

Cities challenged as asset management regime launched

Don Wall March 8, 2018



The clock is ticking for Ontario municipalities to prepare comprehensive asset management plans to conform to Ontario's Bill 6 and indications are the municipalities are realizing they have a big challenge on their hands.

Stakeholders agree the program is important and has their support but there are definite growing pains as municipalities try to figure out how they harness resources to fulfill six years' worth of reporting obligations.

The regulation titled Asset Management Planning for Municipal Infrastructure, under the Infrastructure for Jobs and Prosperity Act, came into effect Jan. 1. The first deadline leading up to full implementation is July 1 of next year.

"I don't think anyone can argue with asset management as a principle and a practice, but I think the real challenge for municipal governments is, you can't keep changing the rules, and the

service level piece is a brand new piece,” commented Pat Vanini, executive director of the Association of Municipalities of Ontario (AMO).

The provincial government introduced an asset management protocol as a guideline in 2012, but four years later Bill 6 introduced the policy as a future requirement, serving notice that municipalities would be forced to prepare inventories of their assets and catalogue life cycles, replacement costs and the levels of services associated with each capital resource as a condition of receiving future infrastructure funding.

Subsequent reporting deadlines are July 1, 2021 and July 1, 2023 and finally on July 1, 2024 municipalities need to have an approved asset management plan for all municipal infrastructure assets that includes a discussion of proposed levels of service, what commitments will be required to meet the levels of service, and a strategy to fund the activities, a provincial statement outlined.

Besides the requirement to relate assets to services delivered, stakeholders also have concerns about a lack of standardization of program templates and whether smaller municipalities have the capacity to undertake the volumes of administrative work required.

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— Andy Manahan

Residential and Civil Construction Alliance of Ontario

Vanini noted the number of asset classes municipalities are required to incorporate into plans has doubled since 2013. She said the services issue, the life cycle analysis and the replacement level calculations all add up to significant and sophisticated work challenges for Ontario’s small municipalities.

“I would say when it was posted there were different reactions,” said Vanini of the new regulation.

“In Ontario, most people don’t realize there are hundreds of municipalities with populations below 100,000, and 18 per cent of people are living in municipalities with populations below 1,000.

“And they don’t have a lot of staff. For municipal governments with a population below 10,000, they might have six to eight full-time administrators, so it’s a lot of work. A lot will have to hire consultants.”

Ministry of Infrastructure senior communications adviser Georgina Tsetsenis said in an email, “Good asset management planning is more important than ever, given significant infrastructure pressures and new challenges resulting from a changing climate.”

The six-year phase-in period was instituted to help municipalities cope, Tsetsenis pointed out, and the province is providing up to \$25 million to deliver tools and supports over the next five years aimed primarily at smaller municipalities.

Further details about the supports will be announced in the spring, Tsetsenis said.

The burdens of preparing the plans were highlighted when City of Hamilton public works managers Rome D'Angelo and Erika Waite delivered a presentation on city infrastructure to an audience of Hamilton-Halton Construction Association members in January.

The city has identified over 500 capital assets with a replacement value of \$23 billion, D'Angelo said. Waite noted the life cycle service analysis for core public works assets had been prepared but other departments were behind. Eventually, she said, the policies will have to be linked to other city financial and strategic plans.

"Bill 6 is going to put a lot of pressure on municipalities before we go and try to get some funding," said D'Angelo.

Andy Manahan, executive director of the Residential and Civil Construction Alliance of Ontario (RCCAO), commented the policy is far-reaching but valuable.

"It is more than just an accounting exercise, it goes into every facet of running a municipality in the modern era," he said.

"We have all seen the chart. If you look after your assets on a regular basis the overall expenditure is going to be less than if you let your assets deteriorate to the point where they have to be completely rebuilt. So if you are on top of asset management you are saving money in the long run, which is good for taxpayers."

Manahan said he has learned the lack of standardization in preparing plans was a concern among some stakeholders.

"The word is there are a dozen asset management software programs and some municipalities write their own programs," he said.

"You have a range of approaches, a range of plan types."

Manahan said data analysis would be an important component of the policy and to that end the RCCAO has supported an Ontario Good Roads Association initiative to endow a University of Toronto chair in asset management and infrastructure informatics.