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Construction industry applauds Ontario's need for asset plans

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An Ontario government requirement for municipalities seeking provincial capital funding to submit a detailed asset management plan has been well received in the construction industry.

"Essentially what I think it means is, if the province is going to provide funding to the smaller municipalities, it is conditional upon them doing a proper plan," said Andy Manahan, executive director of the **Residential and Civil Construction Alliance of Ontario**.

"It sounds like the province will be helping with the preparation of asset management plans, which I think is a good step forward."

Last week, the province announced that municipalities seeking provincial capital funding under the Municipal Infrastructure Investment Initiative will now be required to submit a detailed asset management plan.

Under its [Municipal Infrastructure Strategy](#), the province plans to provide \$60 million over the next three years to municipalities.

For the asset management plans, the government will provide up to \$9 million in funding for some municipalities.

Eligible recipients for the funding include lower-tier municipalities with infrastructure assets and populations under 20,000, upper and single-tier municipalities with infrastructure assets and populations under and local service boards with water and/or wastewater systems, according to a spokesperson for Infrastructure and Transportation Minister Bob Chiarelli.

"Smaller municipalities often don't have the expertise in-house to do this asset management planning, so I think this funding will help them move in a better direction," Manahan said.

The announcement "follows along nicely from the long-term infrastructure plan," said Ian Cunningham, president of the [Council of Ontario Construction Associations \(COCA\)](#).

"When the Ministry indicated they were going to encourage or insist upon governments having these asset management plans, and provide funding based on planning, some municipalities, particularly small, rural and northern municipalities complained that they didn't have the resources to develop these plans," Cunningham said.

"To me this seems a more prudent way to deal with infrastructure needs on a planned, priority basis to address the renovation of infrastructure in a way that those roads and bridges that are in the worst condition and in the greatest need of repair, receive the attention first."

The province is also encouraging municipalities to reconsider zero-debt policies.

“Debt financing, such as debentures, loans, and construction financing agreements, helps to spread the cost of expensive capital projects over time,” the spokesperson for Chiarelli wrote in an email to the Daily Commercial News.

The province is also requiring that municipalities seeking funding “demonstrate that a full range of available financing and revenue generation tools have been explored.”

It also notes some “may need to revisit their policies regarding user fees, such as water rates,” which in some cases are lower than in other jurisdictions.

The [Ontario Sewer and Watermain Construction Association \(OSWCA\)](#) has been pushing for the use of asset management tools, before raising or reducing water rates, for some time now, executive director Joe Accardi said.

“I think the government’s listening to that,” he said.

“It really looks like they’re encouraging municipalities to move forward and develop asset management teams so they can really understand their assets, and that’s something we’ve been harping on.”

Accardi added it appears as if the province is also moving forward with some provisions of the Water Opportunities and Water Conservation Act, which was passed by the Legislature in November, 2010.

The law proposes, among other things, for regulations requiring water utilities to prepare municipal water sustainability plans, which would include asset management plans and financial plans.

“We’re pleased to see that evolution of the bill is starting to move forward,” Accardi said.

“We’d like to see the regulations come out as soon as possible.”

Another part of the municipal infrastructure strategy is a Guide for Municipal Asset Management Plans and an online asset management toolkit.

“Both the guide and the toolkit are intended to help municipalities understand what asset management planning is and how important it is,” the province states.

“The guide also details the various components that will be required in any asset management plan to accompany a request for capital infrastructure funding. The toolkit contains additional resources to help municipalities develop detailed asset management plans.”