

# TIP SHEET 1: REPORTING TO COUNCIL ON ASSET MANAGEMENT PLANS

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## Introduction

Municipal staff are tasked with keeping their councils and the public informed about infrastructure related activities. Getting council to “buy in” to undertaking further capital activities in such economically uncertain time can be challenging. Providing council with the appropriate information to make informed decisions can be a key to success.

This tip sheet will provide municipal administrators with a framework for information that can be provided to council when reporting about the status and implementation of an asset management plan.

The illustrative tools provided throughout this tip sheet can be used as a means of communicating important information in an easy to interpret format while still addressing fundamental asset management principles.

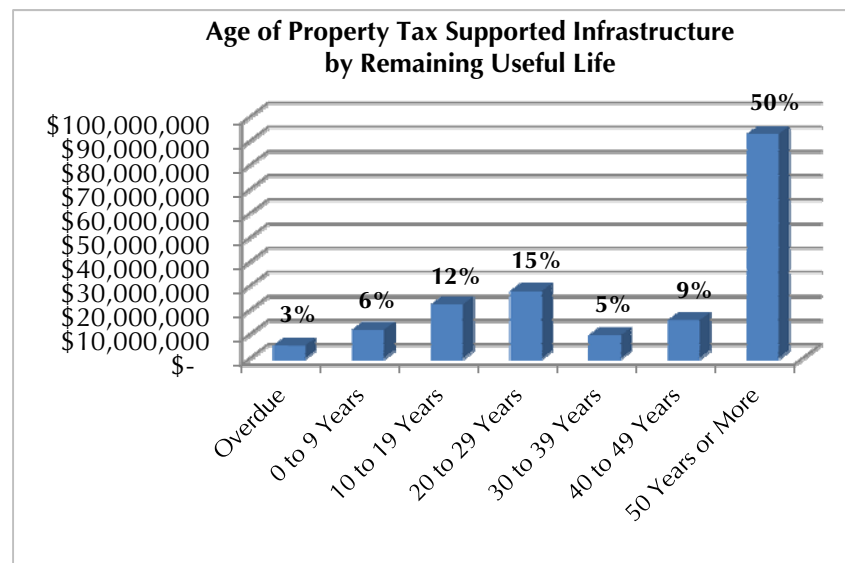
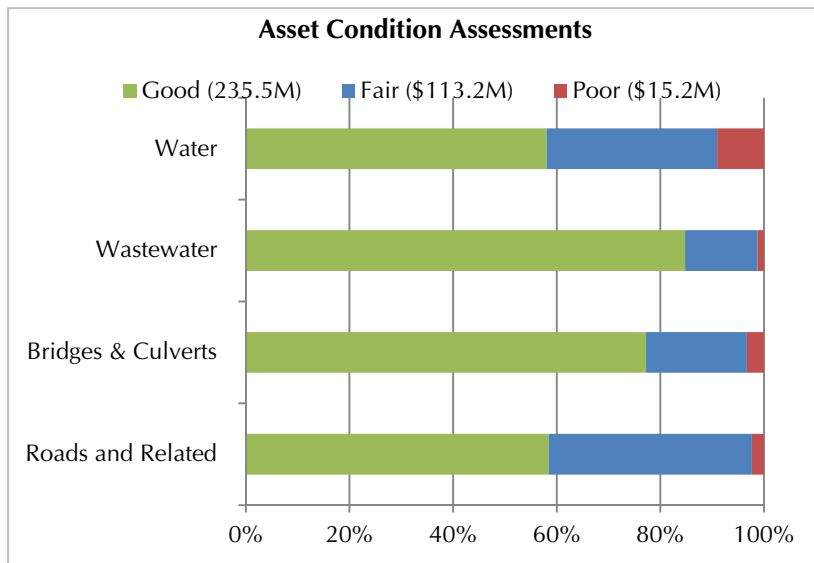
- The state of your infrastructure
- Current levels of service
- Key fiscal indicators related to asset management
- Calculated municipal infrastructure deficit

**Key answers to provide council when reporting on your asset management plan:**

**1) What is our current position?**

Measure	Information to Provide Council
<b>State of infrastructure</b>	1) Current condition of asset and asset categories – Are assets in good condition? 2) Were there any repairs, rehabilitation, replacement or betterments to tangible capital assets in the current year? 3) What is the remaining estimated useful life of assets – Is the municipality’s infrastructure old? 4) What is the current replacement value of the municipality’s tangible capital assets?

**Examples:**



**Current levels of service**

- 1) If service level targets have not been identified, identify service level targets.
- 2) Review and compare service levels to targets.
- 3) Look for trends in the information about service levels as compared to targets. For instance, determine if the municipality is making progress toward achieving its targets.

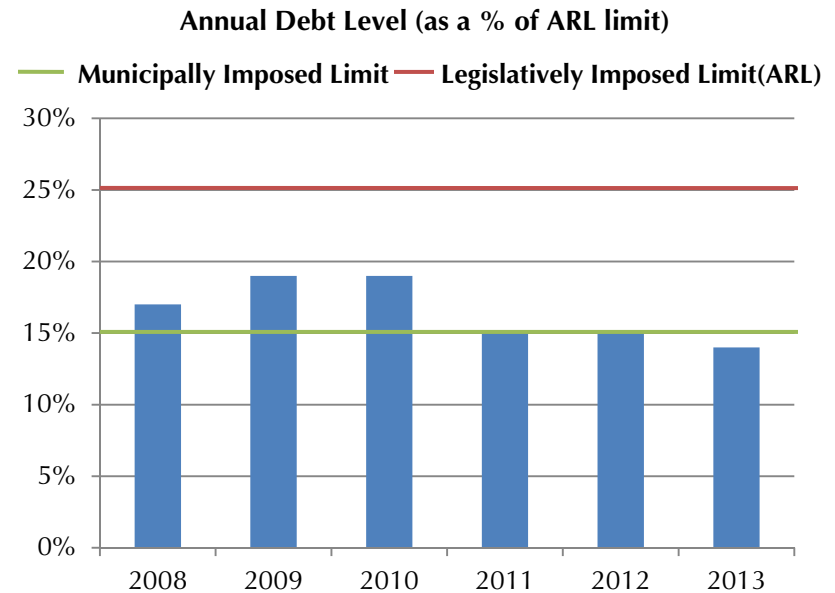
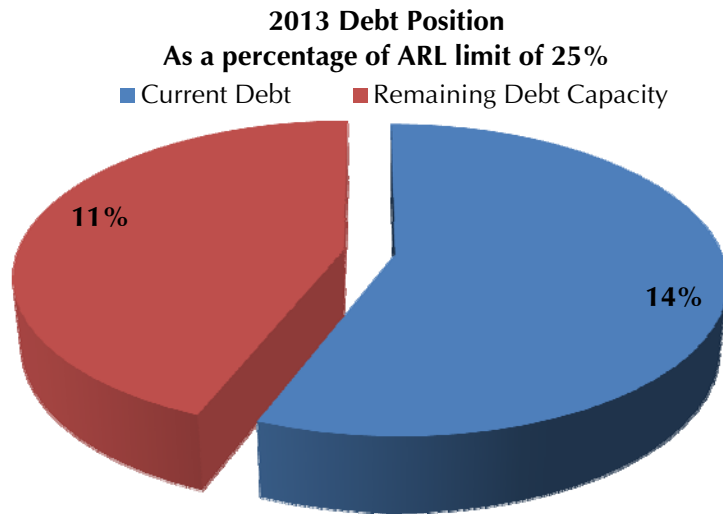
**Example:**

Key Indicators	Information Source	2009	2010	2011	2012	2013	Target
Percentage of winter events where the response met or exceeded locally determined municipal service levels for road maintenance	FIR	97%	97%	98.8%	100.0%	100.0%	<b>100%</b>
Number of Bridges and Culverts where the condition of the primary components is rated as good to very good, requiring only maintenance	FIR	58%	58%	58.1%	59.4%	62.5%	<b>65% or Greater</b>
Number of paved lane kilometers where the condition is rated as good to very good	FIR	42%	43%	43.3%	43.7%	56.7%	<b>60% or Greater</b>
Number of wastewater main backups per 100 km of wastewater main in a year	FIR	2.5	1.25	1.25	0.0	1.25	<b>1.25 or less</b>
Number of water main breaks per 100 km of water distribution/transmission pipe in a year	FIR	3.0	2.5	2.5	1.7	5.0	<b>2.5 or less</b>
Unaccounted for Water (water loss after distribution)	–	35.2%	30.1%	29.9%	31.3%	36.2%	<b>25% or less</b>

**Fiscal indicators related to asset management**

- 1) What is the net book value of the asset as a percentage of the cost of the asset?
- 2) How much is currently available in reserve and reserve funds for asset repair and replacement – How has this amount changed?
- 3) What is the municipality’s ratio of debt-to-own source revenue?  
*This can be calculated referencing Schedule 81 of the FIR.*  
 $Ref\ #9910 / Ref\ #2610 = Ratio\ of\ debt\ to\ own\ source\ revenue$
- 4) How much debt room is available (relative to legislated and or municipally imposed capacity limit)?  
 See ARL: [Annual Repayment Limit](#)

**Examples:**

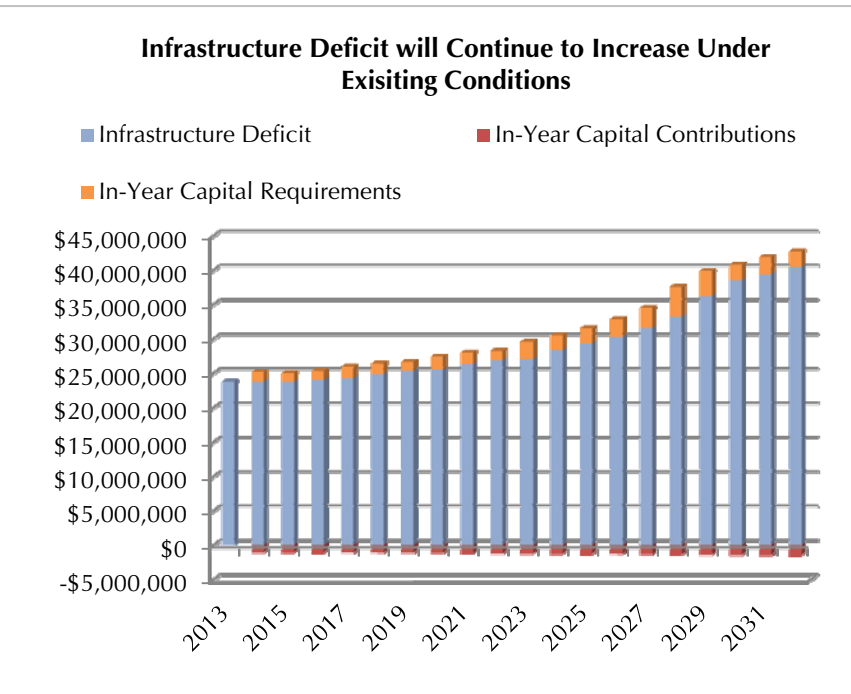
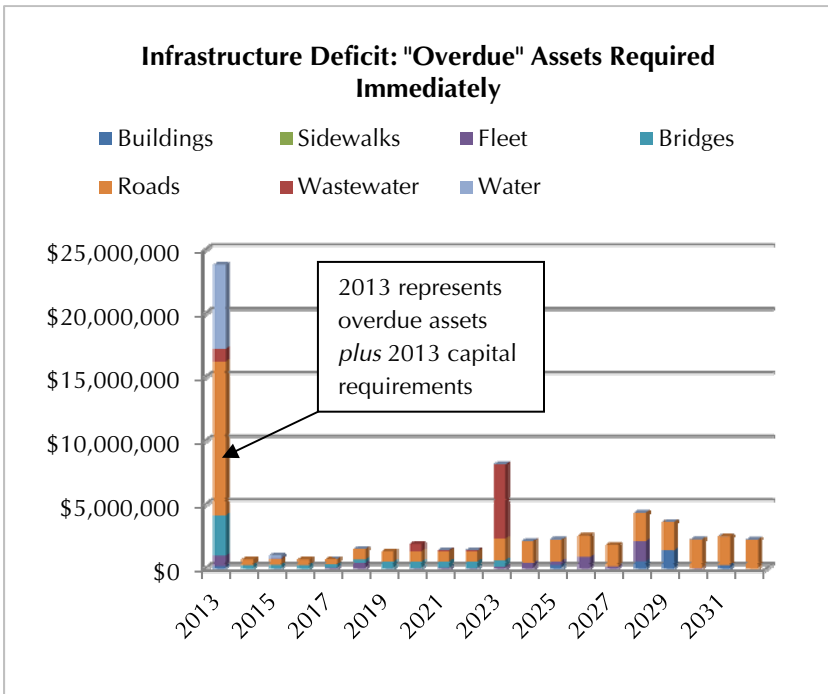


*Communicating to council your municipality’s current debt position relative to the legislated limit is important. You could also illustrate how the municipal debt has progressed in recent years while comparing it to the legislatively and municipally imposed capacity limit.*

**Infrastructure deficit**

- 1) What is the current estimated infrastructure deficit for the municipality?
- 2) Based on the current asset condition and service level needs, which projects need to be prioritized and which can be delayed?
- 3) How is the infrastructure deficit being managed?
- 4) Under current conditions, will the infrastructure deficit (or backlog) improve?

**Examples:**



*The chart above can demonstrate to council the level of capital works overdue and required to be undertaken immediately. Illustrating the immediate requirements and forthcoming work can help portray the need to continue to increase capital contributions to address current and future infrastructure requirements.*

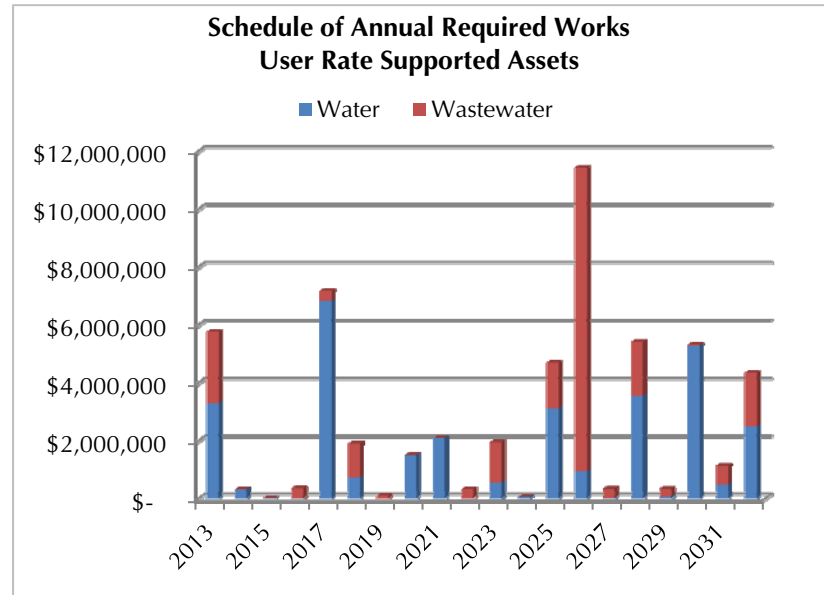
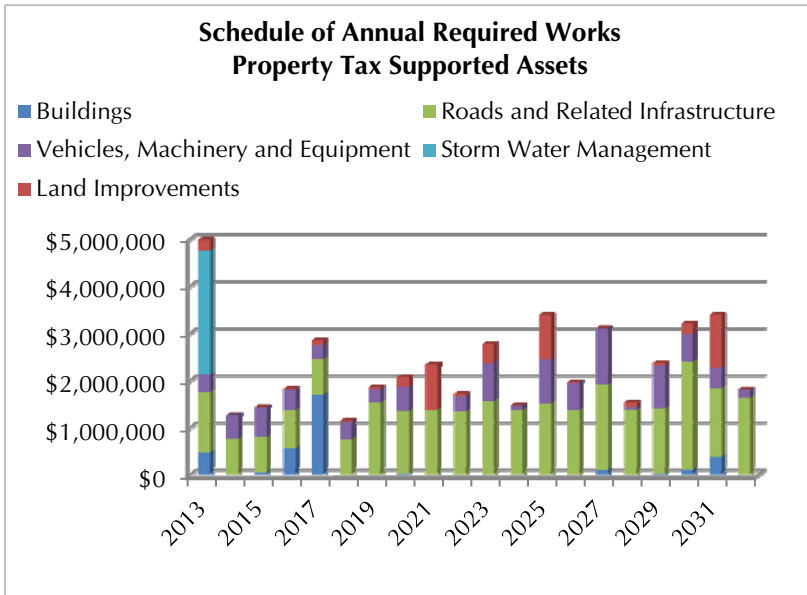
*Given the level of capital work required immediately, the chart above depicts that the infrastructure deficit will continue to increase if in-year capital contributions are less than the in-year capital works required.*

\*Capital Contributions includes the required funds to carry out in-year capital related activities plus funds contributed to an asset repair and replacement reserve.

2) What do we need to do?

Measure	Information to Provide Council
<p><b>Repair, replacement and maintenance activities required over the long-term (15-20 years)</b></p>	<ol style="list-style-type: none"> <li>1) Schedule of annual required work over the long-term.</li> <li>2) Which asset category represents the largest component of future activity?</li> <li>3) What years will require the largest financial outlay to maintain, repair or replace tangible capital assets?</li> </ol>

**Examples:**

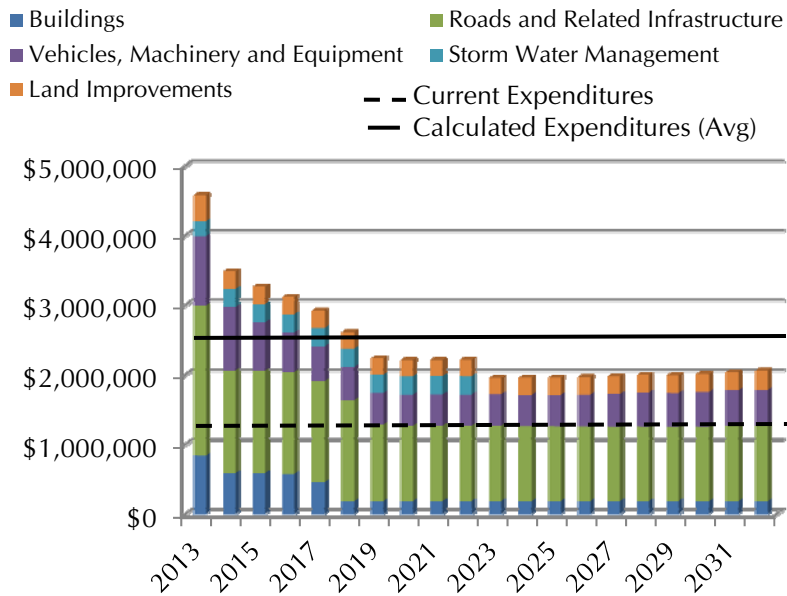


*It is important to illustrate the annual capital works required for both property tax and user rate supported assets over the medium to long-term. This will help municipal staff and council understand which assets require the most attention and to identify when the largest financial outlay to maintain, repair or replace tangible capital assets may be required.*

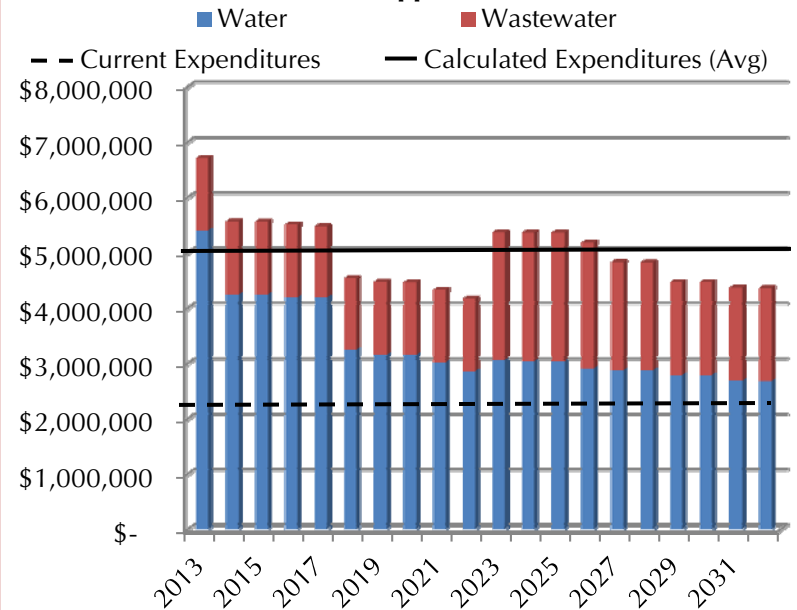
**Calculated annual provision (or capital contribution) to carry-out repair, replacement and maintenance activity**

- 1) What should we contribute to reserves annually to carry out the required work?
- 2) How much debt could be affordably issued to address the required annual work?
- 3) What is the difference between what we are currently doing and what we should be doing? Recommendations and illustrations may include the use of both dollar and percentage figures.

**Annual Provision Schedule:  
Property Tax Supported Assets**



**Annual Provision Schedule:  
User Rate Supported Assets**



*Illustrating the gap that exists between the current level of capital expenditures being undertaken and the calculated capital expenditures (or contribution) required to meet service level requirements (as shown above) may help municipal council understand the level of commitment to capital planning and infrastructure management required moving forward.*

**Next Steps**

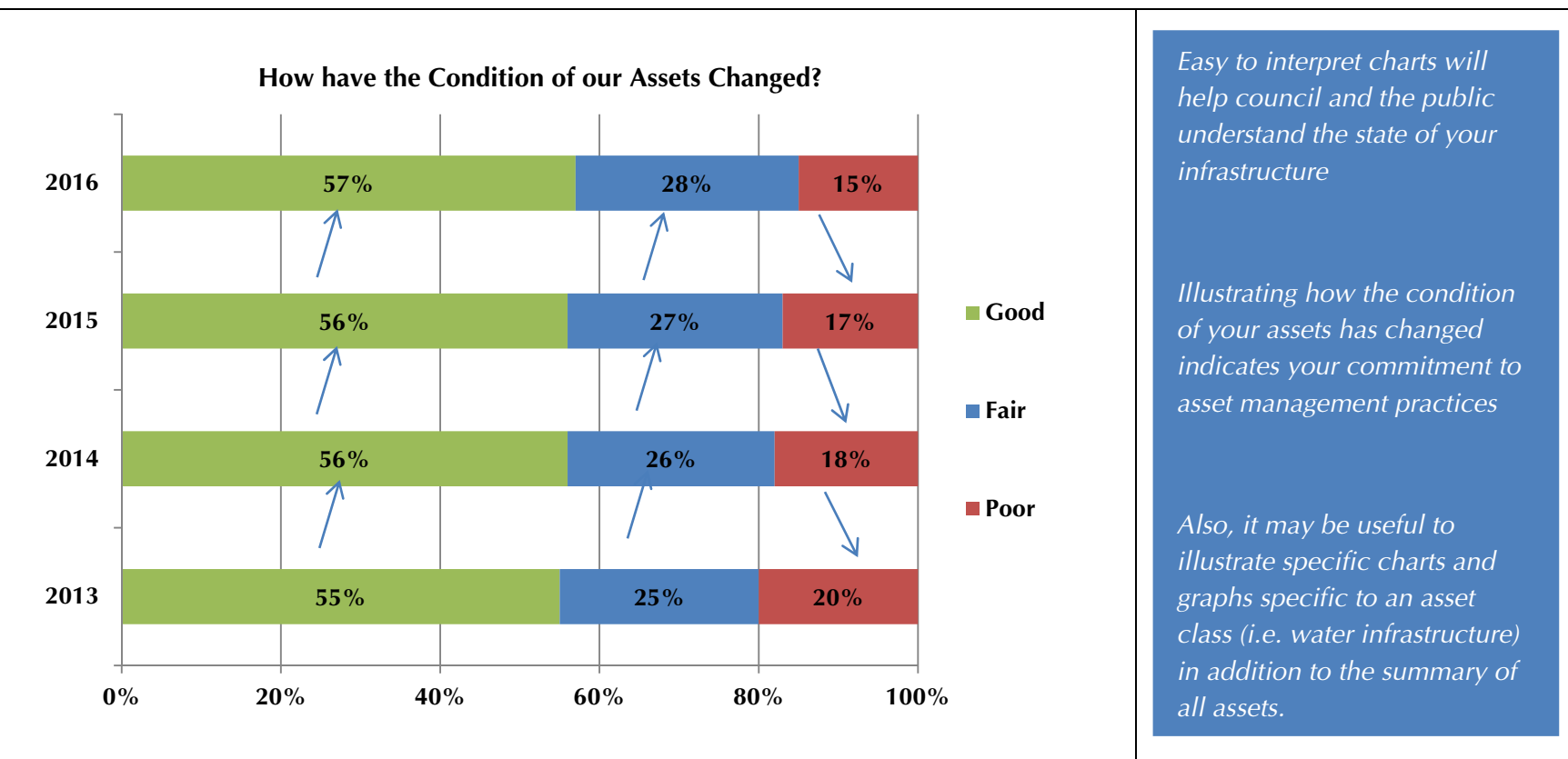
- 1) Explore revenue raising tools (see Tip Sheets 3 and 5).
- 2) Options for maximizing the use of your assets (see Tip Sheet 6).

### Asset Management Does Not End After a Plan is Adopted

Municipal staff should be regularly reporting to council updates related to asset management. It is important to illustrate the key message so council and the public understand the current situation and future needs of the municipality. The following tips will help administrators develop some tools and reporting strategies for future updates.

Your regular report to council should address the following questions:

**1) Has the condition of assets improved or deteriorated since the last update or is there a change within the asset categories? The reasons for significant changes should be explained.**



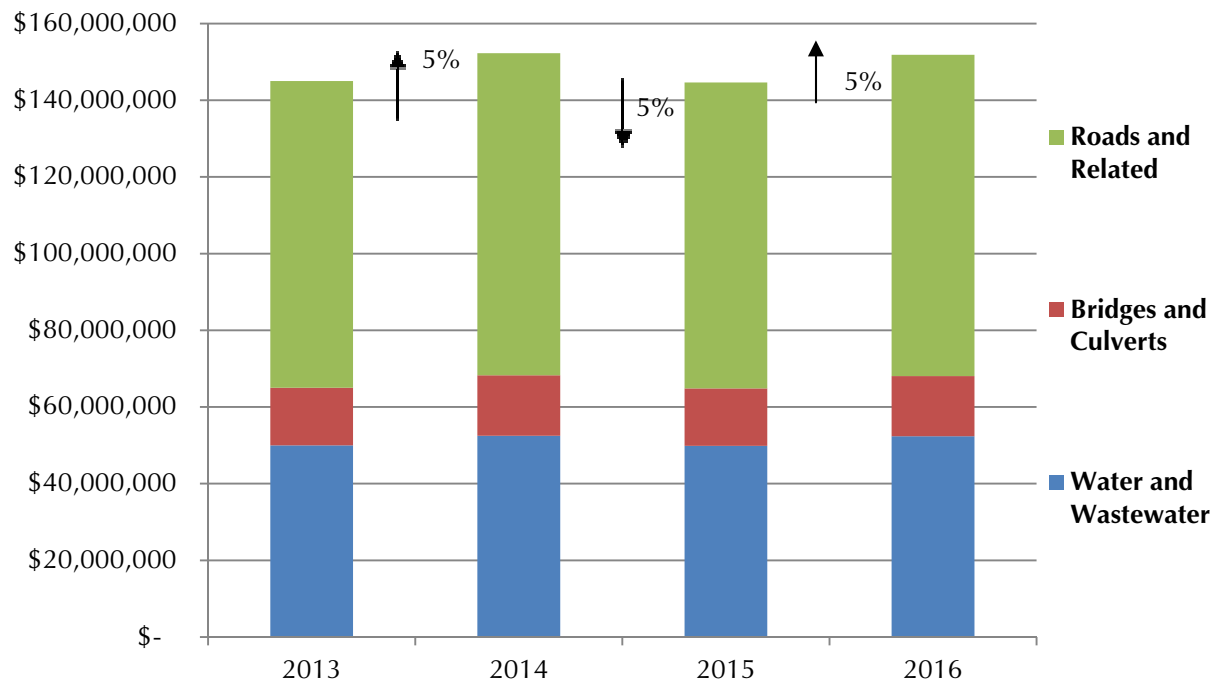


**2) Summary of new assets should be reported to council informing, at a minimum, the following information:**

- a) Estimated useful life;
- b) Estimated cost to develop or build;
- c) Estimated cost to replace assets in future dollars;
- d) Estimated annual cost to maintain the asset at current levels;
- e) The annual provision required to replace the asset;
- f) The consequence of asset failure; and
- g) Recommendation to council to set aside funds in reserves for asset maintenance and replacement.

**3) Has the value of assets changed?**

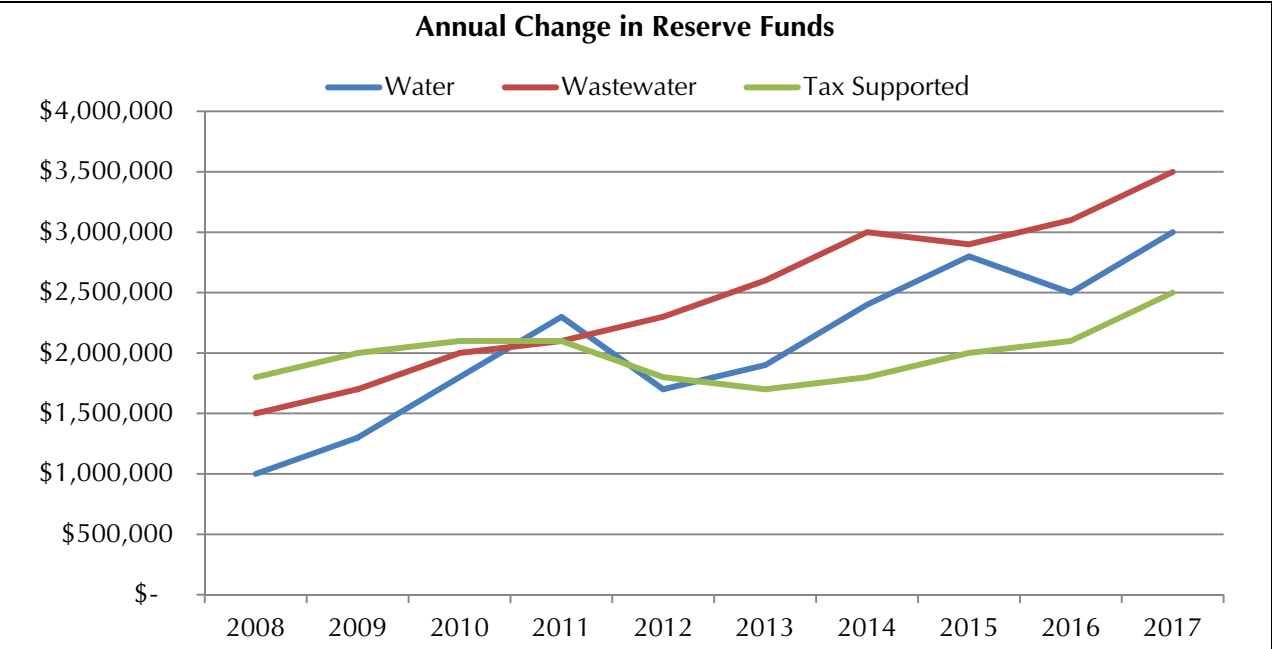
**Replacement Value of Municipal Infrastructure**



*Make sure to highlight key pieces of information:*

1. Reason for **increase** or **decrease** in assets
2. Notable assets or asset categories
3. Grant money used to fund assets
4. Anticipated major asset acquisitions/ and or disposals

**4) How has the capital asset replacement reserves changed?**



*Note: Reserve targets can also be illustrated (on the graph above) to communicate to council if you are meeting, exceeding or falling short of objectives.*

1. Are you meeting, exceeding or falling short of targets?
2. Are reserves & reserve fund contributions keeping pace with asset growth /additions?
3. Reasons for annual change?

**5) Continue to track and report on service level measures annually.**

- For example, please see Current levels of service table on page 3 of Tip Sheet 1.