



CHECKLIST FOR REFINING YOUR AMP

1. AMP INTEGRATION: AMPs should be linked to, and support, other key strategic municipal initiatives

- AMP is integrated with municipal strategic plan, budget process, long-term financial plan, development charges study, master servicing plans and other key processes
 - AMP is supported by strategic council policies such as:
 - Debt management policies
 - Reserve contribution/adequacy policies
 - Long-term financial plan
 - Master servicing plans
 - AMP has clear guiding principles or purpose included in the plan. Examples could include:
 - Infrastructure assets should be socially, environmentally and economically sustainable
 - Infrastructure assets are critical to economic development and quality of life
 - Infrastructure programs should support the values and objectives contained in plans and priorities approved by council
 - Infrastructure assets must be maintained in a condition that enables them to perform their intended function
 - Asset management will help the municipality balance renewal, upgrading and expansion programs.
- Also see section 3, principles, of Bill 141, [An Act to enact the Infrastructure for Jobs and Prosperity Act, 2013](#).

2. INTERNAL AMP GOVERNANCE: CLEAR INTERNAL ACCOUNTABILITIES NEED TO BE ESTABLISHED FOR THE AM PROCESS

- Staff roles and responsibilities are clearly defined with respect to creating and maintaining the AMP
- Mechanisms are in place to ensure there is inter-departmental coordination of data and information
- There are clear mechanisms for reporting on asset management plans and progress to council at regular intervals
- Staff worked closely with consultants and staff understands how the AMP was created and how the major recommendations were developed

3. COUNCIL SUPPORT: COUNCIL NEEDS TO UNDERSTAND THE AMP EXERCISE AT EVERY STAGE

- Council gets regular updates on the state of the AMP
- Council understand the state of the municipality's infrastructure
- Council understands the financial strategy for maintaining the assets in a state of good repair
- Council is committed to integrating asset management requirements into the budget process
 - Council passed a resolution support asset management and committed to use the AMP during budget deliberations

4. ASSET INVENTORY: THE INVENTORY IS COMPLETE, UP TO DATE, AND CONTAINS THE RELEVANT INFORMATION

- The asset inventory is complete. All of the major asset classes are included. Land should be included in the inventory for completeness even though it is not depreciated or replaced. (e.g. does the net book value of assets in the AMP approximate the value in the financial statements?)
- The inventory contains all of the relevant information for asset management and for undertaking analysis. Such information could include: asset class, asset description (e.g. for pipes this might include pipe material, location, length, dept), in service year, life expectancy, net book value, replacement value, annual depreciation, condition rating, risk rating
- Asset rehabilitation/replacement strategy for the assets. Will you:
 - Replace the asset with a new identical asset?
 - Do nothing
 - Replace the asset with a different asset
 - extend the life of the asset without replacing it (e.g. pipe lining)
- The asset inventory grows in the future as per the capital plan. Assets that are expected to be added in the future can be incorporated into the AMP and budget forecasts prior to their actual emplacement.
- The inventory contains information that reflects the way the asset is managed vs the way it might be treated in financial statements (e.g. statements might deal with buildings on a “whole asset” approach and contain a cost for a building and a life expectancy. The building will not necessarily be demolished at the end of its life and replaced. This is not how buildings are managed. The various components such as heating, elevators, windows, roof, etc are maintained and upgraded. These “betterments” extend the life of the asset. The AMP should include costs for component replacement/rehabilitation and not simply assume that the building will be replaced entirely in 50 years).
- There is an established process for bringing new assets into the inventory and removing old assets

5. ASSET AGE AND CONSUMPTION RATES: YOU KNOW THE AGE OF THE ASSET BASE BY ASSET CLASS AND THE RATE IT IS BEING “USED UP”

- Age profiles exist for each asset and asset class (e.g. % of remaining life = 1-accumulated depreciation of the asset/historic cost of the asset)
- The annual rate of depreciation is known (i.e. the annual rate that you are consuming the assets)

6. CONDITION OF ASSETS: HOW LONG WILL THE ASSETS CONTINUE TO PROVIDE THE DESIRED LEVEL OF SERVICE?

- Is there a “state of the infrastructure (SOTI) report” that summarizes the condition of the assets by asset type
- The SOTI identifies recent and expected trends in asset condition over the recent past and the planning period of the capital budget
- The methods for determining condition ratings are clearly documented
- Where condition was based solely on age of the asset, there is a plan to obtain ore appropriate condition assessments for those assets
- Assumptions used in the SOTI are clearly documented
- Asset condition metrics allow for an understanding of the ability of each asset to perform service into the future? The metrics could use a rating system that includes:
 - Physical condition: The condition of the asset that enables it to meeting intended service levels (e.g. the integrity of a drainage system)
 - Demand/Capacity: the capacity of an infrastructure asset to meet service requirements (e.g. the ability of a particular road to handle traffic flow)
 - Functionality: the ability of an asset to meet program delivery requirements (e.g. whether or not

a recreation facility meets user expectations)

- The AMP identifies maintenance costs of the asset base over time
- Data from the AMP is used to improve maintenance schedules to achieve extended life and use from the assets
- A schedule for condition assessment updates has been established for the various asset classes
- Condition metrics have been identified for each asset type

7. LEVELS OF SERVICE: ASSET MANAGEMENT REQUIRES KNOWING THE COUNCIL APPROVED SERVICE LEVELS THAT YOUR ASSETS MUST PROVIDE

- The AMP documents current and desired levels of service.
- Capital and operating cost estimates exist for moving from the current to the desired level of service
- Current levels of service meet legislative requirements
- Desired levels of service were determined with inputs by residents
- Council has approved and adopted the desired levels of service and understands the costs associated with that level of service
- Departments understand their role in measuring and documenting service levels
- There is a plan and/or schedule to keep service level metrics current
- There is a link between the capital forecast and desired service levels. The capital plan documents anticipate changes in service levels if it is adopted

8. BUDGETING: THE BUDGET INCORPORATES PRIORITY PROJECTS IDENTIFIED IN THE AMP

- There is a planning time frame that reflects the life span of the assets with the longest life. A 10 year planning period is not adequate if most of the assets have life expectancies that are longer than this. (e.g. is the 10 year plan you take to council the first 10 years of a longer term plan or is it just a 10 year plan?)
- Budget assumptions are clearly documented
- There is a plan to deal with “now” works or the replacement/rehabilitation backlog
- The budget is integrated into the AMP and other finance documents such as a development charges study, long-term financial plan and master servicing plans
- Cost estimates in the budget reflect recent procurements or engineering estimates rather than inflated historic costs
- Historic expenditure and revenue data are presented to evaluate the reasonableness and affordability of the forecast in the AMP
- There is a system/protocol for determining budget priorities and when work will be done. Such a system might use condition ratings/risk analysis. How do works from the inventory find their way into the budget? What are the criteria employed?
- Linkages between the capital and operating budgets that are related to assets are clear (e.g. contribution to capital from current, maintenance requirements, operating costs associated with new assets)
- The budget identifies impacts on ratepayers (e.g. impacts on tax rates, utility rates, user fees)
- A report has been prepared for council if certain expenses have not been included in the budget (O.Reg. 284/09). In particular, the regulation requires staff to provide “An analysis of the estimated impact of the exclusion of any of the expenses listed in section 1 (amortization, post-employment benefits, post-closure costs for landfills) on the future tangible capital asset funding requirements of the municipality or local board.”

- The budget sets out anticipated improvements to the asset base by asset class if the budget is adopted. How will the expenditures in the plan improve the asset base (e.g. improved condition ratings, extended lives, and reduced risk? What asset improvements and service improvements can council expect to see if the expenditures in the budget are approved?)
- The budget was built on finance policies that examine the use of use of, and reliance on, various revenue sources to finance the AMP (e.g. role of debt, reserves, user fees, grant reliance, etc).

9. FINANCE POLICIES: THE FINANCIAL STRATEGY AND BUDGET MAY REQUIRE A NUMBER OF FINANCIAL POLICIES TO FACILITATE IMPLEMENTATION

- To support the AMP and budget process, develop the necessary finance policies as required. Such policies could include:
 - Debt management
 - Long-term financial planning policies
 - Reserve policies
 - Expenditures
 - Revenues
 - User fees
 - Financial reporting
 - Investments
 - Internal control and risk management

10. FUTURE ACTIONS

- Procurement strategy
- Life cycle cost analysis
- Use of technology to extend asset life
- Alternative service delivery mechanisms, including shared services
- Cost reduction strategies (e.g. LEAN)