



Report n° FIN2024-37
Date: November 01, 2024
Submitted by: Frédéric Desnoyers
Subject: Non-Core Asset Management Plan

Nature/Goal

To provide council with an asset management overview and to obtain approval of the City's Non-Core Asset Management Plan (AMP) in accordance with the provisions of O. Reg. 588/17. The City's non-core assets include land improvements, fleet, machinery and equipment, and buildings.

Directive/Previous policy

N/A

Department's recommendation

THAT the Committee of the Whole recommends that Council approve the City's Asset Management Plan for Non-Core Assets as attached to Report FIN2024-37; and

THAT an additional amount equivalent to 1.5% of tax rate increase in the years 2025 and on, be added to increase the contributions to reserves for non-core assets; and

THAT Council approve the revised reserve and reserve fund policy as attached to Report FIN2024-37.

QUE le Comité plénier recommande au conseil d'approuver le plan de gestion des actifs non essentiels de la Cité, tel que joint au rapport FIN2024-37 ; et

QU'un montant supplémentaire de 1,5% de l'augmentation du taux d'imposition dans les années 2025 et au-delà soit ajouté pour augmenter les contributions aux réserves pour les actifs non essentiels ; et

QUE le Conseil approuve la politique révisée de réserves et fonds de réserves, tel que joint au rapport FIN2024-37.

Background

What is Asset Management?

The City's infrastructure systems support a range of municipal services that enable residents, businesses, and visitors to live, work and play within the City. As these assets age, investments are required to maintain them in a state of good repair and ultimately replace the assets at the end of their service life. It is crucial to provide services safely, reliably, and efficiently while supporting a growing community.

Asset management refers to a planned approach for managing and investing in a municipality's infrastructure. Asset management is an ongoing and long-term process that involves strategic planning, budgeting, and decision-making to optimize asset performance while minimizing the lifecycle costs of owning, operating, and maintaining assets, with an appropriate level of risk.

Asset management supports municipalities in making well-informed investment decisions for infrastructure assets, involving the annual budget process and long-term financial planning.

Why is Asset Management Important?

Under O. Reg. 588/17, every municipality is required to prepare a Strategic Asset Management Policy, a plan to maintain municipal infrastructure, define current and proposed levels of service (LOS), lifecycle strategies, a long-term financial strategy, and a publicly accessible asset management plan.

The primary goal of asset management is to maximize the value of the City's assets, balancing risk, performance, and cost. Staff conduct various activities that guide the process of making the best possible decisions regarding the building, operating, maintaining, renewing, replacing, and disposing of infrastructure assets. One of those activities is the development of this AMP. The required components of the AMP include:

- Asset Inventory – Currently held in the Citywide Asset Management database.
- Levels of Service - Is a measure of what the City is providing to the community and the nature and quality of that service.
- Lifecycle Management Strategy - Is how the service is provided.
- Financial Strategy – Identifies the long-term funding required to maintain the desired LOS.

What are the Regulation Requirements?

In 2017, The Province of Ontario enacted O. Reg. 588/17 under the Infrastructure for Jobs and Prosperity Act, which has four main requirements including three phases of the AMP. The timelines and main details associated with the regulation are outlined below.

Phase 1	Phase 2	Phase 3
AMP for core infrastructure assets that includes the following : - Summary information on core	AMP for non-core infrastructure assets that includes the following: - Summary information on non-	AMP for all infrastructure assets that includes the following: - Establishment of proposed levels of service;

<p>infrastructure assets;</p> <ul style="list-style-type: none"> - Current levels of service being provided by core infrastructure assets; - Summary of lifecycle management strategies; - 10-year forecast of lifecycle activities related to core infrastructure assets to maintain current levels of service; and - Annual funding targets 	<p>core infrastructure assets;</p> <ul style="list-style-type: none"> - Current levels of service being provided by non-core infrastructure assets; - Summary of lifecycle management strategies; - 10-year forecast of lifecycle activities related to non-core infrastructure assets to maintain current levels of service; and - Annual funding targets 	<ul style="list-style-type: none"> - 10-year forecast of lifecycle activities related to all infrastructure assets to achieve the proposed levels of service; and - Financial strategy that outlines how the municipality plans to support the forecast of lifecycle activities and long-term lifecycle funding requirements.
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What are the main objectives of the Non-Core Asset Management Plan?

- Bring the City into compliance with the next phase of O. Reg. 588/17 (July 1, 2024 requirements).
- Use the City’s best available information to develop a long-term plan for systematically and efficiently managing the City’s non-core assets over their entire lifecycle.
- Develop a LOS framework for tracking performance and setting future targets for non-core assets.
- Establish a sustainable level of annual capital investment for non-core assets by examining their lifecycle needs.

Phase 1: Core AMP (current LOS)

The City retained Jacobs to assist in the development of its 2022 Core AMP which was approved by council June, 2022.

Phase 2: Non-Core AMP (current LOS)

PSD has assisted in the development of the 2024 Non-Core AMP which is being presented in this report as required by the July 1, 2024 deadline.

Phase 3: Comprehensive AMP

PSD will assist the City to build on Phase 1 and 2 to include the proposed levels of service, lifecycle management, and financial strategy.

- Staff will now begin developing the AMP update (core and non-core proposed LOS) and all other requirements to meet the July 1, 2025 deadline.

Discussion

See executive summary of the attached report.

Consultation

The City worked with PSD Citywide to complete its non-core asset management plan.

Recommendations or comments from committee/ other departments

N/A

Financial impact (expenses/material/etc.)

Approval of the Non-Core AMP will help inform future capital planning and funding requirements for infrastructure replacement going forward. The Non-Core AMP recommends the incorporation of a set of strategies for the City's future budget planning processes.

Currently, the City contributes \$1.7 million a year to fund capital projects and contribute to non-core assets reserves. The City does not have a significant amount in reserve with a balance as of December 31, 2023, of \$2 million. To address the gap in funding an increase of 1.5% of the tax rate yearly is recommended for the next 12 years.

The administration also made changes to the reserve and reserve fund policy to add wording around automatically including an increase equal to the consumer price index (CPI) in annual budgets for capital reserves. Although the 1.5% is increasing the City's ability to replace its asset, the base amount will also need to be indexed annually such that the municipality's buying power is not reduced.

Legal implications

N/A

Risk management

N/A

Strategic implications

N/A

Supporting documents

Non-Core Asset Management Plan
Reserve and reserve fund policy

