

Update on Asset Management

Board of Directors' Meeting

March 23, 2018

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Lake Simcoe Region
conservation authority

Background and Definitions

- Asset Inventory Database
- Lifecycle Costing
- Levels of Service (including Risk Assessment)
- Asset Condition Assessment
- State of Good Repair (SoGR)
- Infrastructure Gap



Why are we changing?

- Ontario Regulation 588/17 is driving the change for municipalities
- Conservation Authorities are not covered under Regulation 588/17, although Asset Management planning is a good business decision
- Identified in LSRCA Strategic Plan 2016-2020
- Funding partners are looking for greater certainty in long-term funding and consistency with other conservation authorities (similar to Harmonization)



How have we managed our assets before?

LSRCA has traditionally focused on managing assets, but now there is a fundamental shift in the industry towards asset management.

Managing Assets*	Asset Management*
“Siloed” decisions at departmental level	Strategic asset decisions leveraging information and minimizing acceptable risk
Departmentally driven levels of service	Increased collaboration across departments
Immediate cost; focus on operating budget	Long-term value and purpose
Current performance by Department	Long-term Impact
Responding to failures	Business risks articulated and mitigated

*Chart content courtesy of ISO Technical Committee

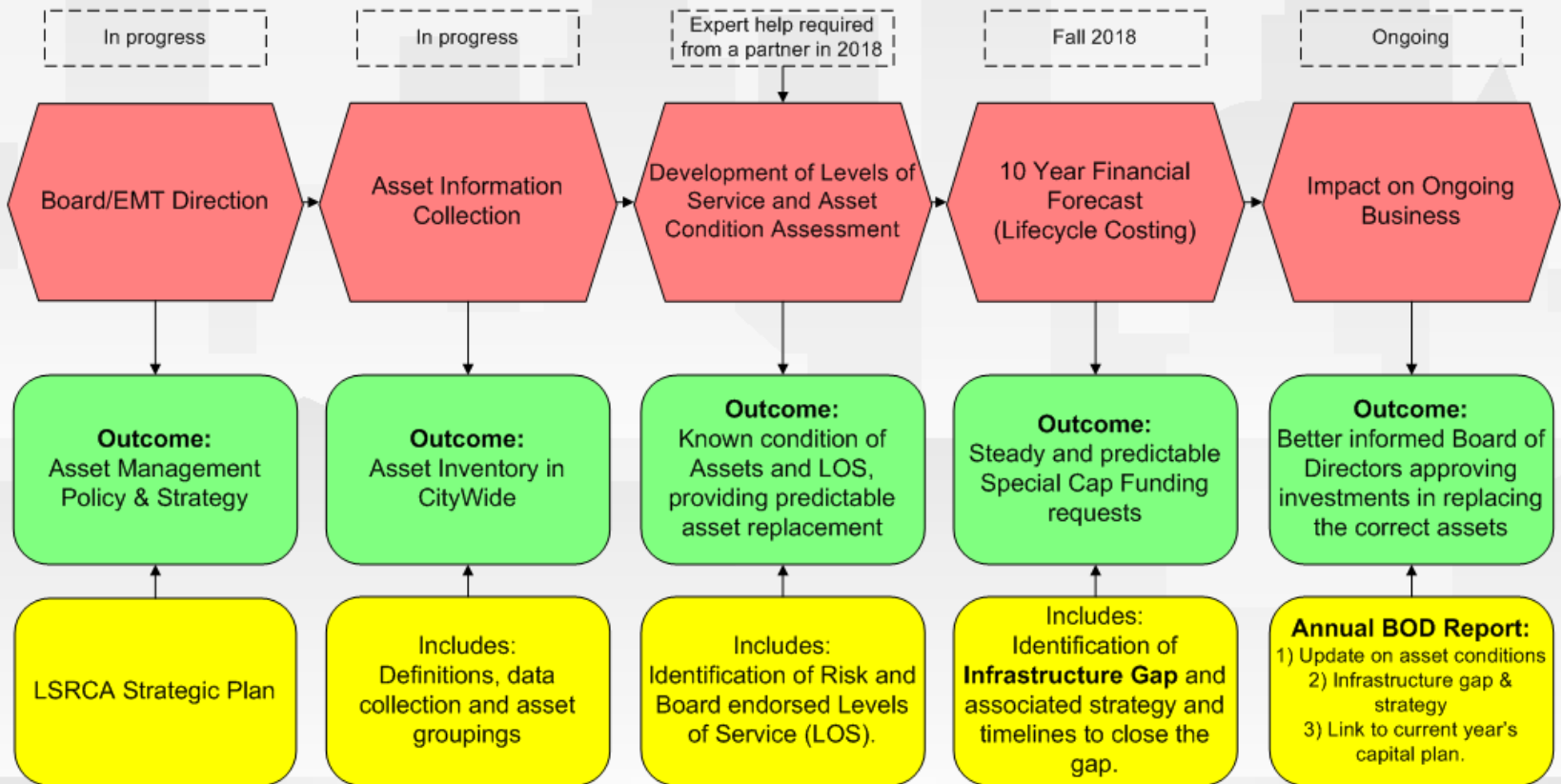
How have we managed assets before?

- Shorter term (<3 years) planning for capital replacement
- Fix assets as they break, which leads to unpredictable funding requests
- Departments responsible for purchase, maintenance and replacement
- Place high importance on initial cost
- Utilized Special Capital Project Asks for significant capital requests



How do we shift to asset management?

Asset Management Roadmap



Board of Director Discussion March 2018
Presented by: Mark Critch CPA, CMA; GM of Corp & Financial Services

LSRCA Action Plan for 2018-19

- 1) Understand the condition/state of assets (ongoing)
- 2) Receive Board of Directors endorsement on Levels of Service for all LSRCA assets (Fall)
- 3) Ensure collaboration with funding partners and neighbouring conservation authorities (ongoing)
- 4) Advance “Maintain vs Replace” discussions (2019 Budget)
- 5) Engage Board of Directors with financial strategy (Winter)
 - Understand infrastructure gap (if applicable)
 - Long-term support from funding partners
 - Annually report back to the Board of Directors

Funding Opportunity in 2018

- Up to \$50,000 through Municipal Asset Management Program, being administered through the Federation of Canadian Municipalities (FCM)
- Funding must be used within 11 months of approval
- LSRCA must be willing to cost share, with a minimum of 20% expected from the “municipal partner”
- Letter of support from one of funding partners would be required (process is underway)



Important Considerations

- Asset management must be in conjunction with:
 - 2016-2020 Strategic Plan
 - Capital and Operating Budgets
 - Reserve Management policy
 - Information Technology Strategy
 - Tangible Capital Asset policy
 - Land Acquisition Strategy
 - Land disposition policy
- Ensuring consistency with asset management plans and strategies at funding municipalities and neighbouring conservation authorities



Looking Ahead: Potential Challenges

- 1) Evolving Asset Management field
 - Consideration for unique CA assets
- 2) Infrastructure gaps
 - Current gap likely to exist
 - Consistent with most municipalities
 - Strategy to close gap in tight fiscal environment
- 3) Long-term funding commitment is needed
 - Solution will need to be phased over many years
 - Tradeoff is greater predictability in funding requests
- 4) Condition assessment skill set is needed



Outcomes from an Effective AM Plan

- 1) Longer term planning for asset replacement, rehabilitation or new asset investments
- 2) Engaged Board of Directors on asset conditions (LOS)
- 3) Looking at the financial picture through a different lens:
 - Better understanding of operating impacts
 - Sustainable funding model for capital decisions
 - Improved “Maintain vs replace” discussions
- 4) Consistency with funding partners and CAs



Questions?