



Council Report

Report Number:	CA2022-008
Meeting Date:	June 21, 2022
Title:	Interim Asset Management Plan
Description:	This report brings forward an interim asset management plan solely for the purpose of minimally complying with Ontario Regulation 588/17 while preparation of the full asset management plan continues.
Author and Title:	Adam Found, Manager of Corporate Assets

Recommendation(s):

That Report CA2202-008, **Interim Asset Management Plan**, be received;

That the Interim Asset Management Plan, attached as Appendix A to Report CA2022-008, be adopted solely for the purpose of minimally complying with Ontario Regulation 588/17; and

That the timeframe for special project 921204001 (Asset Management Plan) be extended to December 31, 2023.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

At its meeting of February 23, 2021, Council adopted the following resolution:

CR2021-122

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.

This report builds on that direction to ensure the City remains compliant with Ontario Regulation 588/17 and to support ongoing work on preparation of the asset management plan (AMP).

Rationale:

The City's current AMP was completed in 2017 based on Ontario's Building Together Guide (2012) and is in need of replacement. Issued under the Infrastructure for Jobs and Prosperity Act (2015), Ontario Regulation 588/17 (Asset Management Planning for Municipal Infrastructure) establishes the legislative framework for asset management planning in Ontario's municipal sector, succeeding the Building Together Guide. That regulation 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. As part of the 2020 budget, Council approved special project 921204001 for the City to prepare a new AMP in accordance with Ontario Regulation 588/17.

The first of the successive AMP deadlines outlined in Ontario Regulation 588/17 was July 1, 2021, which was the date by which municipalities had to have in place an AMP at the second of three graduated sets of elevated standards. Resolution CR2021-122 above was recommended to and approved by Council to support the municipal sector's request of the provincial government to extend that deadline by one year. Given the extensive disruption to municipalities caused by the COVID-19 pandemic, the Municipal Finance Officers' Association took the lead on lobbying the provincial government to grant that extension so that the new deadline would become July 1, 2022. Fortunately,

the requested extension was granted shortly after many municipalities approved resolutions similar to CR2021-122.

While the deadline extension was welcomed relief, it has provided Corporate Assets Division, in partnership with consultants Watson and Associates, insufficient time to prepare a comprehensive AMP as planned by July 1, 2022. That challenge has had two principle drivers. Firstly, the effects of COVID-19-related disruptions continue reverberating to varying degrees throughout City departments, including Engineering and Corporate Assets. In particular, deferred work on some projects congested and or delayed work on other projects. Such impacts occurred with the AMP, especially because the delays with the AMP caused work on it to overlap significantly with work on the development charges background study and long-term financial plan. The timing of such projects is typically staggered across different years so as to avoid overloading staff and external resources.

Secondly, ongoing staff shortages in Engineering and Corporate Assets have been and continue to be a major factor impacting progress on the AMP and other projects. In particular, Corporate Assets Division has taken lead of several capital projects in an effort to temporally mitigate severe staff shortages in Engineering Division. Quite recently, that challenge has been compounded by staff turnover within Corporate Assets Division itself. Faced with such challenges and an excessive workload, and given various resource constraints, it has become clear that Corporate Assets Division cannot deliver a full AMP by the deadline of July 1, 2022 as originally planned.

By “full AMP”, what is meant is an AMP covering all municipal assets and meeting all graduated standards of Ontario Regulation 588/17, inclusive of the requirements of that regulation yet to come into effect. However, by the deadline of July 1, 2022, AMPs need only cover “core assets” (roads, bridges, storm drains and water-wastewater infrastructure) and meet the second of three graduated standards. In light of the above-noted ongoing challenges with AMP work, staff and Watson and Associates have divided the AMP project into two parts: (i) prepare an interim AMP solely for the purpose of minimally complying with the deadline of July 1, 2022; and (ii) prepare in 2023 a full AMP that is proactively fully compliant with Ontario Regulation 588/17. The recommendations of this report support that revised approach to the AMP.

The interim AMP, attached hereto as Appendix A, is obviously focused on core assets only. As the sole intent of the interim AMP is to attain minimal compliance with Ontario Regulation 588/17, however, that AMP will not be used for planning purposes. Only the full AMP will be used for planning purposes once it is approved by Council in 2023-2024.

Other Alternatives Considered:

Given the above-noted effects of pandemic-related disruptions and staff shortages, there is no viable alternative to the recommendations of this report if the City is to remain compliant with Ontario Regulation 588/17.

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:

Compliance with Ontario Regulation 588/17 is necessary to the City's eligibility for capital grants, both formula-based and application-based. The financial consequence of non-compliance would at a minimum be \$9.3M/year in delayed or even foregone revenue from the Canada Community Building Fund (formerly Federal Gas Tax Fund) and Ontario Community Infrastructure Fund formula-based capital grants.

Consultations:

Watson and Associates

Director of Engineering and Corporate Assets

Attachments:

Appendix A: Interim Asset Management Plan



Kawartha Lakes AMP
for Core Assets.pdf

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