



## REPORT N° INF2019-034

<b>Date</b>	07/12/2019
<b>Submitted by</b>	Julian Lenhart
<b>Subject</b>	2020 Capital Project List – Asset Management Plan Review
<b>File N°</b>	

1) **NATURE/GOAL :**

The goal of this report is to approve the 2020 capital project in 2 phases, Phase 1 projects that are not recommended to be deferred and phase 2 approval of capital projects following the review of the City's asset management plan.

2) **DIRECTIVE/PREVIOUS POLICY :**

- Council approval of the 2016 Asset management plan
- Council approval of Strategic Asset Management Policy
- 2020 budget deliberation Council directed staff to revise the capital project list

3) **DEPARTMENT'S RECOMMENDATION :**

**WHERE AS** during the 2020 budget deliberations, Council approved the \$2,956,000 capital budget envelope, but not the proposed capital projects; and

**WHERE AS** during the 2020 budget deliberations, Council directed staff to review the capital project list; and

**WHERE AS** the capital project list cannot be developed without revising the City's current asset management strategy and plan; and

**WHERE AS** not all projects presented in the 2020 budget are related to the asset management plan or the infrastructure is too deteriorated or potential safety risks are too high to be deferred,

**BE IT RESOLVED** that Committee of the Whole recommends that Council approves the capital projects in two phases:

- Phase 1 being that Council immediately approves a funding envelope of \$763,000 to complete the capital projects that should not be deferred as identified and recommended in Report No. INF2019-034;
- Phase 2 being that Council approves the remainder of the capital project list after the revision and formal approval of the revised asset management strategy and plan as recommended in Report No. INF2019-034; and

**ATTENDU QUE** lors des délibérations du budget 2020, le Conseil a approuvé l'enveloppe budgétaire de 2 956 000 \$, sans approuver les projets d'immobilisations proposés; et

**ATTENDU QUE** lors des délibérations du budget 2020, le Conseil a demandé au personnel de réviser la liste des projets d'immobilisations; et

**ATTENDU QUE** la liste des projets d'immobilisations ne peut être élaborée sans réviser la stratégie et le plan actuels de gestion des actifs de la Cité; et

**ATTENDU QUE** pas tous les projets présentés dans le budget 2020 sont liés au plan de gestion des actifs ou que l'infrastructure est trop détériorée ou que les risques potentiels pour la sécurité sont trop élevés pour être différés,

**QU'IL SOIT RÉSOLU** que le comité plénier recommande que le Conseil approuve les projets d'immobilisations en deux phases :

- phase 1, étant que le conseil approuve immédiatement l'enveloppe budgétaire de 763 000 \$ pour compléter les projets qui ne devraient pas être différés, tel qu'identifiés et recommandés au rapport no. INF2019-034; et
- phase 2, étant que le conseil approuve les autres projets d'immobilisations après la révision et l'approbation officielle de la stratégie et du plan révisés de gestion des actifs tels que recommandé au rapport no. INF2019-034.

4) **BACKGROUND :**

The City developed and approved its first asset management plan in 2014. It was later revised and amended in 2016 where, 10-year capital plans for the City's linear assets (roads, watermain, sewers, bridges and culverts) were added. This version of the asset management plan has been used since 2016 to establish the City's capital projects which have been deliberated during the annual capital budgets.

The City's 2016 asset management plan was developed based on a set of fundamental principles.

- **Levels of service** the plan would maintain to current levels of service,
- **Risk** capital project would be prioritized based on the risk and consequence of asset failure. The following criteria were used to prioritize capital projects;
  - Operational Impacts
  - Environment Impacts

- Safety
- Service Interruptions
- Affected Population (this includes traffic volume, commercial and institutional establishments and population density)
- Change in Service Level
- Financial Impact
- **Financial Sustainability** capital projects are funded from the established capital reserves (roads, sewer and water) and available grants (OCIF, UCPR, etc.). additionally, the repayment on debt of projects requiring debt financing is funded from the capital reserves or available grants.

The City's current asset management strategy provides an optimum balance between these fundamental principles. In order for the asset management plan to be optimal and sustainable, the capital projects within the 10-year capital plans, must maintain the overall level of service of the infrastructure network, be prioritized and be funded within their available funding envelopes.

Throughout the development of the asset management strategy, staff consulted with senior management and Council to get their buy in the process and the fundamental principles. During this consultation, concessions were made to better respond to Council's needs which were incorporated, when possible, into the strategy.

Since the development of the 2016 asset management plan, the Province of Ontario mandated Municipalities to develop and approve a Strategic Asset Management Policy by July 2019. Additionally, Municipalities are required to have an asset management plan fully incorporated into the City's business decision making as it relates to community needs, infrastructure and municipal budgets by July 2021. See O. Reg. 588/17 ASSET MANAGEMENT PLANNING FOR MUNICIPALITIES, in Attachment 1 for reference.

Staff developed the City's Strategic Asset Management Policy for Council's approval which was approved in June of 2019. The purpose of this policy is to provide leadership in and commitment to the development and implementation of the City's Asset Management Program. It is intended to guide the consistent use of asset management across the organization, to facilitate rational and evidence-based decision-making for the management of municipal infrastructure assets and to support the delivery of sustainable community services that meet the current and future community needs.

During the 2020 Capital Budget deliberation, Council approved the \$2,956,000 budget envelope for roads, culverts, bridges and drainage

projects, but did not approve the proposed projects within this envelope. Council further directed staff to revise the capital project list and by extension the asset management strategy/principles. Staff have assessed the best approach and developed a strategy to approve capital projects while reviewing the asset management plan. This strategy is explained in detail in the Discussion section of this report.

## 5) **DISCUSSION :**

Following Council's direction, Staff revised the capital projects that were proposed within the \$2,956,000 budget envelope. Based on staffs review, the approval of capital projects should be implemented in two phases.

- Phase 1 - approval of proposed projects that should not be deferred
- Phase 2 - revised capital project list based on the revised asset management strategy and plan

The rationale for the 2 phased approach is that not all projects presented in the 2020 budget deliberations are related to the asset management plan or the infrastructure is too deteriorated or potential safety risks are too high to be deferred. Below in Table 1.1, are the recommended projects for Phase 1 along with their associated budgets.

**Table 1.1** Phase 1 Capital projects not recommended to be deferred

<b>Project Name</b>	<b>Cost (\$)</b>	<b>Description</b>
Pavage chemin Lacroix phase 2/Paving Lacroix road phase 2	\$350,000	Culvert must be replaced bottom completely collapsed rest of project deferred
Programme de remplacement de ponceaux/Culvert replacement program	\$155,000	5 culverts completely deteriorated and collapsing
Remplacement du pluvial sur Laurier/Storm Water replacement Laurier	\$40,000	Sinkhole risk of road damage or collapse
Analyses géotechniques/Geotechnical investigation	\$80,000	Pre-engineering and planning of capital projects (\$40,000 increase from budget due to uncertainty of projects)
CCTV pluvial urbain/Urbain Storm CCTV	\$100,000	Pre-engineering and planning of capital

		projects
Lumières rue St-Jean/St-Jean Street Lights	\$25,000	Safety risk to pedestrians along unlit sidewalk
Étude rues a sens unique/One Way Traffic conversion	\$13,000	Council direction and safety risk
<b>Total of Phase 1</b>	\$763,000	Budget for projects not recommended to be deferred
<b>2020 Budget Envelope</b>	\$2,956,000	As presented at budget deliberations
<b>Remaining Budget envelope for Phase 2</b>	2,193,000	For projects from new asset management plan

The department does not recommend deferring these projects, given the condition of the infrastructure or the safety risks. Doing so, would significantly increase the likelihood of failure and emergency repairs. This poses a substantial risk for the City. The Department, therefore, recommends that the capital projects for phase 1 along with the \$763,000 budget be approved prior to the review of the City's asset management strategy and plan proposed in phase 2.

### **Phase 2 Revision of Asset Management Strategy and Plan**

In order to effectively develop a capital project list for Council's approval, the City's asset management strategy and plan must be revised. Keeping in mind, that as of July 2021, all infrastructure projects and budgets are required to be directly tied to the City's asset management plan. The recommended process to effectively revise the City's asset management strategy and plan is presented below.

#### **Why revise the asset management strategy and plan?**

During the 2020 budget deliberations, Council expressed to the administration that the current strategy and plan no longer meets Council's and the community's needs. The only way to reconcile the community's needs with capital planning is through good asset management practices. This is because asset management is the integrated approach, involving all organizations and departments, to effectively manage existing and new assets to deliver services to customers. Its intent is to maximize benefits, reduce risks and provide satisfactory levels of service to the community in a sustainable manner.

#### **Process to review the asset management strategy and plan**

In order for this process to have any meaning, Council's buy in is required. The Department, therefore, recommends that at least 3 special Committee of the Whole meetings dedicated to revising, developing and approving the asset management strategy and plan be held. This will ultimately result in revised 10-year capital plans which will be used to develop the capital project lists.

To ensure effective collaboration between Council and the administration during the special Committee of the Whole meetings, staff recommends that these meetings be facilitated by an independent facilitator. Staff will review and recommend a facilitator for Councils approval. The approval of the facilitator is planned for January 2020. Once the facilitator is appointed, individual meetings between members of Council and the facilitator should be coordinated. This will allow the facilitator to better understand the community's needs and how they will shape the asset management strategy from a practical perspective.

Staff recommend to follow the agendas presented below for the 3 special meetings;

Special Committee of the Whole meeting 1

- Asset management best practices
- Establish fundamental principles
- Define current levels of service (current state of infrastructure)
- Establish desired levels of service

Special Committee of the Whole meeting 2

- Establish risk criteria
- Prioritization criteria
- Establish rehabilitation strategies

Special Committee of the Whole meeting 3

- Review funding requirement based desired levels of service
- Adjust strategies and desired levels of service to meet funding envelop

Following the final special Committee of the Whole meetings, staff will finalize the plan and present to council for formal approval. Furthermore, in order to facilitate the asset management plan review and approval staff recommends purchasing an asset management software. The rationale for the purchase of the software will be presented to Council at its January meeting.

6) **CONSULTATION:**  
N/A

7) **RECOMMENDATIONS OR COMMENTS FROM COMMITTEE/ OTHER DEPARTMENTS :**

N/A

8) **FINANCIAL IMPACT (expenses/material/etc.):**

The \$763,000 funding envelope and projects in Phase 1 were presented to Council during the 2020 budget deliberations. These projects should be funded by the funding sources as proposed in the 2020 for capital budget. The remaining \$2,193,000 will form the budget envelope for the revised capital project list based on the revised asset management strategy and plans.

9) **LEGAL IMPLICATIONS :**

O. Reg. 588/17 ASSET MANAGEMENT PLANNING FOR MUNICIPALITIES, requires that Municipalities have a Strategic Asset Management Policy approved by July of 2019 and an asset management plan of it's core assets by July 2021.

10) **RISK MANAGEMENT :**

Good asset management maximizes benefits and reduces risks of infrastructure failure through the integrated approach, involving all organization departments, to effectively managing existing and new assets.

11) **STRATEGIC IMPLICATIONS :**

Financial responsibility and sustainable infrastructure management are key pillars of the City's Strategic Plan as well as fundamental principles of the City's asset management plan

12) **SUPPORTING DOCUMENTS:**

- Attachment 1 - O. Reg. 588/17 ASSET MANAGEMENT PLANNING FOR MUNICIPALITIES