

# Municipal Asset Management in Alberta

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# Outline

- Capital Grants Updates
- 2021 Municipal Asset Management Survey Results
- Asset Management Going forward
- Discussion and Questions

# Alberta Capital Grants Update

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# Municipal Sustainability Initiative

- Municipal Sustainability Initiative (MSI) provides significant infrastructure funding and support municipal asset management
- \$14.1 billion since 2007
- Average annual funding of \$722 million for 2021/22, 2022/23, 2023/24
  - \$1.2 billion front-loaded in 2021/22
  - \$485 million in 2022/23 and 2023/24
- MSI will be replaced by the Local Government Fiscal Framework (LGFF) in 2024-25

# Local Government Fiscal Framework

- LGFF will replace MSI in April 2024
  - Legislated Capital funding
- Baseline funding: \$722 in 2024/25
  - \$382 million to Calgary and Edmonton, \$340 million to others
- Funding after 2024/25 will change based on half of the percentage change in provincial revenues
- Engagement process:
  - Funding formula: started May 2022 with associations
  - Program design: survey sent to all local governments May 2022
  - Working groups with associations, charter cities and the MSGC
- Results to be announced late 2022, or early 2023

# Canada Community-Building Fund

- Name changed from Gas Tax Fund in 2021
- 2014 to 2024 agreement
  - indexed at 2% per year, leading to modest increases every 2 years
  - increases in \$100 million increments
- \$3.6 billion to Alberta from 2005 to 2021
- \$499 million in 2021/22
  - \$255 million base + one time \$244 million
- \$255 million in 2022/23 (typical Alberta allocation)
- Agreement expires after 2023/24
  - Negotiations with federal government to renew the program

# Municipal Asset Management Survey Results

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# Asset Management Survey

- To fulfill reporting requirements of the CCBF
- Online survey: Dec 14, 2021 – Jan 17, 2022
- Excluded municipalities with no assets
- 225 out of 338 eligible municipalities responded
- Total 2021 response rate: 67%
  - 2019 and 2020 response rates: 56%
  - Urban: 61%, Rural: 85%

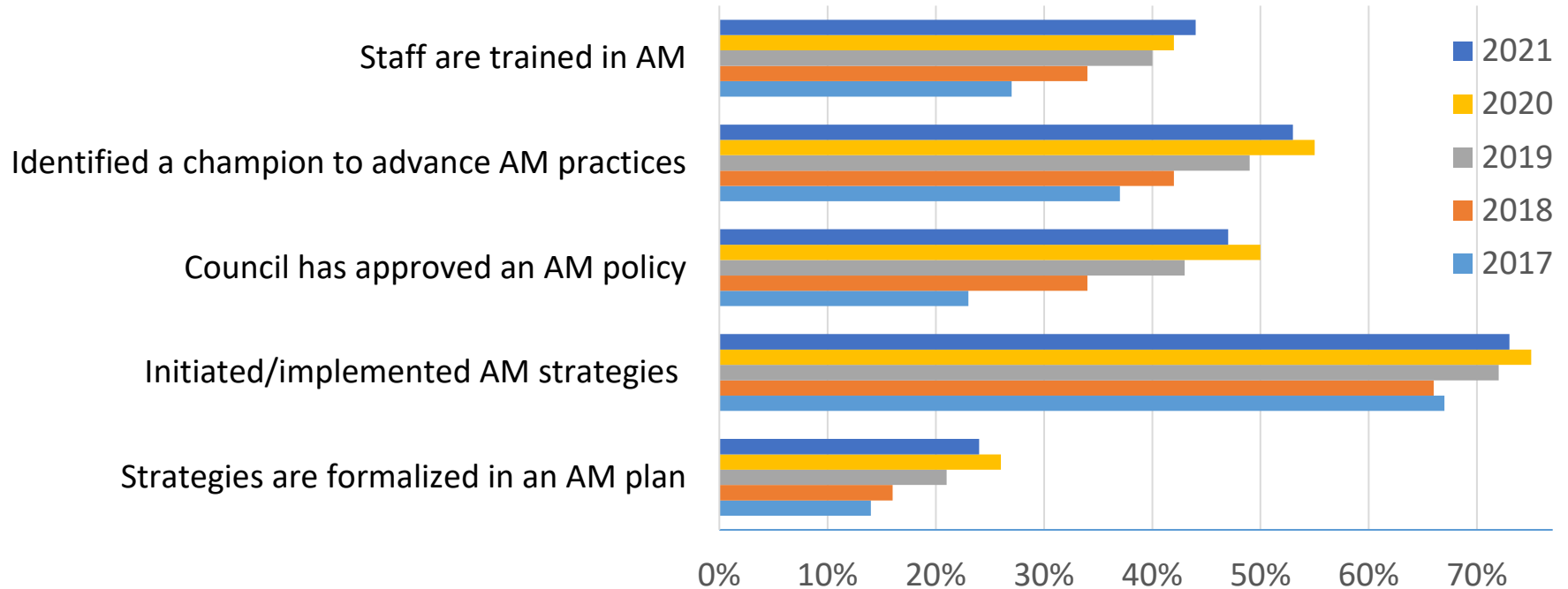


# Initiated or Implemented

- When asked whether the respondent's municipality had initiated or implemented asset management strategies, 73% answered "yes" in 2021.
  - Relatively on par with 2019 (72%) and 2020 (75%).
- Rural municipalities (81%) were more likely to respond "yes" than urban municipalities (70%)
  - Cities (88%) and MDs (85%) were most likely to respond "yes"
  - Summer villages were least likely to respond "yes" as only 3 of 16 (19%) responded "yes."

# Asset Management Trends in Alberta

Survey results from 2017 to 2021

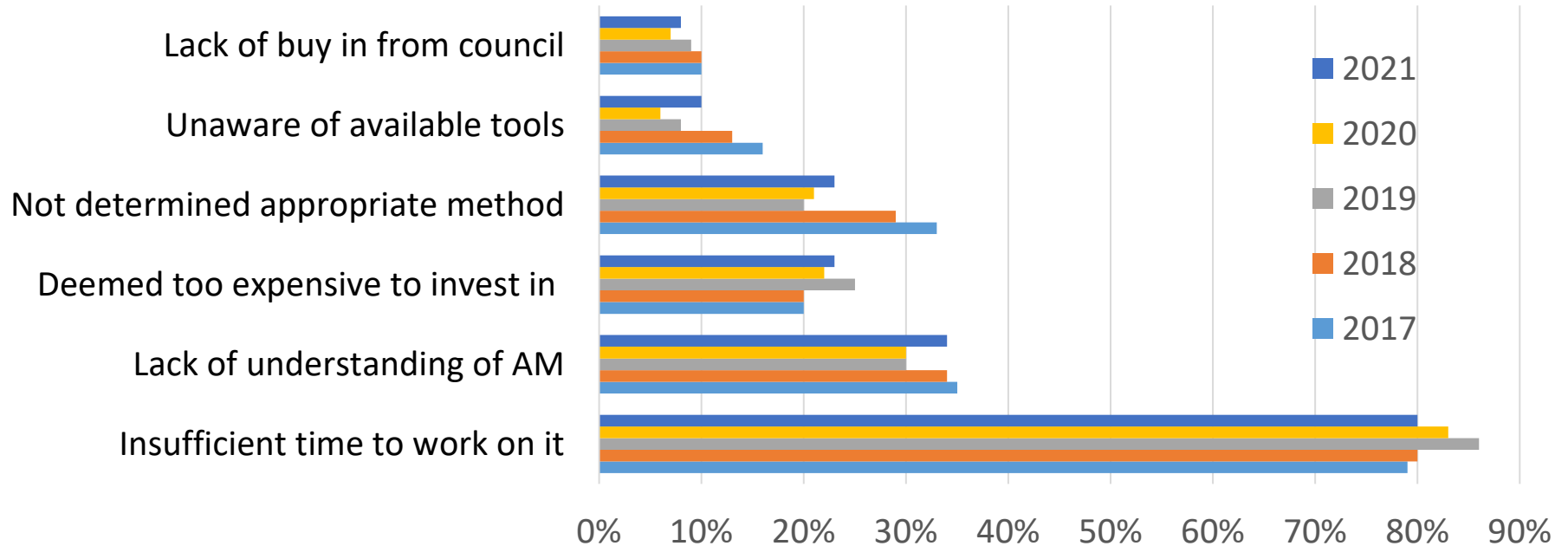


# Areas of Concern

- Only 68% responded their council is aware of asset management practices (previously ~75%).
- Lack of understanding of asset management was a primary challenge in 34% of municipalities (previously only 30%).
- Still only 47% of councils have an approved strategy.
  - 55% have no target date to introduce one.
- Still only 24% of respondents have a formal asset management plan.

# Primary Challenges and Barriers

Municipalities experience challenges but have overcome some of the barriers



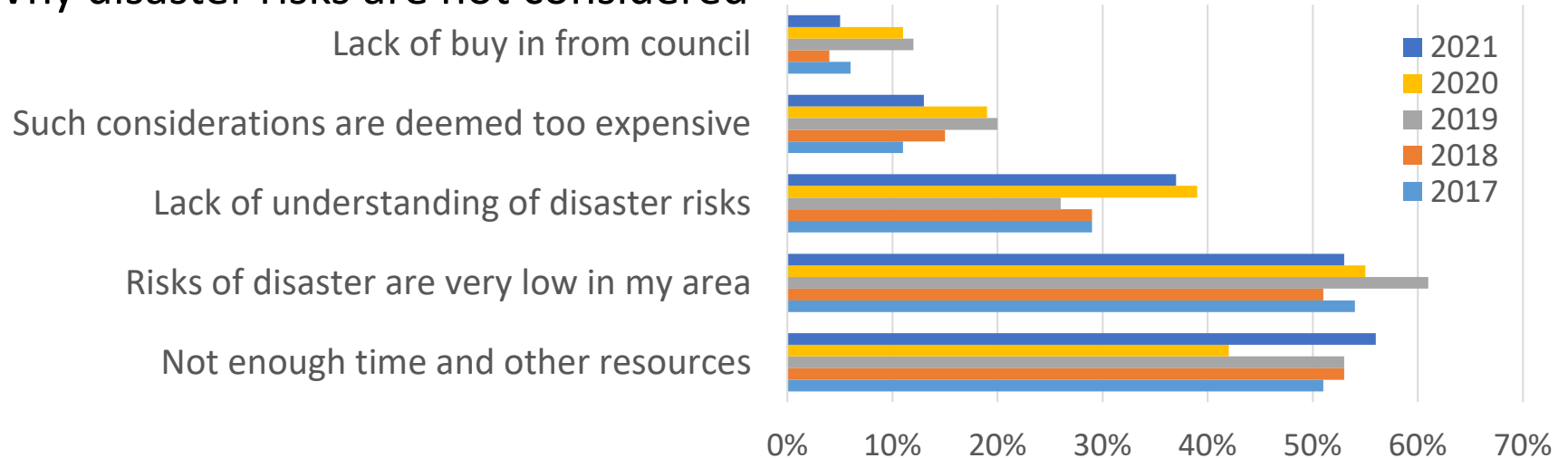
# Positive Highlights

- Of respondents with asset management strategies, 63% have a schedule to update and review them regularly, which is a notable improvement from the two previous years (56% in 2019 and 54% in 2020).
- 24% of respondents have a detailed long-term capital plan (29% of rural respondents), which is an improvement on previous years (15% in 2019 and 18% in 2020).

# Natural Disasters

- Risks of natural disasters are not considered by 33% of respondents, and only 16% both consider them and factor these risks into their long-term costs.

## Why disaster risks are not considered



# Climate Change

- The changing climate and its impact on assets is considered by 49% of respondents.
  - In 2019, only 37% did so, while only 41% did so in 2020.



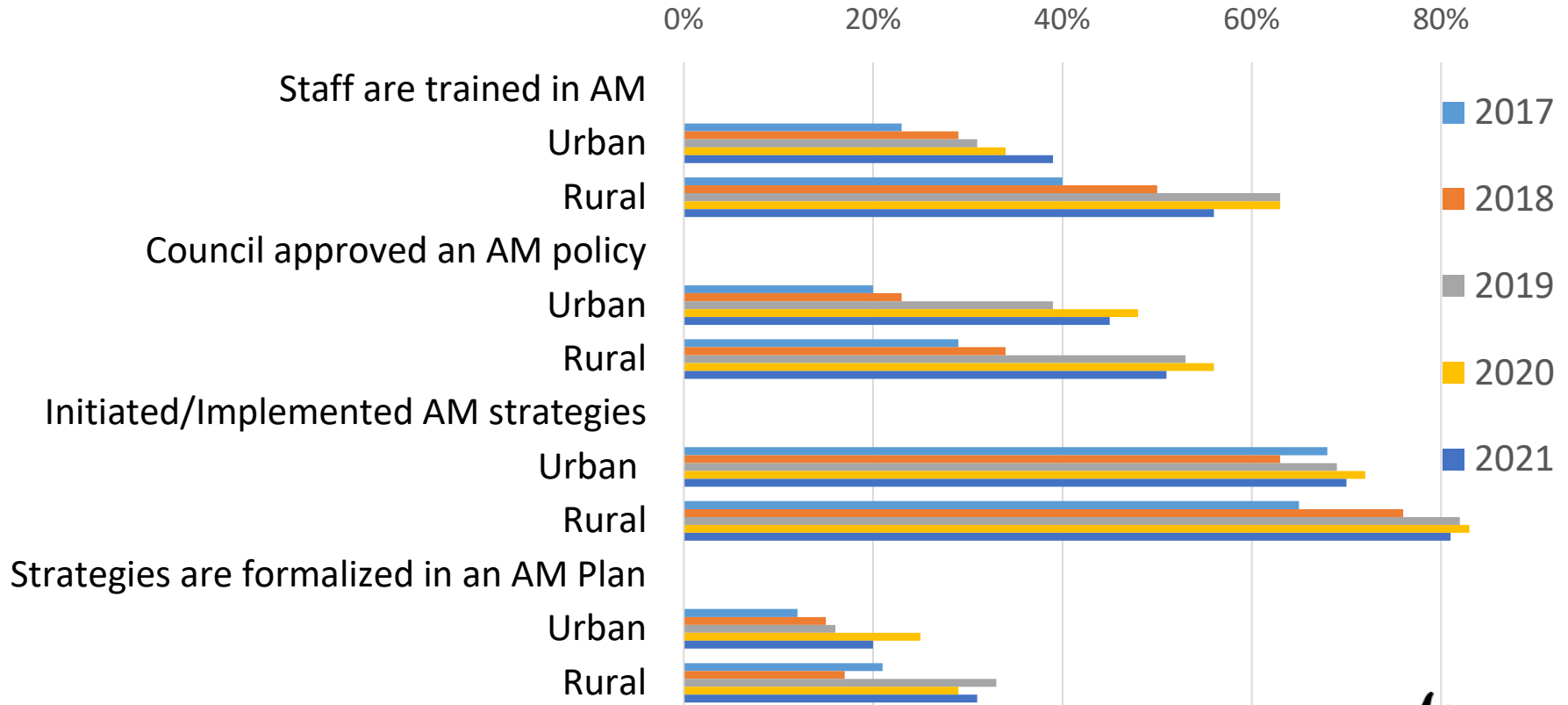
- A majority of cities, towns and other rural municipalities consider climate change, while only a minority of villages, summer villages and municipal districts do.

# Climate Change, continued

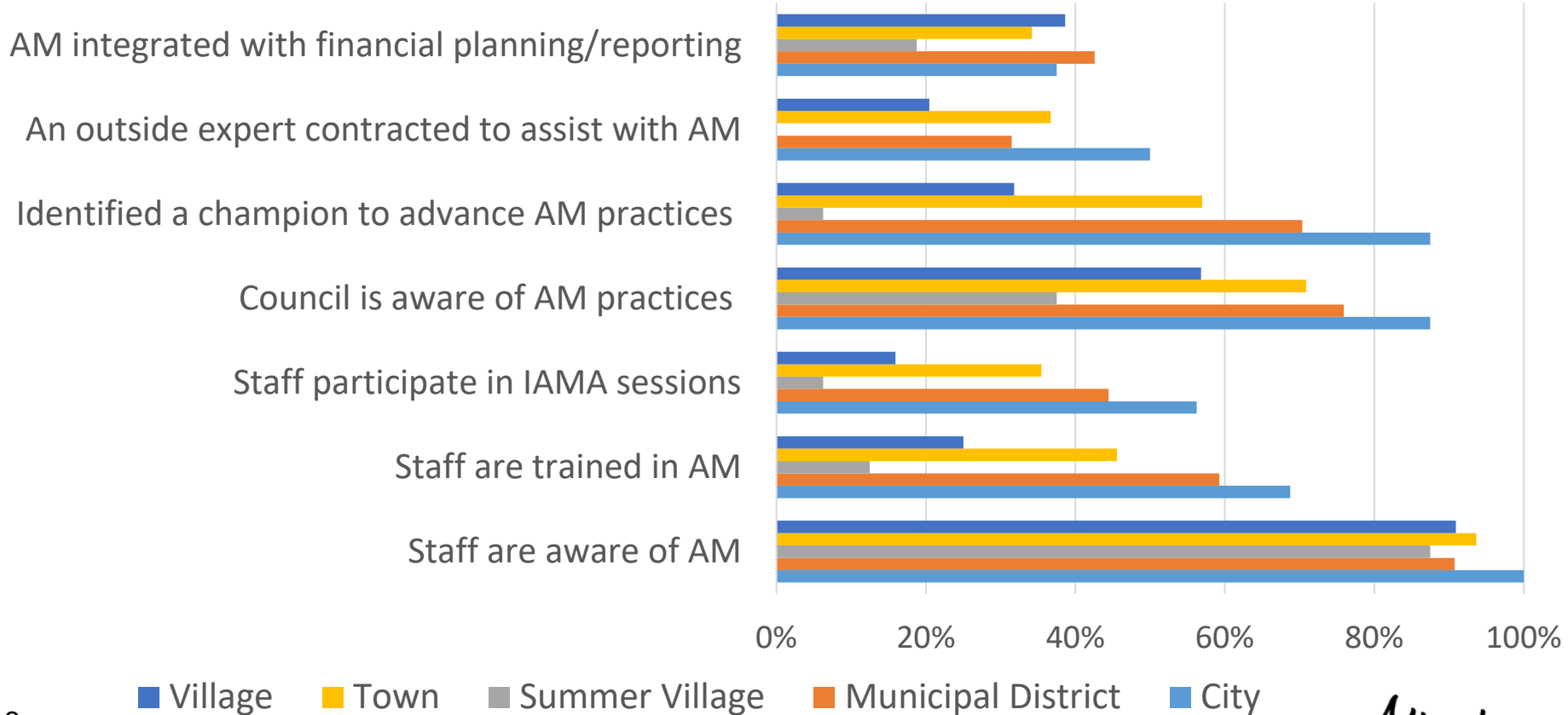
- Among those not considering climate change, the most common reason was “unsure how best to proceed with climate adaptation” (60% in 2021, down from 66% in 2019 and 70% in 2020).
- There were also large numbers of municipalities responding that they were “uncertain of the need to adapt to climate change” (46%) or a “lack of buy-in from council” (14%).



# Urban and Rural: Important Differences



# Differences among municipal types



# Asset Management

## Going Forward

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# Asset Management Supports in Alberta

- Asset management is the best practice, but not mandated
  - The MGA requires 5-year capital plans
- Some asset management expenditures eligible under MSI and ACP
- Federal funding available through CCBF
- FCM's Municipal Asset Management Fund
- Asset management toolkit and handbook

# Next Steps

- Looking at ways to accelerate asset management across Alberta
- Municipal associations and IAMA expressed interest in participating in initiatives to strengthen asset management practices
- Supports for asset management through the LGFF

# Discussion Questions

- What might explain why progress on asset management is slowing?
- What strategies could be adopted to ensure more progress?
- What could be done specifically in smaller municipalities that are having the most difficulty implementing asset management?



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**Questions?**