

REPORT

TO: Council
FROM: Anna McCarthy
DATE: August 3, 2022
REPORT: FIN.22.17
SUBJECT: Asset Management Plan

RECOMMENDATION:

That Council receive report FIN.22.17 for information; and
That Council approve the Asset Management Plan

BACKGROUND AND ANALYSIS:

On November 3, 2021, Council received the Asset Management Plan presentation for information.

The Asset Management Plan presentation, included on the November 3 2021 Agenda, can be found here: [Municipality of Grey Highlands 2020 Asset Management Plan](#)

The video presentation of the Asset Management Plan to Council by Mai Abdou, Asset Management Consultant for PSD, can be viewed here: [November 3 2021 Asset Management Plan Presentation](#)

While the presentation was received by Council on November 3, the formal Asset Management Plan document has not yet been officially received by Council.

Through Council's approval of the Asset Management Plan, the Municipality is compliant to the 2024 deadlines per Ontario Regulation 588/17.

It is important to note that the data contained in the Asset Management Plan is a snapshot in time. For the purposes of the Asset Management Plan, this date was Dec 31 2020. As our assets are continually changing, so too will our Plan. The replacement costs included in the Plan do not have an inflationary measure added to them.

The assets contained in the Plan only include assets owned and in service by the Municipality as of December 31 2020. Assets which have not been purchased are not included in the Asset Management Plan. Therefore, assets which are identified for

future requirements in such planning documents as the Water and Wastewater Servicing Master Plan or Development Charges Study are not included.

The Asset Management Plan contains recommendations to work towards decreasing our infrastructure deficit, improving the quality of our data, and extending the useful life of our assets. Some highlights from the 2020 Asset Management Plan include the following:

- \$191.3 million replacement cost of assets. \$97 million of this is bridges, roads and culverts.

- Average Annual Capital Requirement is approximately \$5.9M, to maintain current and active inventory only

- Annual Capital Deficit of \$3.7 million. This is the value of maintaining our current levels of service. This is not a static number and will change based on proposed target levels of service, and how staff and Council prioritize and develop capital plans

- Age generally misstates the true condition of assets, making assessments essential to accurate asset management planning. Assessed condition data was available for 62% of assets. The stormwater network has no condition assessment information, and 18% of buildings have condition assessment data.

Next Steps and requirements

1. The Municipality must define proposed or target levels of service for the next 10 years by 2025 to be compliant with Ontario Regulation 588/17 section 6. This must include communication and engagement with the public to inform the development of proposed levels of service. The Asset Management Team will make recommendations regarding moving this step forward in the coming 1-2 years.

2. The Asset Management Plan must be updated at least every five years, per Ontario Regulation 588/17 section 7. Ideally, it is updated on an ongoing basis to help inform long term planning. Finance Staff have started to update the replacement cost information in the asset register on a more regular basis. Updated information will be provided to Council prior to 2023 budget deliberations to incorporate changes to financing, budget, and replacement cost since December 31 2020. This information can be generated internally by Municipal Staff.

3. State of the Infrastructure - Condition: Time and budget should be allocated towards collecting and updating condition information. In April 2022, Council approved hiring a consultant to complete the Building Condition Assessment. This project is ongoing, with the results expected to be presented to Council in 2023. A stormwater network condition assessment will be considered in the future. Staff will work towards implementing a condition assessment strategy, for all asset classes, with a defined schedule.

4. Lifecycle Management - review and update lifecycle management strategies for individual assets to proactively manage asset deterioration. Accurate and reliable

condition data will help to prevent premature and costly repairs, and will ensure that lifecycle activities occur at the appropriate time.

5. Financial Recommendation: for tax funded assets, 1.3% tax change over a 15 year timeframe to close the gap. Council previously approved a 1% annual increase. In 2022 budget, Council approved the transfer of \$474,138 to the Asset Management Reserve.

The annual Asset Management Status report will be provided to Council in September on behalf of the Asset Management Team. It will detail how our Asset Management Program has progressed in the past year, while highlighting goals and areas for improvement.

GREY HIGHLANDS STRATEGIC PLAN:

Strong Governance - Create a Grey Highlands Asset Management Plan to inform current and future requirements, and capital costs associated in replacing, maintaining, and anticipating infrastructure needs.

FINANCIAL IMPACT:

There are no immediate financial implications for the Municipality resulting from the proposed recommendations. The recommendations contained in this report are strategies to help achieve the goals of asset management: to deliver a defined level of service in the most cost-effective manner possible. Financial implications will be quantified in the draft Budget for Council's consideration.

POLICIES/LEGISLATION::

[O. Reg 588/17: Asset Management Planning for Municipal Infrastructure
Grey Highlands Asset Management Plan](#)

FILE OR REFERENCE:

[FIN.20.08 Award of Contract for Asset Management Plan Update](#)

[FIN.19.11 Strategic Asset Management Policy](#)

[FIN.18.10 FCM Asset Management Grant](#)

[FIN.17.16 Asset Management Plan \(2016\)](#)

[Asset Management Plan Presentation by PSD, November 3 2021](#)

[Asset Management Plan Presentation Powerpoint, November 3 2021](#)

[FIN.22.08 Building Condition Assessment](#)

Approved By:

Karen Govan, Chief
Administrative Officer

Status:

Approved - 25 Jul 2022