



Subject: 2024 Asset Management Plan for Non-Core Infrastructure Assets

Department: Corporate Services

Division: 6

Report #: CPS-2024-044

Meeting Date: 2024-07-08

Recommendations

That report CPS-2024-044, 2024 Asset Management Plan for Non-Core Infrastructure Assets, be received; and

That Council approve the 2024 Asset Management Plan for Non-Core Infrastructure Assets as presented.

Overview

- The province implemented the [Asset Management Planning for Municipal Infrastructure Regulation, O. Reg. 588/17](#) (as amended by O. Reg. 193/21). The goal of this regulation is to help improve the way municipalities plan for their infrastructure.
- In July 2022, Council approved the Asset Management Plan for Core Infrastructure Assets (includes Roads, Bridges, Water, Wastewater, Stormwater).
- This report outlines the next stage of the Town's Asset Management Program, which ensures compliance with O. Reg 588/17 Asset Management Planning for Municipal Infrastructure, and continues to enhance the Town's long-term infrastructure planning for non-core assets (includes Parks, Facilities, Fleet, IT, Library, Fire, Traffic, Transit, and Cemetery).
- The 2024 Asset Management Plan for Non-Core Infrastructure Assets (2024 AM Plan) describes the actions required for the Town to manage its non-core portfolio of assets in a way that supports current service levels while managing risks and costs.
- The recommendations in the 2024 AM Plan include a financial strategy and Council will have the opportunity to approve specific financing strategies and funding sources during the annual budget process.

- Next steps include a 2025 Asset Management report that includes all corporate assets, and ongoing annual updates to Council on progress of the overall Asset Management Program.

Background

In many parts of Ontario, existing infrastructure is degrading faster than it is being repaired or replaced, putting services at risk. To help address this issue, the province implemented the Asset Management Planning for Municipal Infrastructure Regulation, O. Reg. 588/17 (as amended by O. Reg. 193/21). The goal of this regulation is to help improve the way municipalities plan for their infrastructure. The regulation builds on the progress municipalities have made while bringing consistency and standardization to asset management plans to help spread best practices throughout the sector and enable the collection of comparable data.

In July 2022, Council approved the Asset Management Plan for Core Infrastructure Assets (includes Roads, Bridges, Water, Wastewater, Stormwater).

The 2024 AM Plan outlines the next stage of the Town's Asset Management Program, which ensures compliance with O. Reg 588/17 Asset Management Planning for Municipal Infrastructure and continues to enhance the Town's long-term infrastructure planning for non-core assets (includes Parks, Facilities, Fleet, IT, Library, Fire, Traffic, Transit, and Cemetery).

As non-core assets continue to age and community demands increase, the Town is challenged to ensure the needs of the community continue to be effectively met with the limited resources available. The 2024 AM Plan describes the actions required for the Town to manage its non-core portfolio of assets in a way that supports current service levels while managing risks and costs. It strives for evidence-based decision making through transparency and prudent financial management of the Town's limited resources to deliver services.

This 2024 AM Plan directly supports the four (4) priorities from the Town's Strategic Plan: Corporate Capacity; Future Readiness; Community Vitality; and Economic Resilience.

Future requirements and timelines of O. Reg. 588/17 are as follows:

1. Preparation of a Consolidated Asset Management Plan (includes all corporate assets) that includes public consultation and identifies the proposed levels of service by July 2025.
2. Review and update of Asset Management Plans at least every five (5) years.
3. Annual review of asset management progress in implementing the asset management plan.

Current Situation

Overall responsibility of asset management is shared across Town departments to assess, evaluate and improve asset management programs to deliver services balanced against considerations of costs and risks effectively and continuously.

The 2024 AM Plan is compliant with Section 5 of O. Reg. 588/17: Asset Management Planning for Municipal Infrastructure, covering all non-core Town-owned infrastructure. This plan establishes current levels of service and recommends actions and financial strategies to maintain current service levels within an acceptable level of risk over the next ten (10) years.

The financial strategy section of this asset management plan compares the budgeted annual funding available to the forecasted needs, to provide an estimated infrastructure funding gap for capital renewal and recommends options for managing this going-forward.

For growth and upgrade needs, there is an estimated gap of \$11.4 million, mainly due to the proposed Alder Library expansion which is currently unfunded.

For renewal of existing assets, the total renewal funding available over the next ten (10) years is \$33.2 million, or \$3.3 million averaged annually. This results in an estimated funding gap of \$26.7 million (\$2.7 million per year) compared to the estimated \$59.9 million (\$6.0 million per year) renewal need and indicates that the asset portfolio for these assets is approximately 55.4% funded based on currently available data. This is explained further in the chart below.

Table-1
Non-Core Infrastructure Renewal Funding

Renewal Funding	10-year	Annual
Funding Required	\$59,900,000	\$5,990,000
Funding Available	33,200,000	3,320,000
% Funded	55.4%	
Funding Gap	26,700,000	2,670,000
% Unfunded	44.6%	

To manage the risks of the funding shortfall, the 2024 AM Plan suggests three (3) main categories of options to be considered:

- **Increased Funding from Existing Sources:** Special Asset Management Levy (Property Taxes), Debt, Grants, and Third-Party Contributions.
- **Reduced Capital Need:** Additional data collection on the condition of the assets through inspection programs to increase the accuracy of estimated needs; also new and less expensive renewal technologies to extend asset life and lower overall lifecycle costs.

- **Reduced Service Levels:** Deferring capital renewal projects on lower risk assets.

Corporate Implications

The Asset Management Plans will be an input into the Town's Long-Range Financial Strategy and future annual budget processes through facilitating and informing evidence-based decision-making in how the Town's assets are operated, maintained, renewed, and replaced towards optimizing costs and mitigating risks over their asset lifecycles while overseeing the levels of service they provide to residents. The Asset Management Plans are also a formal input into capital project management processes at the Town.

There are no direct financial impacts resulting from this report. The 2024 AM Plan does include a recommended financial strategy. Council will have the opportunity to approve specific financing strategies and funding sources during the annual budget process.

Conclusion

The 2024 AM Plan is another step forward in the Town's journey towards building a holistic culture of asset management. It is critical that this 2024 AM Plan and the overall Asset Management Program be actioned to ensure the Town is making the right investment in the right infrastructure at the right time. Effective asset management promotes evidence-based decision making by incorporating risk and criticality into decision-making for annual operations and long-term capital investments.

Strategic Alignment

Strategic Plan

Strategic Goal: Future-Readiness

Objective: Sustainability – Secure the financial viability of the municipality

Relationship with Other Municipal Documents

- Town Official Plan
- Town of Orangeville Corporate Strategic Plan
- Corporate Climate Change Adaptation Plan (2021)
- 2022 Asset Management Plan
- Strategic Asset Management Policy
- Operating and Capital Budgets

Notice Provisions

None

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Attachment(s):

1. 2024 Asset Management Plan for Non-Core Infrastructure Assets