

# Gas Tax Fund - Asset Management:

▶ Making Progress ▶▶

# Agenda

- Gas Tax Fund (GTF)
- Asset Management Subcommittee
- Baseline Survey (2016)
- Next Steps
  - Tiers •Targets •Timelines
  - Supports
  - Communications
- What Do I Do?

# Gas Tax Fund (GTF) Agreement

- Canada-Saskatchewan Administrative Agreement and Provincial/Municipal Gas Tax Fund Agreement

Canada



MUNICIPAL GAS TAX FUND AGREEMENT -  
TRANSFER OF FEDERAL GAS TAX REVENUES  
UNDER THE GAS TAX PROGRAM

made as of the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_.

BETWEEN: HER MAJESTY THE QUEEN IN RIGHT OF SASKATCHEWAN, as represented by  
the Minister of Government Relations ("Saskatchewan")

AND: «municipality\_type\_desc» of «municipality\_description»  
in the Province of Saskatchewan ("Municipality")

- Predictable long term funding for municipalities –  
Approximately \$613.5M over 10 years
- Eighteen (18) eligible project categories, including Capacity Building

# GTF 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

# GTF 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 of Saskatchewan
  - Rural Municipal Administrators' Association
  - City Managers' Group

# GTF Asset Management Subcommittee Responsibilities

Four responsibilities:

- Develop baseline to measure asset management progress against
- Develop tiered approach to asset management planning goals
- Develop and implement a performance measurement strategy for asset management
- Advise the Oversight Committee on asset management matters

# GTF Asset Management Subcommittee Work To Date

- Go Forward Plan – February 2016
- Baseline Survey – Summer 2016
- Baseline Analysis – Fall 2016
- Development of Tiers, Targets, Measures and Reporting – Winter 2016/17

# What the Survey Told Us

- What percent (%) of municipalities have begun to implement asset management?

13 %

32 %

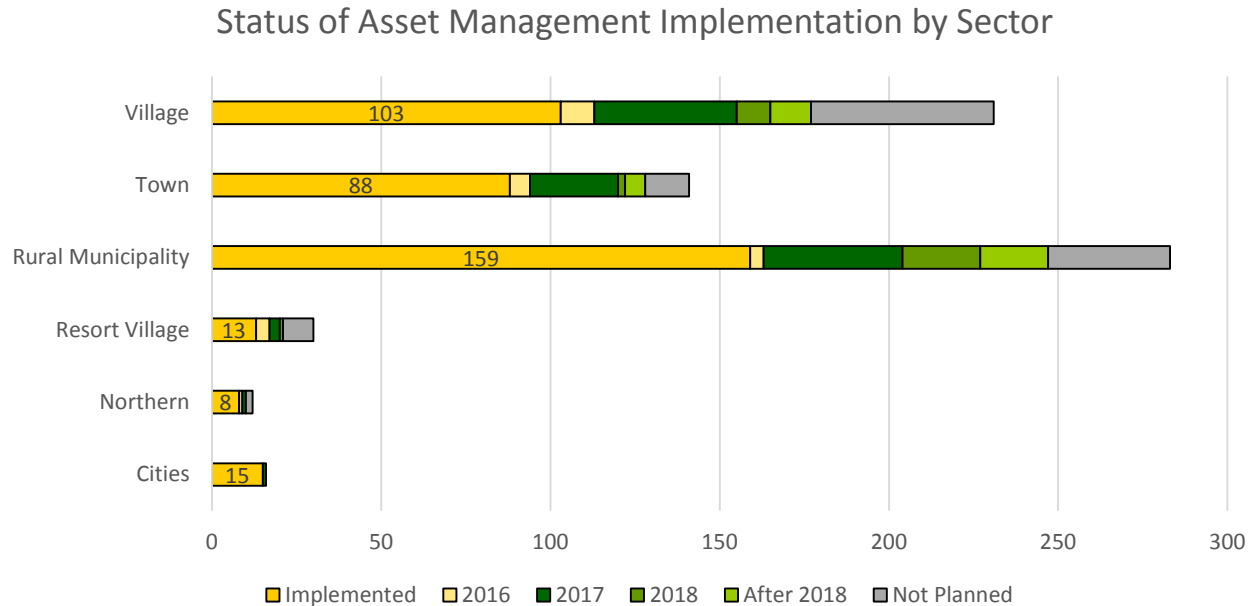
54 %

68 %

95 %



# What the Survey Told Us



- 386 (54%) municipalities have implemented and by the end of 2017 another 139 plan to implement

# What the Survey Told Us

	Number of Municipalities	
	Implemented	Not Implemented
Staff Aware	345	176
Staff Trained	127	10
Council Aware	356	115
Council Trained	24	0

- 137 (18%) municipalities have staff trained in asset management
- Where council was aware or trained, there is a greater level of implementation

# What the Survey Told Us

- 104 (14%) municipalities have developed an Asset Management Policy
- 68 (9%) municipalities have developed an Asset Management Strategy

# What the Survey Told Us

- For those municipalities that have begun to implement
  - 312 (81%) have an asset register for all asset classes
  - 67 (17%) have partially completed the asset register for some asset classes
  - 207 (55%) have basic information in the asset register and not all information has been verified
  - 165 (44%) have additional attribute data and the information has been verified

# What the Survey Told Us

- Most municipalities have 2 to 4 priority asset class levels
- The primary priority asset classes were:
  - Roads
  - Waste Management
  - Water (urban) and Bridges (rural)
- Additional data\* in the asset register – high level of variability in completeness between the various priority asset classes and the type of data
  - \* i.e. condition, capacity/performance, replacement costs, depreciated value, operating cost, maintenance cost, work history cost, and disposal cost

# What the Survey Told Us

- Less than 50% of municipalities that have implemented Asset Management have quantified the level of service for most asset classes
- 170 (44%) of those that have implemented Asset Management address asset replacement and renewal as part of the annual budget; 129 (34%) have a 5 year capital plan

“Level of Service: The outputs or objectives an organization or activity intends to deliver to customers.”

# Next Steps – Meeting the Terms of the GTF Agreement

- Developed a report with 5 recommendations
  - Based on information available to the Subcommittee today
  - Provides the basis to begin making progress
- Adaptable
  - Future surveys will inform
  - GTF Asset Management Subcommittee will monitor and recommend modifications, as needed

# GTF - Tiers, Targets, Measures and Reporting

- Five recommendations:
  - Determined four tiers for the purpose of the establishment of Asset Management planning goals
  - Set targets and measures for the tiers to show that progress is being made
  - Suggested supports to assist municipalities
  - Provided for on-going communications with municipalities
  - Established the next survey reporting date



# Recommendation 1 - Tiers

- Based on population
  - Tier 1: 1-500
  - Tier 2: 501-1500
  - Tier 3: 1501-5000
  - Tier 4: Over 5000
- Align with other reporting requirements within the GTF Agreement
- May be reviewed after the 2018 reporting

# Recommendation 2 – Targets and Measures

- Seven measures<sup>1</sup> were established to assess progress

June 30  
2018

For all Tiers

1. All municipalities participating in the GTF educated in Asset Management
2. All municipalities participating in the GTF have an approved policy and strategy on how they will approach Asset Management
3. All municipalities participating in the GTF have an asset register developed for all asset classes

<sup>1</sup>Measure: A quantifiable indicator used to assess if a desired objective is being achieved and whether improvement or change is required.

# Recommendation 2 – Targets and Measures

June 30  
2019

4. Current condition information added to register; and
5. Desired condition information documented

Requirement -

Tier 1: 1 asset class

Tier 2: 2 asset classes

Tier 3: 3 asset classes

Tier 4: 4 asset classes

Additional:

Progress check in on improving/monitoring Asset Management Plan

# Recommendation 2 – Targets and Measures

June 30  
2020

6. Funding gap between current and desired condition documented for completed asset classes

Requirement -

- Tier 1: 1 asset class
- Tier 2: 2 asset class
- Tier 3: 3 asset classes
- Tier 4: 4 asset classes

June 30  
2022

7. 75 % of municipalities participating in the GTF have reported back to Council on improving/monitoring their Asset Management plan

For all Tiers

# Recommendation 3 - Supports

- Redevelopment of Ministry Asset Management web page to align with GTF requirements (in process)
- Information sent with GTF Baseline Survey
  - 'Asset Management Getting Started Guide'  
<http://www.saskatchewan.ca/government/municipal-administration/tools-guides-and-resources/municipal-information-dataportal>
  - Links to other resources



# Recommendation 3 - Supports

- Information on Asset Management and GTF at conferences
  - SUMA and SARM Conferences
  - RMAA and UMAAS Conferences
  - GFOA of Western Canada Annual Conference, Regina, SK
    - ‘Asset Management – Hear the Latest Best Practices and What It Means for your Municipality’, pre-conference session, September 12, 2017
    - ‘Role of the Finance Officer’ – The latest in Asset Management, part of conference, September 13-15, 2017
- <http://www.civicinfo.bc.ca/event/2017/GFOAWCDelegates.asp>
- Communities of Practice
  - Such as, Asset Management Saskatchewan (formerly SMAM)
- <http://assetmanagementsk.ca/>

# Recommendation 3 – Supports

- Funding Programs
  - Gas Tax Fund – Capacity Building Category
  - FCM – Municipal Asset Management Program  
<http://www.fcm.ca/home/programs/municipal-asset-management-program/municipal-asset-management-program.htm>
- Other training
  - See upcoming slide

# Recommendation 4 - Communications

- On-going strategy to inform about Asset Management and the requirements of the GTF
- Key messages:
  - Get Started – Start with what you have and build on it
  - Asset Management does not need to be costly, complex or difficult
- What tools work for communicating with you?
  - Send suggestions to [gastaxprogram@gov.sk.ca](mailto:gastaxprogram@gov.sk.ca)



# Recommendation 5 - Reporting

- Next GTF Asset Management Progress Survey - Scheduled for Summer 2017
- Requirement to complete the survey and/or submit required reports under the GTF Compliance Strategy
- Requirement to make progress in developing or implementing an asset management plan under the terms of the Gas Tax Agreement -  
Both the Federal/Provincial and the Provincial/Municipal Agreements

# What Do I Do?

- Consider where your municipality is at with implementing Asset Management
- Be cognizant of the requirements of the GTF
- Inform your Council – Raise awareness
  - FCM has created a video to help inform on Why to Invest in Asset Management

[FCM - Why Invest in Asset Management \(Animated video\)](#)

<https://intranet.fcm.ca/home/programs/green-municipal-fund/get-started-today/leadership-in-asset-management-program/why-invest-in-asset-management.htm>

# GTF Measure 1 – Get Educated

- Several organizations and businesses offer training courses
  - On-line and in person – Two Examples:
    - Municipal Finance Officers Association of Ontario  
[http://www.mfoa.on.ca/mfoa/Main/Asset\\_Management/Main/Asset\\_Management/Asset\\_Management\\_Home.aspx?hkey=61c29ce4-f1ca-42d3-a271-9421141c718b](http://www.mfoa.on.ca/mfoa/Main/Asset_Management/Main/Asset_Management/Asset_Management_Home.aspx?hkey=61c29ce4-f1ca-42d3-a271-9421141c718b)
    - Canadian Network of Asset Managers  
<http://cnam.ca/events/upcoming-events/>
- FCM Asset Management Program  
<https://intranet.fcm.ca/home/programs/municipal-asset-management-program/why-invest-in-asset-management/asset-management-resources.htm>
- Reach out to fellow municipalities who are already practicing asset management (check with the individual sitting next to you)
- Your municipal associations (SARM, SUMA, New North, UMAAS, RMAA) may also provide support and advice

# GTF Measure 2 – Develop a Policy

“A document that broadly outlines the principles and mandated requirements for undertaking Asset Management across the organization in a systematic and coordinated way, consistent with the organization’s strategic plan.”

- Formalizes commitment
- Lays out council’s vision for moving forward, providing direction and guidance, identifying goals and priorities, and assigning accountability for progress
- Confirms direction and objectives

# Sample Policy

MUNICIPALITY OF \_\_\_\_\_

## MUNICIPAL ASSET MANAGEMENT POLICY

Policy Number: \_\_\_\_\_

Supercedes Numbers: \_\_\_\_\_

Authority: Council

Approval date: \_\_\_\_\_

Effective date: \_\_\_\_\_

### 1.0 COUNCIL ASSET MANAGEMENT POLICY STATEMENTS

Asset management is a broad strategic framework that encompasses many disciplines and involves the entire organization. The term asset management, as used in this document, is defined as "the application of sound technical, social and economic principles that considers present and future needs of users, and the service from the asset". To guide the organization, the following policy statements have been developed:

- a) \_\_\_\_\_ will maintain and manage infrastructure assets at defined levels to support public safety, community well-being and community goals.
- b) \_\_\_\_\_ will monitor standards and service levels to ensure that they meet/support community and Council goals and objectives.
- c) \_\_\_\_\_ will develop and maintain asset inventories of all its infrastructures.
- d) \_\_\_\_\_ will establish infrastructure replacement strategies through the use of full life cycle costing principles.
- e) \_\_\_\_\_ will plan financially for the appropriate level of maintenance of assets to deliver service levels and extend the useful life of assets.
- f) \_\_\_\_\_ will plan for and provide stable long term funding to replace and/or renew and/or decommission infrastructure assets.

Generally Includes –

- Vision – why important
- Objective – high level goals and general targets to move forward
- Guiding principles
- Roles and responsibilities – for implementation
- How relates to other documents and policies
- Review period

One Example, of many that may be found on-line:

<https://www.civicinfo.bc.ca/Library/Asset Management/Tools and Resources/Guide to Developing a Municipal Asset Management Policy DRAFT--LGAMWG--October 2009.pdf>

# GTF Measure 2 - Develop a Strategy

“The high-level long-term approach to Asset Management, including Asset Management Plans and objectives for managing assets.”

- Achieves corporate alignment and capacity in the approach to asset management
- Clear direction on nature of integration between asset management and other plans and processes
- Develops a connection point between asset management policy and asset management plans

# GTF Measure 2 - Develop a Strategy

The Strategy generally contains information that:

- Defines the relationship between the strategy and the policy and other business documents
- Highlights actions needed to bring asset management in line with objectives and principles set out in the policy
- Identifies the impacts a number of individuals and groups inside and outside the outlined actions will have
- Sets an effective governance structure and assigns appropriate responsibilities
- Links to other documents supporting the strategy and its content

# Strategy

One Sample of how to create an Asset Management Strategy:

## 5.2 HOW TO CREATE AN ASSET MANAGEMENT STRATEGY

An asset management strategy documents your organization's approach to asset management. It identifies where you are currently at with your practices related to asset management, where you would like to be, and how you will get there. The asset management strategy does not need to be a long and detailed document – ideally it is something that is a concise and easy reference for everyone involved in asset management.

<b>STEP 1</b>	<b>Establish a baseline</b> <ul style="list-style-type: none"><li>» In a cross-functional team, conduct an assessment of your asset management practices. There are existing self assessment tools to support this function, such as AssetSMART or the NAMS maturity assessment.</li></ul>
<b>STEP 2</b>	<b>Develop asset management objectives</b> <ul style="list-style-type: none"><li>» What is the vision for your community?</li><li>» What are the biggest opportunities or strategic risks (see strategic risk tool) to achieving the vision?</li><li>» How can asset management enable the achievement of the vision, or the management of risks?</li><li>» What are the corresponding objectives for asset management?</li></ul>
<b>STEP 3</b>	<b>Identify individual strategies for each objective.</b> <ul style="list-style-type: none"><li>» What are the steps that need to be taken in the next five years to move toward each of the objectives defined?</li></ul>
<b>STEP 4</b>	<b>Outline a corporate approach to asset management for the next five years</b> <ul style="list-style-type: none"><li>» Who are the primary stakeholders?</li><li>» How does asset management connect to other corporate initiatives?</li><li>» How will service areas be defined for asset management?</li><li>» What does each service area need to do in the next five years to move asset</li></ul>

[http://www.municipalaffairs.alberta.ca/documents/ms/2015-11-18\\_Toolkit - FINAL.pdf](http://www.municipalaffairs.alberta.ca/documents/ms/2015-11-18_Toolkit_-_FINAL.pdf)

<http://www.municipalaffairs.alberta.ca/asset-management> toolkit excel and pdf guide



# GTF Measure 3 – Develop an Asset Register for All Asset Classes

- Tangible Capital Asset Registry – a good place to start
- One example, can be found at <http://www.municipalaffairs.alberta.ca/asset-management>

The screenshot shows an Excel spreadsheet titled "Inventory Template". The spreadsheet is organized into several sections:

- Section 1 (Columns 1-4):** "What do we own?" with columns: Asset Description, Asset Code, Asset ID #, Asset Ext.
- Section 2 (Columns 5-7):** "Where is it?" with columns: Location, Municipal Address, Legal Description.
- Section 3 (Columns 8-16):** "What are the attributes?" with columns: Material, Quantity, Units, Year Installed, Year Renewed, Service Life, Age, Make, Model.
- Section 4 (Columns 17-19):** "What does it cost?" with columns: Historic Cost, Replacement Unit Cost, Replacement Cost.
- Section 5 (Column 20):** "What is its condition?" with column: Physical Condition.

The spreadsheet has a green header row (row 2) and a yellow header row (row 5). The data area starts from row 6. The bottom of the screenshot shows the Excel ribbon with tabs for "Inventory Template", "LEVELS OF SERVICE->", "LOS Template", "LOS example", and "RISK MANAGEMENT->". The status bar at the bottom indicates "Ready" and a zoom level of "50%".

# Asset Management Benefits

- The focus of this presentation – meeting the terms of the GTF Agreements (federal/provincial and provincial/municipal)

Other potential:

- Writing grant and funding applications – clearly define infrastructure needs
- Improving long-term sustainability – provide services in most cost effective manner
- Evidence based decision making around setting municipal tax rates
- Leverage service agreements and partnerships with other municipalities

# In Summary

- Continue working on the improvement of your AM plan – progress is required by March 31 2018 – the AM plan does not need to be complete
- At present, GTF will not withhold Gas Tax funds as long a municipalities demonstrate progress in implementing Asset Management
- Failure to submit GTF requested reports and surveys may result in non-compliance and Gas Tax funds being withheld. Next Survey: summer 2017
- Further information on GTF requirements will be communicated
- REMEMBER: Implementing asset management is not a one time action, but rather a journey of continuous improvement.

# Questions / Discussion

[saskatchewan.ca](http://saskatchewan.ca)