Infrastructure Asset Management in Ontario

Adrian Franko
Director, Infrastructure Asset Management
Ministry of Public Infrastructure Renewal

December 7, 2006
What is Asset Management

Asset Management is an integrated approach involving planning, engineering and finance to effectively manage existing and new infrastructure in a sustainable manner to maximize benefits, reduce risk and provide satisfactory levels of service to the users in an energy efficient and environmentally responsible manner.
Rationale for Asset Management

- Life cycle asset management minimizes total costs
- Poorly maintained assets increase liability concerns
- Provides better and more consistent levels of service to the public
- Assets in good condition provide better and more efficient services
- Growing links between asset management and financial reporting as accounting practices change (PSAB 3150)
- Accountability for the proper use and stewardship of publicly owned capital assets is increasingly expected
- Current and future changes in government regulations will require knowledge about assets to determine compliance (Full Cost Recovery).
Goals of Ontario’s Asset Management Project

- Manage infrastructure costs through life-cycle asset management and derive maximum benefit from scarce resources

- Develop and implement a provincial AM framework for infrastructure to assist the province in making the right infrastructure investments at the right time to achieve the best value and return to taxpayers and Investment partners

- Assist ministries and agencies with standards, guidelines and tools so they can create Asset Management Plans that provide the information and analysis needed to effectively manage infrastructure assets

- Promote AM, life-cycle cost/benefit analysis and energy efficiency best practices across the OPS and broader public sector entities, including municipalities
Ontario Infrastructure Assets

Provincially-owned Facilities
- Government Buildings
- Government Agencies

Transportation Infrastructure
- Provincial Highways
- GO Transit

Municipal Assets
- Municipal Roads & Bridges
- Municipal Water/Wastewater
- Municipal Transit
- Municipal Culture & Recreation Facilities

Potential additions to Provincial Asset Inventory
- Capital improvements in Leased Buildings
- Other Capital Assets: fleets, equipment, I&IT, software etc.

Assets Consolidated in 2006
- Hospitals
- Schools
- Community Colleges

Assets of Transfer Partners
- Universities
- Social Service Facilities
Infrastructure Asset Management Project “Roadmap”

Education & Culture Change
• Create an education and culture change strategy
  • Consistent with Modern Controllership initiative – enterprise-wide at multiple levels
• Goal is to change the way OPS and BPS think about and manage their assets

Integrated Asset Management System
• Public infrastructure AM data/plans linked to decision making processes
• Improved knowledge and appropriate skill sets to support good stewardship of assets
• Organizationally ingrained AM, life-cycle costing and energy efficiency best practices

Ontario AM Implementation
• Ministries establish AM plans
• Develop and implement an AM Framework:
  • Inventory of assets
  • Value and condition of assets
  • Needs analysis
  • Performance measures
  • Decision tools and information system

Municipal AM Initiatives
• National AM Framework
• Gas Tax – Transit AM plans
• Municipal DataWorks – Roads and Bridges
• SWSSA – AM requirements
• COMRIF – AM component
• PSAB Tangible Capital Assets
• OMBI Fixed Asset Implementation
Establishing Ontario’s AM Framework

- **Inventory**
  - Data template: fields, data definitions
  - Sequencing, timeline for leases, transfer partners, other asset classes
  - Procedures for accuracy, completeness, updating of data

- **Needs and Performance Measures**
  - Current and future needs analysis
  - Service-level requirements
  - Measures of asset condition
  - Implementation progress
  - Performance measure/Audit/Verification process
  - Performance reporting

- **Corporate Reporting Business Process Design and Ministry AM Plans**
  - Detailed business process design
  - Review existing ministry plans
  - Recommend future format/content requirements

- **Value and Condition**
  - Valuation methodologies and best practices
  - Condition assessment methods
  - Benchmarks for asset conditions

- **Information System and Decision Tools**
  - Key features of information system
  - Recommend best products/tools to implement
  - Integration with existing systems

**Framework Report**
**Work plan and timeline**
**Communication Document**

Identify gaps, review best practices and develop recommendations
Municipal Asset Management Initiatives

- National Asset Management Framework
  - National Asset Management Working Group is developing an Asset Management Framework for Municipalities

- Transit
  - Municipalities receiving provincial Gas Tax funding required to prepare Transit Asset Management Plans

- Roads and Bridges
  - Municipal DataWorks is a data warehouse developed by the Ontario Good Roads Association (OGRA) to store information about municipal roads and bridges

- Water and Waste Water
  - Once proclaimed, Sustainable Water and Sewage Systems Act (SWSSA) will require municipalities to: assess the full cost of providing services; prepare an asset inventory and management plan; and prepare long-term cost recovery plans
Municipal Asset Management Initiatives (continued)

- Canada-Ontario Municipal Rural Infrastructure Fund (COMRIF)
  - Under COMRIF, the federal and Ontario governments have dedicated up to 1% of COMRIF funding for asset management

- PSAB 3150 Tangible Capital Assets
  - Requires asset valuation, depreciation and reporting in municipal financial statements

- OMBI Fixed Asset Implementation
  - Practical tool designed to assist municipalities with introducing and adopting new PSAB guidelines
Education, Training and Cultural Change

Education and training will be a major component going forward for all initiatives.

Critical to coordinate activities and provide a comprehensive education & training approach.

Provincial-Municipal Asset Management Coordinating Committee
- To organize and share information on asset management, accounting, reporting and regulatory activities.

Goal is to change the way organizations think about and manage their assets.
Moving Forward

- Developing an asset management approach that integrates planning, engineering, financial and management requirements
- Using improved information and life-cycle analysis to proactively manage assets, maximize benefits and reduce risk
- Linking asset management to the decision making processes
- Improving knowledge and appropriate skill sets to support good stewardship of assets
- AM, lifecycle costing and energy efficiency best practices ingrained organizationally