



Council Report

Report Number: CA2024-001

Meeting Date: May 21, 2024

Title: **Interim Asset Management Plan for Non-Core Assets**

Description: This report brings forward an interim asset management plan solely for the purpose of minimally complying with Ontario Regulation 588/17, while multiyear preparation of the consolidated asset management plan continues.

Author and Title: Dr. Adam Found, Manager of Corporate Assets

Recommendation(s):

That Report CA2024-001, **Interim Asset Management Plan for Non-Core Assets**, be received;

That the Interim Asset Management Plan for Non-Core Assets, attached as Appendix A to Report CA2024-001, be adopted solely for the purpose of minimally complying with Ontario Regulation 588/17; and

That the budget for special project 921204001 (Asset Management Plan) be increased from \$80,000 to \$150,000, with the \$70,000 increase financed 13.5% (\$9,450) by the Administration Studies Account of the Development Charges Reserve Fund (3.24140) and 86.5% (\$60,550) by the General Contingency Reserve (1.32090).

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

At its meeting of June 21, 2022, Council adopted the following resolution:

CR2022-215

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.

Carried

With the Asset Management Plan (AMP) special project continuing to phase in and maintain the City's compliance with Ontario Regulation 588/17, this report builds on that direction by bringing forward the Interim AMP for Non-Core Assets as phase 2 of 3 of the multiyear AMP special project.

Rationale:

The AMP is a legislated plan which is a critical capital planning input for the City's Long-Term Financial Plan and capital budgets. In 2017, the City prepared an AMP in accordance with Ontario's Building Together Guide (2012). Issued under the Infrastructure for Jobs and Prosperity Act (2015), Ontario Regulation 588/17 (Asset Management Planning for Municipal Infrastructure) succeeded the Building Together Guide, providing the existing legislative framework for asset management planning in Ontario's municipal sector. 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 Special Projects Budget, Council approved special project 921204001 for the City to prepare, in accordance with Ontario Regulation 588/17, a new AMP to replace the 2017 AMP. This multiyear project is punctuated by three key milestones, each reflective of a set of graduated standards imposed by Ontario Regulation 588/17:

1. AMP for Core Assets: Due by July 1, 2022, this AMP must meet increased standards respecting core municipal assets, which are defined as assets relating to roads, stormwater, water or wastewater. Through CR2022-215 above, the City achieved compliance with this requirement.

2. AMP for Non-Core Assets: Due by July 1, 2024, this AMP must meet increased standards respecting non-core municipal assets, which are defined as assets (e.g. facilities, fleet, equipment, landfills etc.) that are not core assets. If adopted by Council, the recommendations of this report will bring the City into compliance with this requirement.

3. Consolidated AMP: Due by July 1, 2025, and respecting all types of municipal assets, this AMP must meet increased standards relating to such matters as municipal service levels and financial sustainability. Staff and the project consultant, Watson and Associates, are commencing this final phase of the AMP special project, with completion and presentation to Council targeted for Q2 of 2025. At that time, staff plans to also bring forward to Council an updated Strategic Asset Management Policy, as Ontario Regulation 588/17 requires municipalities to maintain such policies.

Although the interim AMPs of 2022 and 2024 will not be acted upon directly by staff, they suffice to maintain the City's compliance with Ontario Regulation 588/17. Bringing together the interim AMPs, and updating the information therein, the 2025 Consolidated AMP will pertain to all municipal assets and will meet all graduated standards of Ontario Regulation 588/17. Once the Consolidated AMP is in effect, staff will rely upon it for capital planning and budgeting purposes.

The final recommendation of this report arises from the AMP special project experiencing unanticipated pressure on its budget. Infrastructure Ontario moved in 2022 to revise the formula which underlies allocation of the Ontario Community Infrastructure Fund, an annual capital grant to small and rural municipalities. Affecting 2023 and future allocations of the grant, this policy shift consists mainly of changing the basis of allocation from historical to replacement cost of a municipality's asset portfolio. To inform this revised approach, the provincial government required municipalities to generate and report on detailed asset data and related information, a new requirement which naturally fell upon the AMP special project and thus Watson and Associates.

This unanticipated pressure resulted in budget originally earmarked for the latter part of the AMP special project having to be consumed in earlier phases. Consequently, the AMP special project requires a budget increase of \$70,000 in order for it to proceed to completion in Q2 of 2025. As the City's eligibility for capital grants is contingent upon completion of the project, this added cost is considered worthwhile.

Other Alternatives Considered:

As the recommendations of this report are designed to maintain the City's compliance with Ontario Regulation 588/17, staff is not advancing any alternative recommendations for Council's consideration 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 2024-2027 Strategic Plan.

Financial/Operation Impacts:

The recommended increase to the AMP special project's budget will not materially affect the City's Long-Term Financial Plan. Compliance with Ontario Regulation 588/17 is necessary for the City to remain eligible for capital grants, both formula-based and application-based. The financial consequence of non-compliance would at a minimum be \$10.9M/year in delayed or foregone revenue from the Canada Community Building Fund (formerly the Federal Gas Tax Fund) and Ontario Community Infrastructure Fund, the City's core formula-based capital grants.

Consultations:

Watson and Associates

City Treasurer

Attachments:

Appendix A: Interim Asset Management Plan for Non-Core Assets



Interim Asset
Management Plan for

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Department Head: Juan Rojas, Director of Engineering and Corporate Assets