

Council Report

Report Number: CA2021-001

Meeting Date: February 23, 2021

Title: Update on Asset Management Plan

Description: This report provides an update on the City of Kawartha Lakes' Asset Management Plan, and requests Council to endorse the Municipal Finance Officers' Association petition to the Minister of Infrastructure to extend municipal asset management plan deadlines in Ontario Regulation 588/17 in recognition of the impact of the COVID-19 pandemic on Ontario's municipalities.

Author and Title: Adam Found, Manager of Corporate Assets

Recommendation(s):

That Report CA2021-001, **Update on Asset Management Plan**, be received;

That the timeframe for 2020 special project 921204001 (Asset Management Plan) be extended to December 31, 2022;

That the letter and resolution prepared by the Municipal Finance Officers' Association regarding the extension of municipal asset management plan deadlines, attached as Appendix A and Appendix B, respectively, to Report CA2021-001, be endorsed; and

That Report CA2021-001 and the foregoing endorsement be transmitted to the Minister of Infrastructure, Minister of Municipal Affairs and Municipal Finance Officers' Association.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

The City's current Asset Management Plan (AMP) was completed in 2017 based on Ontario's Building Together Guide (2012), and is now in need of replacement. As part of the 2020 tax-supported operating budget, Council approved special project 921204001 for the City to undertake a new AMP. Issued under the Infrastructure for Jobs and Prosperity Act (2015), Ontario Regulation 588/17 establishes the legislative framework for asset management planning in Ontario's municipal sector, succeeding the Building Together Guide. Ontario Regulation 588/17 sets out a graduated series of deadlines by which municipalities are to bring their AMPs up to standards exceeding those provided for in the Building Together Guide. In particular, each municipality is to have by July 1, 2021 an AMP meeting the second of three progressively stronger sets of standards. The City's 2017 AMP meets the first of these sets of standards, but not the second.

Due to the COVID-19 pandemic, the City has had to defer a number of 2020 projects to 2021. The AMP, which was slated to begin approximately a year ago, is one of the deferred projects. Because of forces well beyond its control, it is impossible for the City to meet the AMP deadline of July 1, 2021. As many other municipalities in Ontario are finding themselves in a similar situation, the Municipal Finance Officers' Association (MFOA) of Ontario has taken the initiative to petition the provincial government to defer the AMP deadlines in Ontario Regulation 588/17 each by one year. This report asks Council to support that position in solidarity with MFOA and Ontario's municipalities, and to extend the timeframe for the City's AMP project.

Rationale:

The COVID-19 pandemic has dramatically disrupted the municipal sector, causing municipalities to declare states of emergency, redeploy resources and shift priorities under unprecedented and highly uncertain circumstances. While municipal asset management is a laudable long-term priority, it is not essential in times of crisis during which municipalities' attention and capacity are overwhelmed by immediate and urgent concerns. In short, asset management can wait; pandemic response and recovery cannot.

As an AMP requires roughly a year to be properly prepared, many municipalities would have been starting in Q1-Q2, 2020 to meet the AMP deadline of July 1, 2021. In this narrow respect, the pandemic could not have struck at a worse time. With the past 11 months mired in disruption and uncertainty, many municipalities have simply not been in a position to embark on an AMP. Moreover, as a member of MFOA's board of directors, the author of this report understands that capacity in Ontario's municipal consulting sector has been similarly impacted by the pandemic, affecting hundreds of

municipalities who are reliant on that sector. Given the pandemic, it is simply unrealistic to continue to expect Ontario's municipalities to meet the AMP deadline of July 1, 2021.

Asset management is a practice of long-term planning, and by its nature long-term planning is never a matter of immediate urgency. A minor delay in the preparation of AMPs is, therefore, inconsequential to the long-term advancement of asset management in the municipal sector. Over the long term, municipalities will continue to mature their asset management practices in accordance with local circumstances and provincial expectations.

Given the foregoing, staff recommend that the timeframe for the AMP project be extended from June 30, 2021 to December 31, 2022, and that Council endorse MFOA's petition of the provincial government to extend the AMP deadlines in Ontario Regulation 588/17. As of the time of writing, MFOA indicates that at least 34 municipalities and Asset Management Ontario have endorsed MFOA's position on the AMP deadlines.

Other Alternatives Considered:

As an AMP requires roughly a year to be properly prepared, and given the pandemic-related deferral of the AMP project, no other alternatives are being proposed at this time.

Alignment to Strategic Priorities

The recommendations of this report support asset management and hence align with the strategic priority of Good Government identified in the City's 2020-2023 Strategic Plan.

Financial/Operation Impacts:

Municipalities in Ontario must remain compliant with Ontario Regulation 588/17 in order to maintain eligibility for capital grants from senior governments. Like many other municipalities in Ontario, however, because of the pandemic the City will become non-compliant on July 1, 2021, unless an extension is granted before then through regulatory amendment. Even if the AMP deadlines are not extended as requested by MFOA and many municipalities, the general consensus within the municipal sector is that it would be unconscionable for the provincial government to penalize municipalities for having not met an AMP deadline because of a global pandemic.

Consultations:

Municipal Finance Officers' Association

Attachments:

Appendix A: Letter from Municipal Finance Officers' Association to Minister of Infrastructure Regarding Extension of AMP Deadlines in O. Reg. 588/17



MFOA Letter
Regarding Extension of AMP Deadlines in O. Reg. 588/17

Appendix B: Resolution Developed by Municipal Finance Officers' Association Regarding Extension of AMP Deadlines in O. Reg. 588/17



MFOA Resolution
Regarding Extension of AMP Deadlines in O. Reg. 588/17

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