

Asset Managment

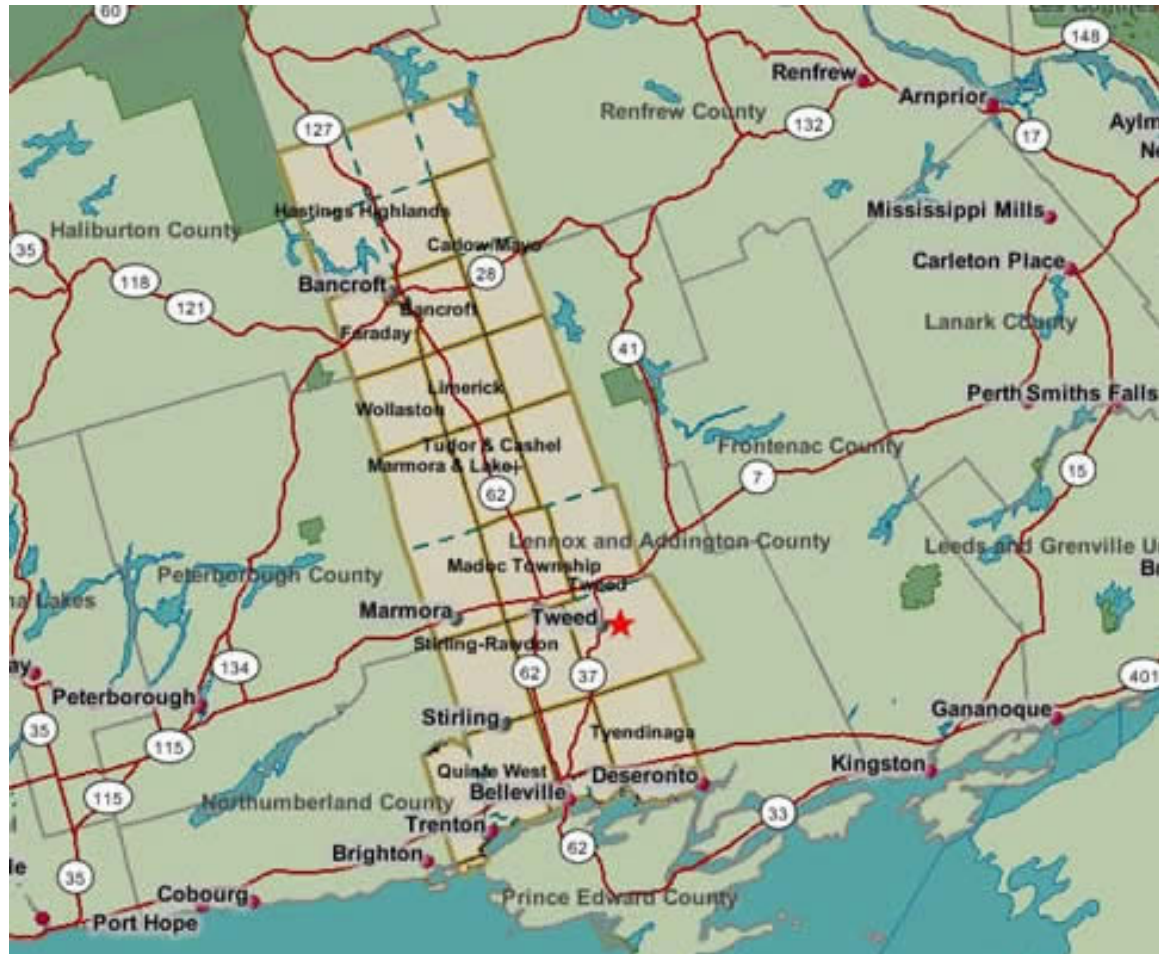
A Hastings Highlands Story – Part 1

Today's topics

- ▶ Hastings Highlands Background
- ▶ Review Asset Management Guide
- ▶ Hastings Highlands Process
- ▶ Tools to help

- ▶ Questions

Where we are




Hastings Highlands Background

- ▶ Rural Municipality
- ▶ Full Time Population – 4,000
- ▶ Summer Population swells to about 10,000
- ▶ Provide traditional services
- ▶ No water or sewer
- ▶ Infrastructure
 - 1000 lane km of road services out of 3.5 yards
 - 9 landfill sites
 - 1 Office Complex, 5 Community Centres, 6 Firehalls


Hastings Highlands Centre




Hastings Highlands Background

- ▶ Little change in budget process until 2006
 - ▶ Little change in operational culture
 - ▶ New Treasurer in 2005
 - ▶ PSAB exercise changed the way capital assets are reported
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Hastings Highlands Background

- ▶ Change in Council in 2006
 - ▶ Operational change started
 - ▶ Movement to capital forecasting stalled by surprise money
 - ▶ World economics changed
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Hastings Highlands Background

- ▶ 20 year capital forecast
 - ▶ Needs better explained
 - ▶ Example – road construction requirement between \$1 and 3 million
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Hastings Highlands Background

- ▶ Capital need compared to budget
- ▶ Road construction budget was \$100,000

- ▶ Tax Requirement – according for forecast
 - \$6.25 million

- ▶ Tax Levy in previous year
 - \$4.0 million

Hastings Highlands Background

- ▶ Other factors
 - No tax levy increase practice
 - No debt practice
 - Building Canada Fund – our share \$4 million
- ▶ 2009 results
 - \$3 million in debt – for BCF projects
 - 25% increase in taxation – capital needs
- ▶ Start of changing how we operate

Asset Management – Guide

- ▶ **Introductory letter**
 - Detailed asset management plans a requirement of future Provincial capital funding
 - How the project fits into your plan
- ▶ **Simple Question**
 - Can you afford to pay for all of your infrastructure needs with no support?

Asset Management – Guide

- ▶ Components of an Asset Management Plan
 - Executive Summary
 - Introduction
 - State of Local Infrastructure
 - Desired Levels of Service
 - Asset Management Strategy
 - Financing Strategy
- Your plan needs to be integrated to your financial and land use planning processes

Asset Management – Guide

- ▶ Executive Summary
 - Last item completed
 - Just the high points
- ▶ Introduction
 - Second last item completed
 - Explains how plan was developed
 - How plan will be evaluated and update
- ▶ Minimum time for a plan is 10 years but the lifecycle of your assets should be the guide

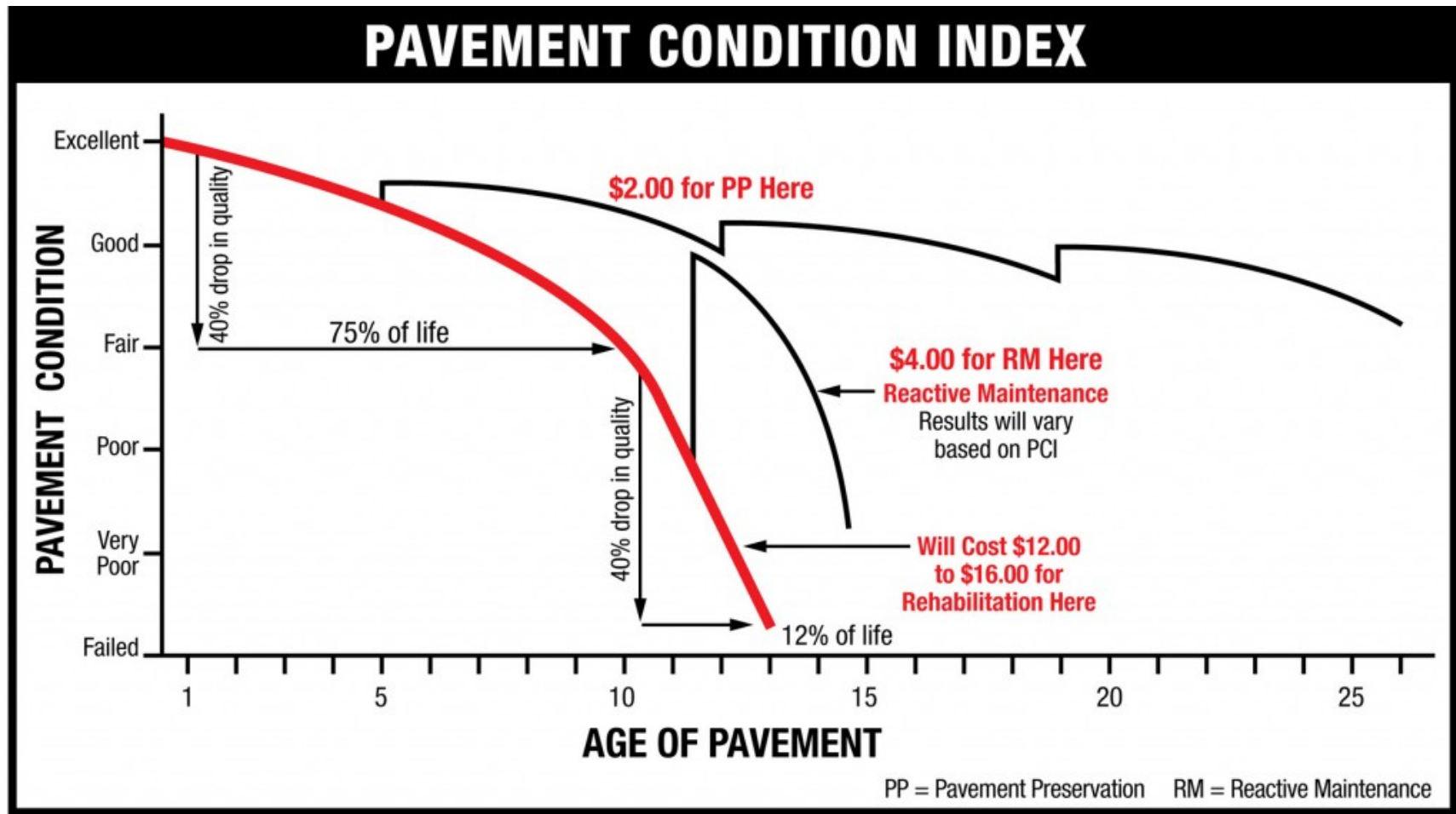
Asset Management – Guide

- ▶ State of Local Infrastructure
 - What do you have
 - Where is it located
 - What condition is it in
 - How old is it
- ▶ Desired Level of Service
 - Based on local priorities and legislated responsibility
 - Possible public discussion
 - Could be contentious

Asset Management – Guide

- ▶ Asset Management Strategy
 - How are you going to keep your assets performing
 - Shift in thinking
 - Average cost over asset life
 - NOT lowest annual cost
 - Possible links to other services

Asset Management Strategy



Asset Management – Guide

- ▶ Financing Strategy
 - Identification of your infrastructure gap
 - Future taxation levels
 - Tolerance to borrow long term
 - Linking your asset management strategy to your budget process
 - Without this piece, the plan is only words

Provincial Priorities

- ▶ Roads
 - ▶ Bridges
 - ▶ Water
 - ▶ Wastewater
 - ▶ Social Housing
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- ▶ Where would you start?

A Framework

- ▶ PSAB Exercise
 - Consider goal of exercise
 - Outlines what assets you have – it's a start
 - Based on history vs. replacement
- ▶ Plan for completion
 - Identification of what needs to be done
 - When it needs to be done
 - Who will do it

Hastings Highlands' Schedule

- ▶ Started in April
 - Use of students to compile information
 - Development of a condition matrix
 - Confirmation of biannual bridge study
 - Use of Municipal Data Works as the data repository
 - Review of road operations
 - Review of buildings and other asset classes
 - Text development
- ▶ Initial target to have first draft is about now

Hastings Highlands' Schedule

- ▶ 2014
 - Building review
 - Public meetings
 - Future recommendations
 - Keeping the plan alive
- ▶ After 'deadline'
 - Identification and working towards completion is key

How did we do?

- ▶ Or what went wrong?
 - Flooding and significant washouts
 - Still working through Disaster Relief
 - First contract negotiations
 - Roads Manager leaving and operations reorganization
 - Communication Towers
- ▶ Time taken away from planning process

Where are we?

- ▶ Matrix developed
 - Used information from Municipal Data Works and surface ride index – both from Ontario Good Roads Association
- ▶ Condition ratings compiled
 - By our operators
- ▶ Input to start September 16th
- ▶ About to start review of operations
 - Winter roads APP – new MMS
- ▶ Deadline ‘sort of’ removed since no grant received

We are.....

- ▶ Taking the time to understand our assets
- ▶ Recognizing the links between our services
- ▶ Using a Hastings Highlands approach to our Asset Management Planning

Financial tools

- ▶ Mechanics of Debt
 - O. Reg 403/02 – debt capacity
 - Also available on FIR Schedule 81
 - Reviewed before debt is approved
- ▶ Five year budget
 - See effect over time
 - Lest tendency to put off
- ▶ Know appropriateness of your taxation level

Tools


- ▶ **Municipal Data Works**
 - Operated by OGRA
 - Free to OGRA Member Municipalities
 - Can be used to hold data or to project needs
 - Side benefit – advocacy
- ▶ **Winter Roads App**
 - New MMS compliant
 - Takes inputs and creates operation policy booklet
- ▶ **OGRA Contact**

Brian Anderson
Manager Member Services
Brian@ogra.org

Asset Management Academy

- ▶ Started by Ontario Good Roads Association
 - Masters Level program
 - Core knowledge and electives
 - Launched November 2012
- ▶ Contact OGRAcademy.org

Fiscal Impact Analysis Tool

- ▶ Web based application developed by Infracycle Fiscal Solutions
 - ▶ Starts with base information
 - ▶ Uses lifecycle and operating costs to project development drain or addition to your municipality
 - ▶ Allows projects to be tweaked for optimal land use mix – from a financial perspective
 - ▶ Contact Ray@infracycle.com
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Summary

- ▶ Remember goal
 - Better understanding
 - Right investments
 - At the right time
 - Form basis for future decisions
- ▶ Remember tools
 - Guide
 - Municipal Data Works
 - Winter Roads App
 - Asset Management Academy
 - Fiscal impact analysis – Infracycle

Contact

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