET-STARTED-TODAY/LEADERSHIP-IN-ASSET-MANAGEMENT-PROGRAM/WHY-INVEST-IN-ASSET-MANAGEMENT.HTM](http://www.fcm.ca/home/programs/green-municipal-fund/get-started-today/leadership-in-asset-management-program/why-invest-in-asset-management.htm)

Gas Tax Fund and Asset Management

Gas Tax Fund Agreement

- Canada-Saskatchewan Administrative Agreement and Provincial/Municipal Gas Tax Fund Agreement
- Predictable long term funding for municipalities – Approximately \$613.5M over 10 years
- Eighteen (18) eligible project categories, including Capacity Building

Gas Tax Fund Terms and Conditions

- A number of terms and conditions set out in the agreements
- Municipalities making progress towards developing and/or implementing an Asset Management Plan is one of them

Asset Management Subcommittee

- Established by the Gas Tax Fund Oversight Committee
- Members represent:
 - Infrastructure Canada
 - Ministry of Government Relations
 - Saskatchewan Urban Municipalities Association
 - Saskatchewan Association of Rural Municipalities
 - New North
 - Urban Municipal Administrators Association
 - Rural Municipal Administrators' Association
 - City Managers' Group

Asset Management Subcommittee Work To Date

- Go Forward Plan – February 2016
- Baseline Survey – Summer 2016
 - Highlights
 - 98.5% response rate
 - 54% have developed or implemented Asset Management to some level
 - 25% plan to develop or implement over the next three years
 - Municipalities are at various stages in the process
 - Data is at different levels of collection and refinement

Asset Management Subcommittee Work To Date and Moving Forward

- Development of Tiers, Targets, Supports and Measures – Winter 2016/17
 - Considered the 'Go Forward Plan' and the results from the Baseline Survey
 - Report with five recommendations
 1. Establishing tiers for measuring and progress reporting
 2. Establishing measures, targets and timelines to assess progress
 3. Identifying potential supports to help municipalities achieve the progress
 4. Establishing an on-going communications strategy
 5. Establishing reporting requirements
- Moving Forward
 - Updates on requirements provided to municipalities
 - Benefits to municipalities getting started
 - Need to report on progress

SUMA Asset Management Getting Started Guide

VIDEO BY NICOLE ALLEN

[HTTPS://WWW.ATANAMANAGEMENT.CA/SARM2017](https://www.atanammanagement.ca/sarm2017)

Next: Panel

- **Presentations:**

- 1) Wendy Gowda

- Administrator, RM of LeRoy

- 2) Donna Tymiak

- Administrator, RM of Big River

- **Q & A Session**

RM of Leroy Asset Management & Lessons Learned

WENDY GOWDA, ADMINISTRATOR, RM OF LEROY
SARM, MARCH 2017

Outline

Who we are

Initial interest in Asset Management

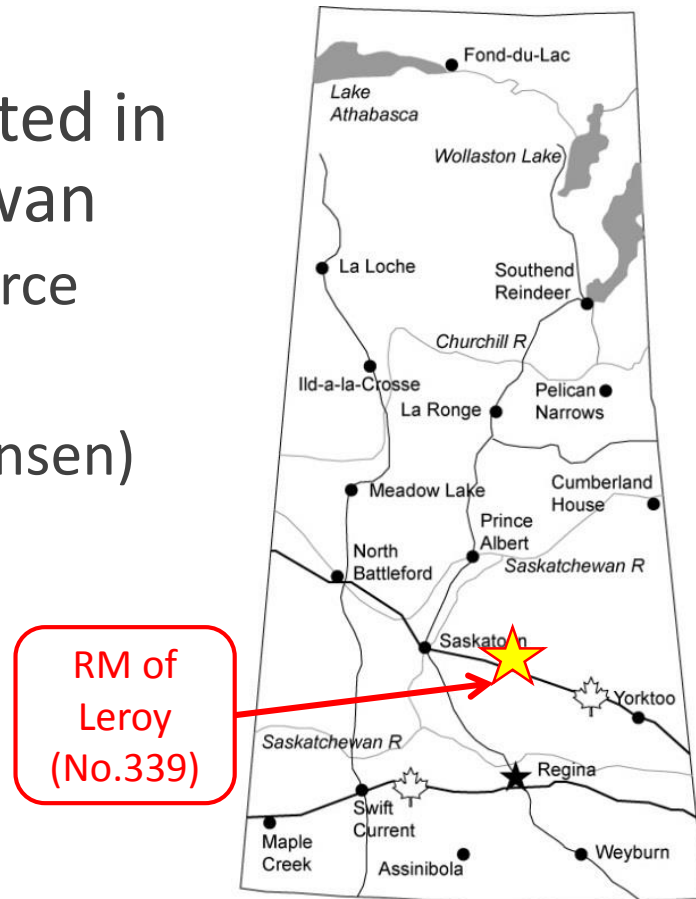
Benefits

Challenges

Who we are

The RM of Leroy is located in East Central Saskatchewan

- Rich in agricultural resource
- Population: 500
- Potash mine site (BHP Jansen)



Initial Asset Management based on need for Information

Changing infrastructure demands

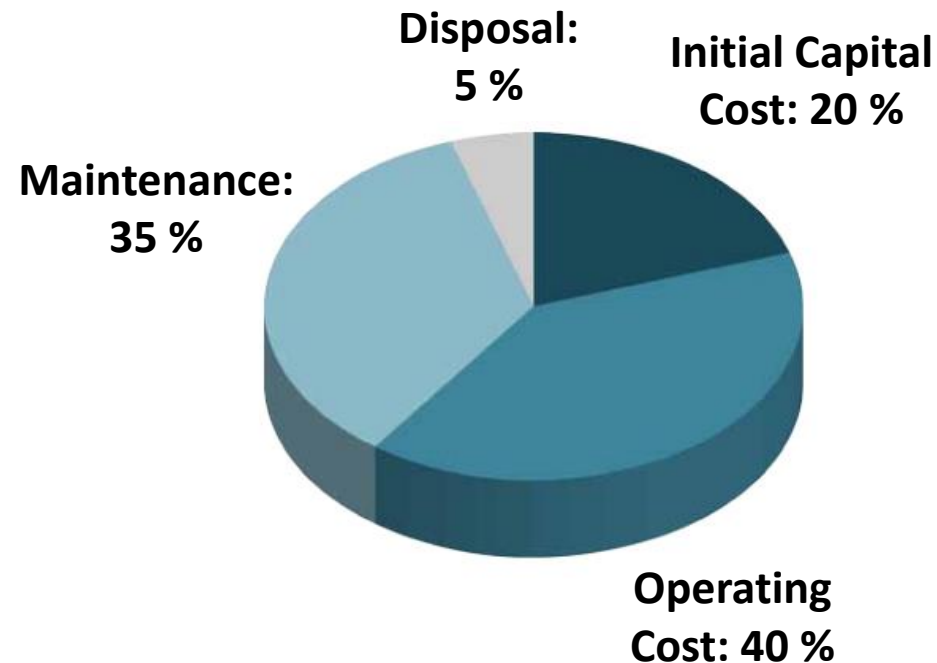
Compiling the information can be a daunting task

Every plan should have a champion

Benefits of a Completed Asset Management Plan

Helpful for:

- Building awareness
- Justifying service and maintenance costs
- Development costs for new infrastructure
- Funding for project work for pursuing grants
- Levying taxes
- Providing services and in some cases discontinuing services



*Typical LCC breakdown from IIMM 2011

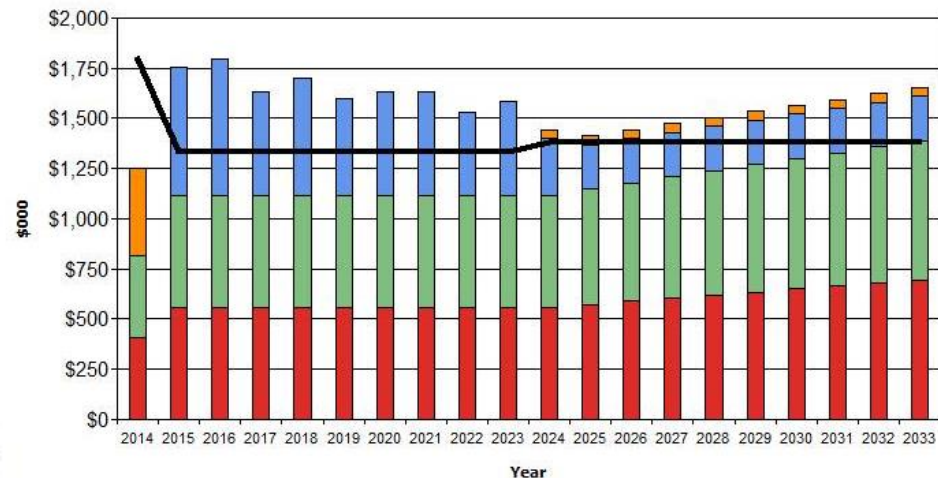
Benefits of a Completed Asset Management Plan

Invaluable tool for managing infrastructure through changes in elected officials and employees

AMPs provide:

- The big picture in easy to read graphs, charts and illustrations
- Information to support difficult decisions around infrastructure management
- A tool to support long term financial capital budgeting

Sample Operating and Capital Expenditures



Challenges of Keeping up an Asset Management Plan

AMP for linear infrastructure completed in 2013

AMP should be updated to reflect changes

Challenges of Keeping up an Asset Management Plan

2015 – Updated AMP

- Industry investment requiring conversion of roads and construction of paved roads to service the developing mine site
- Updated plan reflected different priorities, changes in traffic flows and priorities

By 2016 – the developing industrial infrastructure was completed

Impact of new infrastructure

- Amortization and effects on financial statement reporting
- Consideration of municipal funding of amortization expense

RM of Big River Asset Management & Lessons Learned

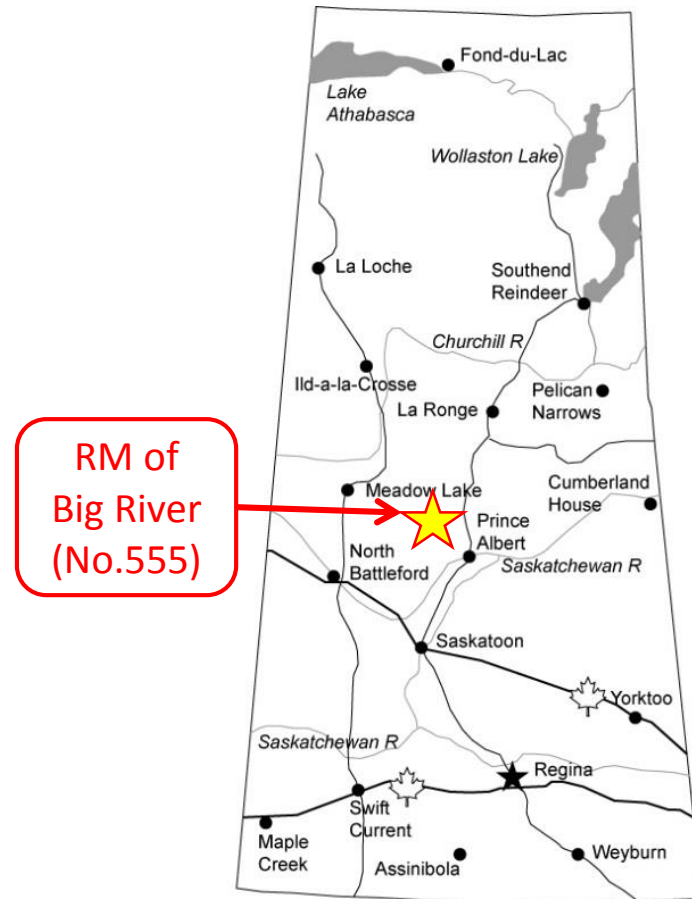
DONNA TYMIAK, ADMINISTRATOR, RM OF BIG RIVER
SARM, MARCH 2017

Outline

- Who we are
- Where we started
- The Asset Management Process & Outputs
- Challenges & Lessons Learned
- Next Steps

Who we are

- The RM of Big River is located
 - South of the Northern Provincial Forest
 - West of the PA National Park.

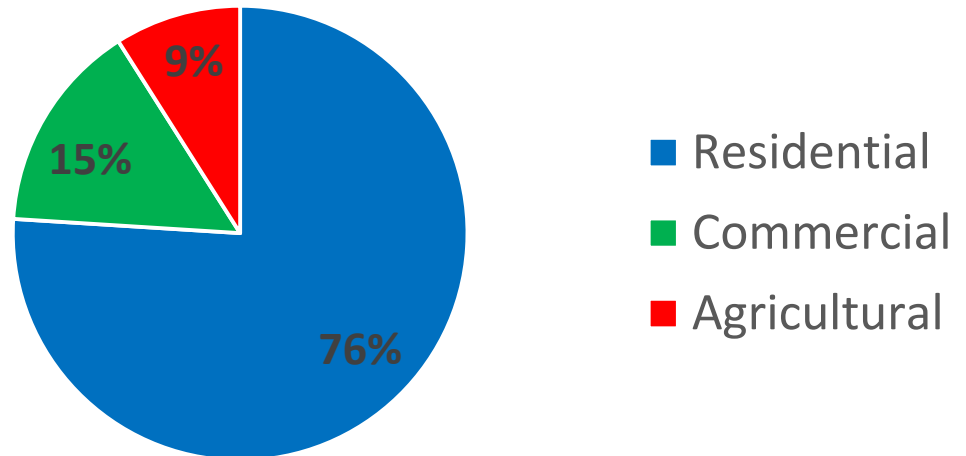


Who we are

- The RM and Town of Big River collectively own and operate:
 - a large recreation facility, fire hall and transfer station.
 - (joint ownership to be reflected in the AMP)
- Linear assets and buildings:
 - ~240 km of gravel roads (some dirt roads)
 - 3 Bridges
 - 2 Big Bore Culverts
 - 10 Buildings

Who we are

- **2016 Taxable Assessment:**



- **Challenges:**

- Logging and farming industries have to live in harmony with the residential and seasonal residential property owners and tourists
- Population does not reflect activity in the area created by development and tourism that impacts infrastructure

Where we started

- 2009: Completed our TCA
 - Inventories of linear assets, bridges and buildings documented.
 - Opportunities to participate in NAMS Asset Management Training
- 2014: NAMS refresher course
 - Attended course in Osler as an observer.
 - Councils are leaders in our communities and in order to lead effectively and efficiently, developing and mapping a plan going forward just seemed like common sense.

Where we started

- Reported back to Council
- When the last Gas Tax Agreement referenced “Asset Management Plans”, that sparked even more discussions with Council.
- Coordinated and integrated Gas Tax application with:
 - Updating Zoning Bylaw and OCP
 - Asset Management

The AMP Process

- Recognized the need to be consistent with international standards (ISO 55000)
- March 2015: Began AMP project
 - Council chose to engage Atana Management and I worked with Gordon Sparks and Darian Brown.
- Interactive approach
 - Involving: Admin, Council, Staff, and Consulting firm
- November 2016: First phase of AMPs completed

Outputs from the AMPs

- The rate of renewal needed to reflect Council's budget plans
- Risk Management needs to be considered going forward.
- This is Councils Plan!
 - If Council wants to accelerate the rate of renewals they will have to consider where the revenue is going to come from or come up with different practices to achieve that rate of acceleration.

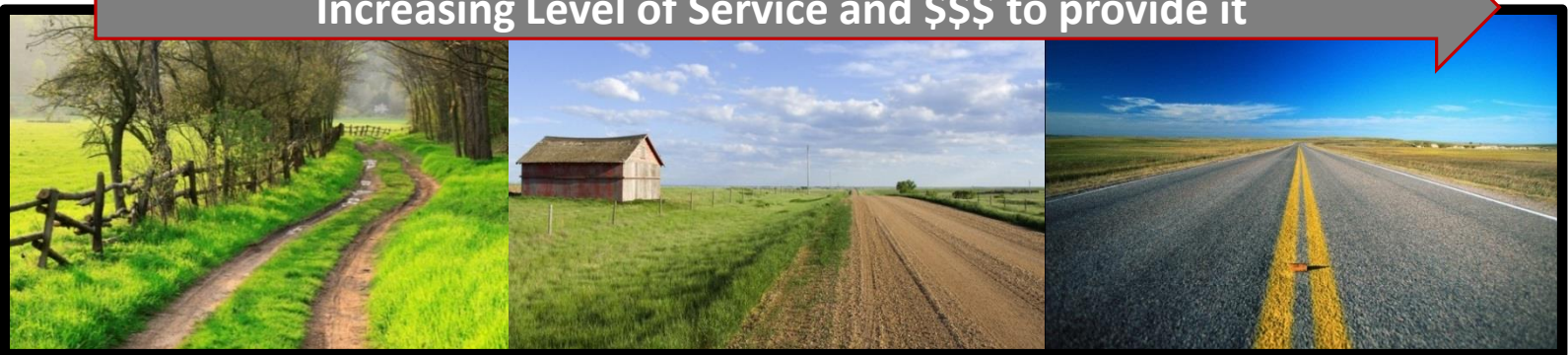
Challenges and Lessons Learned

- Challenges of getting the AMP together:
 - Finding the time to compile factual information for Darian to input into our plan and reviewing each stage of the draft.
- Implications for auditor
 - AMP supported discussion of what is capital expenditure vs maintenance.
- It's important for Councils to be reinvesting in their assets and that that reinvestment is being reflected on their financial statements.
 - How else will the Councils, ratepayers and other levels of government see what investment is being made to renew assets in our communities?

Next Steps

- AMPs more than just a document on the shelf
 - Council needs to consider the AMP during budgeting
 - AMPs support discussions about risk management when identifying priorities and seeking cost effective strategies to extend the useful life of their assets.
- Proposed Developments
 - AMPs provide the basis for discussions with developers
- Level of Service:

Increasing Level of Service and \$\$\$ to provide it



Questions

