

Item:



Finance, Administration and Audit Committee Report

DATE: Wednesday, June 06, 2018

WARD(S): ALL

TITLE: Regulatory Policy: Asset Management

FROM:

Stephen Collins, Deputy City Manager, Public Works

ACTION: FOR INFORMATION

Purpose

This report outlines the plan for the City to develop a Strategic Asset Management Policy, before July 01, 2019, as is set out by Ontario Regulation 588/17 (the "Regulation"). This policy will provide a framework to ensure the City has information about how public infrastructure and services will continue to be representative of and responsive to the changing communities they serve.

Report Highlights

- Currently, municipalities operate without formal guidelines to understand the role infrastructure assets play in support of service delivery.
- Ontario Reg 588/17: Asset Management Planning for Municipal Infrastructure was issued by the Province, and now requires the City to deliver a Strategic Asset Management Policy before July 01, 2019.
- This policy will provide guiding principles and a framework to support a consistent, coordinated and sustainable approach to asset management across the City and ensure compliance.

Recommendations

1. That this report be received for information purposes.

Background

Infrastructure Planning & Corporate Asset Management is collaborating across departments and portfolios to create a strategic policy that addresses the financial sustainability of community infrastructure networks.

While the City continues to create policy solutions for a wide range of challenges, infrastructure management is becoming more complex due to the degree of interdependencies, the pace of change, the ever-increasing volume of information, and new levels of public interest.

In 2015, the Province of Ontario passed the Infrastructure for Jobs and Prosperity Act. The purpose of this Act is to establish mechanisms to encourage principled, evidence-based and strategic long-term infrastructure planning that supports job creation and training opportunities, economic growth and protection of the environment, and incorporate design excellence into infrastructure investment planning.

On December 27, 2017, Ontario Regulation 588/17 (the “Regulation”) was released under the Infrastructure for Jobs and Prosperity Act. Pursuant to the Regulation, every municipality is now required to adopt a strategic asset management policy before July 1, 2019.

Staff has developed a work plan to update the existing AM Plans with a focus on external public communication.

The Regulation requires the City to implement its Asset Management Policy (AM Policy) by creating and publishing long-range Asset Management Plans (AM Plans). These plans will detail how the City plans to maximize asset service delivery potential, manage related risks, and minimize costs of ownership.

The City is required to post its current AM Policy and AM Plan on a website that is available to the public, and provide a copy to any person who requests it. The scope for each AM Plan will gradually increase over time, described below.

- Prior to July 1, 2021, the City is required to publish an AM Plan for managing core municipal infrastructure assets at current levels of service. Core infrastructure is defined by the Regulation as water assets, wastewater assets, stormwater assets, roads assets, bridge assets and culvert assets.
- Prior to July 1, 2023, the City is required to publish an AM Plan for managing all municipal infrastructure assets, at current levels of service.
- Prior to July 1, 2024, the City is required to publish an AM Plan for managing all municipal infrastructure assets, for service levels that the City proposes to provide for each of the following 10 years, in order to accommodate the projected increases in demand caused by population and employment growth, as set out in Schedule 7 to the 2017 Growth Plan.

Following the initial completion date outlined above, the City is required to review and update its AM Plan at least every five years.

The AM Policy, together with the AM Framework and the organizational strategic plan will enable these specific AM Plans to be produced.

Previous Reports/Authority

Not applicable.

Analysis and Options

Asset Management Links Strategic Planning to Service Delivery Options

The objective of Asset Management is to meet a required level of service, in the most cost-effective manner, through the management of assets for present and future customers.

The Regulation requires the City coordinate planning for asset management, where municipal infrastructure assets connect or are interrelated with those of its upper-tier municipality, neighbouring municipalities or jointly-owned municipal bodies. As such, the Asset Management Policy will describe commitments and expectations for infrastructure decisions, asset activities, and organizational behaviours to demonstrate support for the City's service and program objectives

Asset Management assists in developing and implementing plans that continually improve operational performance

Asset Management is a comprehensive business strategy employing people, information, and technology to effectively and efficiently allocate available funds amongst valued and competing needs. Understanding the gap between current and future performance levels will help identify and drive improvement actions.

The Regulation requires this policy to include an explanation of Council's involvement in asset management planning. Also, Council is required to conduct an annual review of its asset management progress on or before July 1 of each year, starting the year after the City's asset management plan is complete.

The Asset Management Policy will define a course or method of action to align assets with required services and community expectations. Regular assessments are best practice for monitoring outcomes and demonstrating ongoing improvements.

Asset Management ensures decisions to create new infrastructure are robust enough to cope with, or adapt to, changing climatic conditions

While a sustainable community is one that meets the needs of the present without compromising the needs of future generations, Asset Management is a methodology to efficiently and equitably allocate resources amongst valid and competing goals and objectives. As a result, the outcomes of infrastructure decisions balance fiscal

responsibilities alongside risk, and the desired levels or types of programs and services delivered to the community.

The Asset Management Policy is intended to be a tool to guide behaviours for the accountable allocation of limited resources, to manage all areas of infrastructure risk, including changes to climatic conditions in the future.

Asset Management provides an opportunity for performance targets to be embedded in corporate decision-making, to demonstrate value for money

Best practice asset management includes the systematic and rigorous use of performance measures to indicate how the City is doing in relation to delivering intended levels of service.

This Regulation requires the City to annually identify factors that impede the implementation of its asset management plans, and develop strategies to address them including public consultation. For this reason, the Asset Management Policy will define corporate goals to increase the effectiveness of the existing asset base. Additionally, the AM Policy will define departmental roles and responsibilities to ensure the City is compliant against the requirement to offer opportunities for municipal residents and other parties to provide input into the City's asset management planning.

A formal approach to Asset Management provides benefits for Council and the Community

The Canadian Network of Asset Mangers (CNAM) is the public sector's asset management community. CNAM suggests the benefits of a formal approach to asset management can help achieve a better understanding of the challenges faced today and in the future. This creates transparency for where the money goes, which in turn improves confidence in municipal management.

Financial Impact

Not applicable.

Broader Regional Impacts/Considerations

The Regulation requires the AM Policy to include the City's commitment to coordinate planning for asset management, where municipal infrastructure assets connect or are interrelated with those of its upper-tier municipality, neighbouring municipalities or jointly-owned municipal bodies.

In addition, the Regulation requires the AM Policy to include the City's commitment to consider, as part of its asset management planning, actions to address vulnerabilities that may be caused by climate change, and mitigation approaches such as greenhouse gas emission reduction goals and targets.

Conclusion

The Asset Management Policy will assist all departments to not only minimize lifecycle costs while maintaining acceptable levels of service, but also link infrastructure investment decisions to service outcomes. As a result, this policy will integrate decision-making, ensuring accountability and transparency. This will demonstrate the long-term consideration of decisions, and ensure appropriate customer service levels are achieved.

For more information, please contact: Vince Musacchio, Director of Infrastructure Planning and Corporate Asset Management ext. 8311

Attachments

1. Infrastructure for Jobs and Prosperity Act, Province of Ontario, 2015
2. Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure, Province of Ontario, 2017

Prepared by

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Infrastructure for Jobs and Prosperity Act, 2015

S.O. 2015, CHAPTER 15

Consolidation Period: From December 8, 2016 to the [e-Laws currency date](#).

Last amendment: 2016, c. 37, Sched. 17, s. 25.

Legislative History: 2016, c. 37, Sched. 17, s. 25.

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PURPOSE AND INTERPRETATION

Purpose

1 The purpose of this Act is to establish mechanisms to encourage principled, evidence-based and strategic long-term infrastructure planning that supports job creation and training opportunities, economic growth and protection of the environment, and incorporate design excellence into infrastructure planning.

Definitions

2 In this Act,

“broader public sector entity” means,

- (a) a municipality as defined in subsection 1 (1) of the *Municipal Act, 2001*,
- (b) a local board as defined in subsection 1 (1) of the *Municipal Act, 2001*,
- (c) a board as defined in subsection 1 (1) of the *Education Act*,

- (d) any post-secondary educational institution in Ontario that receives regular operating funding from the Government,
- (e) a hospital within the meaning of the *Public Hospitals Act*,
- (f) a board of health as defined in subsection 1 (1) of the *Health Protection and Promotion Act*, and
- (g) any other persons or entities prescribed for the purposes of this definition; (“entité du secteur parapublic”)

“construction” includes reconstruction, improvement, extension, alteration, replacement and repairs; (“construction”)

“Government” means,

- (a) the Government of Ontario and the Crown in right of Ontario,
- (b) a ministry of the Government of Ontario,
- (c) a Crown agency, other than a college of applied arts and technology established under the *Ontario Colleges of Applied Arts and Technology Act, 2002*, and
- (d) any board, commission, authority or unincorporated body of the Crown; (“gouvernement”)

“infrastructure” means the physical structures and associated facilities that form the foundation of development, and by or through which a public service is provided to Ontarians, such as highways, bridges, bicycle paths, drinking water systems, hospitals, social housing, courthouses and schools, as well as any other thing by or through which a public service is provided to Ontarians that may be prescribed, but does not include,

- (a) infrastructure relating to the generation, transmission, distribution and sale of electricity, including generation facilities, transmission systems, distribution systems, and structures, equipment and other things connected to the IESO-controlled grid, as these terms are defined in subsection 2 (1) of the *Electricity Act, 1998*,
- (b) any other thing wholly or partly owned or leased by Hydro One Inc., Ontario Power Generation Inc., or a subsidiary of either of them, and
- (c) any prescribed physical structures or facilities; (“infrastructure”)

“infrastructure asset” means all or part of any single physical structure, facility, or other thing that falls within the definition of “infrastructure” in this section; (“bien d’infrastructure”)

“Minister” means the Minister of Economic Development, Employment and Infrastructure or such other member of the Executive Council to whom responsibility for the administration of this Act may be assigned or transferred under the *Executive Council Act*; (“ministre”)

“prescribed” means prescribed by the regulations; (“prescrit”)

“regulations” means the regulations made under this Act. (“règlements”)

INFRASTRUCTURE PLANNING PRINCIPLES

Principles

3 The Government, and every broader public sector entity, shall consider the following principles when making decisions respecting infrastructure:

1. Infrastructure planning and investment should take a long-term view, and decision-makers should take into account the needs of Ontarians by being mindful of, among other things, demographic and economic trends in Ontario.
2. Infrastructure planning and investment should take into account any applicable budgets or fiscal plans, such as fiscal plans released under the *Fiscal Transparency and Accountability Act, 2004* and budgets adopted under Part VII of the *Municipal Act, 2001* or Part VII of the *City of Toronto Act, 2006*.
3. Infrastructure priorities should be clearly identified in order to better inform investment decisions respecting infrastructure.

4. Infrastructure planning and investment should ensure the continued provision of core public services, such as health care and education.
5. Infrastructure planning and investment should promote economic competitiveness, productivity, job creation and training opportunities.
6. Infrastructure planning and investment should ensure that the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
7. Infrastructure planning and investment should foster innovation by creating opportunities to make use of innovative technologies, services and practices, particularly where doing so would utilize technology, techniques and practices developed in Ontario.
8. Infrastructure planning and investment should be evidence based and transparent, and, subject to any restrictions or prohibitions under an Act or otherwise by law on the collection, use or disclosure of information,
 - i. investment decisions respecting infrastructure should be made on the basis of information that is either publicly available or is made available to the public, and
 - ii. information with implications for infrastructure planning should be shared between the Government and broader public sector entities, and should factor into investment decisions respecting infrastructure.
9. Where provincial or municipal plans or strategies have been established in Ontario, under an Act or otherwise, but do not bind or apply to the Government or the broader public sector entity, as the case may be, the Government or broader public sector entity should nevertheless be mindful of those plans and strategies and make investment decisions respecting infrastructure that support them, to the extent that they are relevant. Examples of plans and strategies to which this paragraph may apply include,
 - i. policy statements issued under section 3 of the *Planning Act*, and provincial plans as defined by that Act,
 - ii. municipal water sustainability plans submitted under the *Water Opportunities Act, 2010*,
 - iii. the Lake Simcoe Protection Plan established under the *Lake Simcoe Protection Act, 2008*, and
 - iv. transportation plans adopted under the *Metrolinx Act, 2006*.
10. Infrastructure planning and investment should promote accessibility for persons with disabilities.
11. Infrastructure planning and investment should minimize the impact of infrastructure on the environment and respect and help maintain ecological and biological diversity, and infrastructure should be designed to be resilient to the effects of climate change.
12. Infrastructure planning and investment should endeavour to make use of acceptable recycled aggregates.
13. Infrastructure planning and investment should promote community benefits, being the supplementary social and economic benefits arising from an infrastructure project that are intended to improve the well-being of a community affected by the project, such as local job creation and training opportunities (including for apprentices, within the meaning of section 9), improvement of public space within the community, and any specific benefits identified by the community.
14. Any other principles that may be prescribed for the Government or the broader public sector entity, as the case may be.

LONG-TERM INFRASTRUCTURE PLANS

Long-term infrastructure plans

- 4** (1) The Minister shall, in accordance with the timing requirements set out in subsection (2),
- (a) develop long-term infrastructure plans containing the information set out in subsection (3); and
 - (b) table the long-term infrastructure plans in the Assembly or, if the Assembly is not sitting, deposit them with the Clerk of the Assembly.

Timing requirements

- (2) Long-term infrastructure plans shall be developed and tabled or deposited in accordance with the following timing requirements:
1. The first long-term infrastructure plan shall be developed and tabled or deposited no later than three years after the day this section comes into force.
 2. Thereafter, each subsequent long-term infrastructure plan shall be developed and tabled or deposited no later than five years after the day the previous plan was tabled or deposited.

Contents

- (3) Each long-term infrastructure plan shall include the following information:
1. A description of the state, as of the date or during the period specified in the plan, of the infrastructure wholly or partly owned by the Government, including,
 - i. an inventory of the infrastructure,
 - ii. a valuation of the infrastructure,
 - iii. the age of infrastructure assets, and
 - iv. the condition of infrastructure assets.
 2. A description of the Government's anticipated infrastructure requirements, including improvements to existing infrastructure assets and the acquisition of new infrastructure assets, for at least the 10 years following the development of the plan.
 3. A strategy to meet the infrastructure requirements identified under paragraph 2.
 4. Any other information that the Minister determines should be included in the plan.

Application of principles

- (4) For greater certainty, the Minister shall consider the principles set out in section 3 in developing strategies for the purposes of paragraph 3 of subsection (3).

Publication

- 5** (1) The Minister shall publish each long-term infrastructure plan tabled or deposited under section 4 on a Government of Ontario website.

Archive

- (2) The Minister shall maintain an archive of the long-term infrastructure plans tabled or deposited under section 4.

INFRASTRUCTURE ASSET MANAGEMENT PLANS

Infrastructure asset management plans

- 6** (1) Every broader public sector entity prescribed for the purposes of this section shall prepare the infrastructure asset management plans that are required by the regulations and that satisfy the prescribed requirements.

Infrastructure asset management planning information

- (2) Every broader public sector entity prescribed for the purposes of this section shall prepare such additional infrastructure asset management planning information as may be prescribed by the regulations and that satisfies any prescribed requirements.

Submission of plans, information to Minister

(3) If required by the Minister, a broader public sector entity shall, in accordance with any requirements the Minister may specify, provide to the Minister or to any other minister of the Crown the Minister may specify, a copy of an infrastructure asset management plan it has prepared under subsection (1), or of information it has prepared under subsection (2).

Same, other minister

(4) If required by a prescribed minister of the Crown, a broader public sector entity shall, in accordance with any requirements that minister may specify, provide to that minister a copy of an infrastructure asset management plan it has prepared under subsection (1), or of information it has prepared under subsection (2).

Public availability of plans, information

(5) If required by the regulations, a broader public sector entity shall make an infrastructure asset management plan it has prepared under subsection (1), or information it has prepared under subsection (2), available to the public in the prescribed form or manner.

Supplemental information to Minister

(6) If required by the Minister, a broader public sector entity shall, in accordance with any requirements the Minister may specify, provide to the Minister or to any other minister of the Crown the Minister may specify, any supplemental information respecting an infrastructure asset management plan or information it has provided under subsection (3) that the Minister specifies.

Same, other minister

(7) If a broader public sector entity provides information to a prescribed minister of the Crown under subsection (4), the broader public sector entity shall, if required by that minister and in accordance with any requirements the minister may specify, provide to that minister any supplemental information respecting an infrastructure asset management plan or information it has provided under that subsection that the minister specifies.

OTHER INFRASTRUCTURE-RELATED REQUIREMENTS

Criteria for prioritizing foundational infrastructure projects

7 (1) When evaluating and prioritizing proposed projects for the construction of an infrastructure asset, the Government shall consider,

- (a) whether the infrastructure asset is planned for in, or is contemplated by, any provincial or municipal plan or strategy to which paragraph 9 of section 3 may apply, regardless of whether it binds or applies to the Government, or by a long-term infrastructure plan published under subsection 5 (1);
- (b) all related capital costs and operating costs that are reasonably expected to arise over the expected useful life of the infrastructure asset; and
- (c) whether the construction of the infrastructure asset would reasonably be expected to,
 - (i) be a long-term return on investment,
 - (ii) stimulate productivity and economic competitiveness,
 - (iii) maximize tax assessment values and tax base growth,
 - (iv) support any other public policy goals of the Government of Ontario or of any affected municipalities in Ontario, and
 - (v) provide a foundation for further infrastructure projects.

Additional criteria

(2) The Minister may, subject to the approval of the Lieutenant Governor in Council, develop and issue additional criteria required to be considered under subsection (1).

Consultation required before issuing criteria

(3) Before issuing criteria under subsection (2), the Minister shall consult, in the manner that the Minister considers appropriate, with any persons or bodies that the Minister considers appropriate given the content of the proposed criteria, including any potentially affected ministries, Crown agencies or broader public sector entities.

Publication

(4) The Minister shall publish any criteria issued under subsection (2) on a Government of Ontario website.

Legislation Act, 2006 (Part III)

(5) Part III (Regulations) of the *Legislation Act, 2006* does not apply to criteria issued under this section.

Transition

(6) This section does not apply with respect to any infrastructure projects that receive approval to proceed to construction before the day this section comes into force.

Requirements respecting certain professionals

8 (1) The Government shall require that the following persons be involved in the preparation of the design for the construction of every infrastructure asset described in subsection (2), unless it is not practicable in the circumstances:

1. If the Government reasonably expects costs for the construction of the infrastructure asset to meet or exceed the amount prescribed for the purposes of this paragraph for the infrastructure asset,
 - i. an architect as defined in the *Architects Act*, and
 - ii. a person, other than an architect, with demonstrable expertise in and experience with design in relation to infrastructure assets.
2. If the Government reasonably expects costs for the construction of the infrastructure asset to meet or exceed the amount prescribed for the purposes of this paragraph for the infrastructure asset, a professional engineer as defined in the *Professional Engineers Act*.

Applicable infrastructure assets

(2) Subsection (1) applies to the following infrastructure assets:

1. The following infrastructure assets, if they are wholly owned by the Government:
 - i. Infrastructure assets relating to transportation, including highways, bridges and transit stations.
 - ii. Infrastructure assets intended primarily for the study and enjoyment of works in the arts or for the production of works in the arts.
 - iii. Museums, as defined in Regulation 877 of the Revised Regulations of Ontario, 1990 (Grants for Museums) made under the *Ontario Heritage Act*.
 - iv. Infrastructure assets that have been identified as having cultural heritage value or interest under Part III.1 of the *Ontario Heritage Act*, or that are located on a property that has been designated under Part IV of that Act or in an area designated as a heritage conservation district under Part V of that Act.
2. Any other infrastructure assets wholly owned by the Government that may be prescribed.
3. Any infrastructure assets partly owned by the Government, or for which the Government provides any funding, that may be prescribed.

Minister's discretion

(3) The Minister may, subject to the approval of the Lieutenant Governor in Council, require that one or more persons referred to in subsection (1) be involved in the preparation of the design for the construction of any infrastructure asset that is wholly or partly owned by the Government, or for which the Government provides any funding, in a case where no such person or persons would be required under that subsection or otherwise to be involved.

Non-application

(4) This section does not apply to the extent of any conflict with the *Building Code Act, 1992*, the *Architects Act* or the *Professional Engineers Act*, or any regulations or by-laws made under any of them.

Transition

(5) This section applies only in respect of construction for which design preparation commences on or after the day that is six months after the day this section comes into force.

Requirements re apprentices

Definitions

9 (1) In this section,

“apprentice” means an individual who, under the *Ontario College of Trades and Apprenticeship Act, 2009*, has entered into a registered training agreement under which the individual is receiving or is to receive training in a trade required as part of an apprenticeship program established by the Ontario College of Trades; (“apprenti”)

“registered training agreement” means an agreement registered under section 65 of the *Ontario College of Trades and Apprenticeship Act, 2009* under which an individual is receiving or is to receive training in a trade required as part of an apprenticeship program established by the Ontario College of Trades; (“contrat d’apprentissage enregistré”)

“trade” means a trade prescribed under subsection 74 (3) of the *Ontario College of Trades and Apprenticeship Act, 2009* as a trade for the purposes of that Act. (“métier”) 2016, c. 37, Sched. 17, s. 25.

Commitment re intended use of apprentices

(2) A bidder that enters into a procurement process for the construction or maintenance by the Government of an infrastructure asset shall, in the prescribed circumstances, provide to the Government as part of the procurement process a commitment respecting the intended use of apprentices in the construction or maintenance in the event of a successful bid.

Prescribed requirements

(3) A commitment provided under subsection (2) shall meet the prescribed requirements.

Apprenticeship plan

(4) Every bidder referred to in subsection (5) that enters into a procurement process for the construction or maintenance by the Government of an infrastructure asset shall provide to the Government a plan for the intended use of apprentices in the construction or maintenance, in the event of a successful bid, that,

(a) includes the following information:

- (i) the number of apprentices whom the bidder intends to employ for the construction or maintenance in each trade,
- (ii) the methods by which the bidder intends to support the completion by those apprentices of their training under the registered training agreements into which they have entered,

- (iii) the methods by which the bidder intends to create employment opportunities arising from the construction or maintenance for apprentices who are women, aboriginal persons, newcomers to Ontario, at-risk youth, veterans, residents of the community in which the infrastructure asset is located or any other persons specified by the regulations; and

(b) meets any other requirements that may be prescribed.

Same, application

(5) Subsection (4) applies to,

- (a) a successful bidder that was required to provide a commitment to the Government under subsection (2) and, in the prescribed circumstances, any other successful bidder; and
- (b) any other bidder, in the prescribed circumstances, as part of the procurement process.

Non-compliance during procurement process

(6) The Government shall not consider the bid of a bidder that is required to provide, as part of the procurement process, a commitment under subsection (2) or a plan under subsection (4) in accordance with the prescribed requirements, and fails to do so.

Obligations regarding ratios

(7) For greater certainty, information included in a commitment or plan provided for the purposes of this section must conform to any applicable requirements respecting journey person to apprentice ratios that are established for the purposes of section 60 of the *Ontario College of Trades and Apprenticeship Act, 2009*.

Public availability

(8) A bidder shall, in the prescribed circumstances, make a commitment or plan it has provided for the purposes of this section available to the public in the prescribed form or manner.

Section Amendments with date in force (d/m/y)

2016, c. 37, Sched. 17, s. 25 - 08/12/2016

OTHER MATTERS

No cause of action

10 (1) No cause of action arises against the Crown in right of Ontario or any minister, agent, appointee or employee of the Crown as a direct or indirect result of,

- (a) the enactment or repeal of this Act;
- (b) the making or revoking of a regulation under this Act; or
- (c) anything done or not done under this Act.

Same

(2) Without limiting the generality of subsection (1), that subsection applies to an action or other proceeding claiming any remedy or relief, including specific performance, injunction, declaratory relief, any form of compensation or damages, including loss of revenue and loss of profit, or any other remedy or relief.

Existing obligations continue

11 (1) Nothing in this Act or the regulations in any way diminishes or otherwise alters the obligation of the Government to meet any requirement imposed on the Government under any other Act or otherwise by law.

Same

(2) Nothing in this Act or the regulations in any way diminishes or otherwise alters the obligation of a broader public sector entity to meet any requirement imposed on the broader public sector entity under any other Act or otherwise by law.

REGULATIONS

Regulations

- 12 (1)** The Lieutenant Governor in Council may make regulations,
- (a) prescribing persons or entities for the purposes of clause (g) of the definition of “broader public sector entity” in section 2;
 - (b) for the purposes of the definition of “infrastructure” in section 2,
 - (i) prescribing additional things by or through which a public service is provided to Ontarians as being included in the definition, and
 - (ii) excluding physical structures or facilities from the definition;
 - (c) prescribing additional principles for the Government or any broader public sector entities, for the purposes of section 3;
 - (d) for the purposes of section 6,
 - (i) prescribing broader public sector bodies,
 - (ii) setting out the infrastructure asset management plans that must be prepared under subsection 6 (1) and governing their preparation, including governing their form, content and timing,
 - (iii) setting out any additional infrastructure asset management planning information that must be prepared under subsection 6 (2) and governing its preparation, including governing its form, content and timing,
 - (iv) prescribing ministers of the Crown for the purposes of subsection 6 (4), and
 - (v) governing the circumstances in which a plan prepared under subsection 6 (1) or information prepared under subsection 6 (2) must be made available to the public and governing the form or manner of that availability;
 - (e) for the purposes of section 8,
 - (i) prescribing amounts for the purposes of paragraph 1 or 2 of subsection 8 (1),
 - (ii) prescribing infrastructure assets for the purposes of paragraph 2 of subsection 8 (2), and
 - (iii) prescribing infrastructure assets, including any asset referred to in subparagraphs 1 i, ii, iii or iv of subsection 8 (2), for the purposes of paragraph 3 of that subsection;
 - (f) for the purposes of section 9,
 - (i) governing the circumstances in which a commitment must be provided under subsection 9 (2), and governing the preparation and provision of commitments, including governing their form, content and timing,
 - (ii) governing the circumstances in which a plan must be provided under subsection 9 (4), and governing the preparation and provision of plans, including governing their form, content and timing, and
 - (iii) governing the circumstances in which a commitment or plan provided for the purposes of the section must be made available to the public and governing the form or manner of that availability;
 - (g) defining, for the purposes of this Act and the regulations, any word or expression that is used, but not defined, in this Act;
 - (h) providing for any other matter that the Lieutenant Governor in Council considers necessary or advisable to carry out the purposes of this Act.

Consultation required before making regulation

- (2) Before a regulation may be made under subsection (1), the Minister shall consult, in the manner that the Minister considers appropriate, with any persons or bodies that the

Minister considers appropriate given the content of the proposed regulation, including any potentially affected ministries, Crown agencies or broader public sector entities.

13 OMITTED (PROVIDES FOR COMING INTO FORCE OF PROVISIONS OF THIS ACT).

14 OMITTED (ENACTS SHORT TITLE OF THIS ACT).

ONTARIO REGULATION 588/17
made under the
INFRASTRUCTURE FOR JOBS AND PROSPERITY ACT, 2015

Made: December 13, 2017
Filed: December 27, 2017
Published on e-Laws: December 27, 2017
Printed in *The Ontario Gazette*: January 13, 2018

**ASSET MANAGEMENT PLANNING FOR MUNICIPAL INFRASTRUCTURE
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INTERPRETATION AND APPLICATION

Definitions

1. (1) In this Regulation,
“asset category” means a category of municipal infrastructure assets that is,
 - (a) an aggregate of assets described in each of clauses (a) to (e) of the definition of core municipal infrastructure asset, or
 - (b) composed of any other aggregate of municipal infrastructure assets that provide the same type of service; (“catégorie de biens”)“core municipal infrastructure asset” means any municipal infrastructure asset that is a,
 - (a) water asset that relates to the collection, production, treatment, storage, supply or distribution of water,

- (b) wastewater asset that relates to the collection, transmission, treatment or disposal of wastewater, including any wastewater asset that from time to time manages stormwater,
- (c) stormwater management asset that relates to the collection, transmission, treatment, retention, infiltration, control or disposal of stormwater,
- (d) road, or
- (e) bridge or culvert; (“bien d’infrastructure municipale essentiel”)

“ecological functions” has the same meaning as in Ontario Regulation 140/02 (Oak Ridges Moraine Conservation Plan) made under the *Oak Ridges Moraine Conservation Act, 2001*; (“fonctions écologiques”)

“green infrastructure asset” means an infrastructure asset consisting of natural or human-made elements that provide ecological and hydrological functions and processes and includes natural heritage features and systems, parklands, stormwater management systems, street trees, urban forests, natural channels, permeable surfaces and green roofs; (“bien d’infrastructure verte”)

“hydrological functions” has the same meaning as in Ontario Regulation 140/02; (“fonctions hydrologiques”)

“joint municipal water board” means a joint board established in accordance with a transfer order made under the *Municipal Water and Sewage Transfer Act, 1997*; (“conseil mixte de gestion municipale des eaux”)

“lifecycle activities” means activities undertaken with respect to a municipal infrastructure asset over its service life, including constructing, maintaining, renewing, operating and decommissioning, and all engineering and design work associated with those activities; (“activités relatives au cycle de vie”)

“municipal infrastructure asset” means an infrastructure asset, including a green infrastructure asset, directly owned by a municipality or included on the consolidated financial statements of a municipality, but does not include an infrastructure asset that is managed by a joint municipal water board; (“bien d’infrastructure municipale”)

“municipality” has the same meaning as in the *Municipal Act, 2001*; (“municipalité”)

“operating costs” means the aggregate of costs, including energy costs, of operating a municipal infrastructure asset over its service life; (“frais d’exploitation”)

“service life” means the total period during which a municipal infrastructure asset is in use or is available to be used; (“durée de vie”)

“significant operating costs” means, where the operating costs with respect to all municipal infrastructure assets within an asset category are in excess of a threshold amount set by the municipality, the total amount of those operating costs. (“frais d’exploitation importants”)

(2) In Tables 1 and 2,

“connection-days” means the number of properties connected to a municipal system that are affected by a service issue, multiplied by the number of days on which those properties are affected by the service issue. (“jours-branchements”)

(3) In Table 4,

“arterial roads” means Class 1 and Class 2 highways as determined under the Table to section 1 of Ontario Regulation 239/02 (Minimum Maintenance Standards for Municipal Highways) made under the *Municipal Act, 2001*; (“artères”)

“collector roads” means Class 3 and Class 4 highways as determined under the Table to section 1 of Ontario Regulation 239/02; (“routes collectrices”)

“lane-kilometre” means a kilometre-long segment of roadway that is a single lane in width; (“kilomètre de voie”)

“local roads” means Class 5 and Class 6 highways as determined under the Table to section 1 of Ontario Regulation 239/02. (“routes locales”)

(4) In Table 5,

“Ontario Structure Inspection Manual” means the Ontario Structure Inspection Manual (OSIM), published by the Ministry of Transportation and dated October 2000 (revised November 2003 and April 2008) and available on a Government of Ontario website; (“manuel d’inspection des structures de l’Ontario”)

“structural culvert” has the meaning set out for “culvert (structural)” in the Ontario Structure Inspection Manual. (“ponceau structurel”)

Application

2. For the purposes of section 6 of the Act, every municipality is prescribed as a broader public sector entity to which that section applies.

STRATEGIC ASSET MANAGEMENT POLICIES

Strategic asset management policy

3. (1) Every municipality shall prepare a strategic asset management policy that includes the following:

1. Any of the municipality’s goals, policies or plans that are supported by its asset management plan.
2. The process by which the asset management plan is to be considered in the development of the municipality’s budget or of any long-term financial plans of the municipality that take into account municipal infrastructure assets.
3. The municipality’s approach to continuous improvement and adoption of appropriate practices regarding asset management planning.
4. The principles to be followed by the municipality in its asset management planning, which must include the principles set out in section 3 of the Act.
5. The municipality’s commitment to consider, as part of its asset management planning,
 - i. the actions that may be required to address the vulnerabilities that may be caused by climate change to the municipality’s infrastructure assets, in respect of such matters as,
 - A. operations, such as increased maintenance schedules,
 - B. levels of service, and
 - C. lifecycle management,
 - ii. the anticipated costs that could arise from the vulnerabilities described in subparagraph i,
 - iii. adaptation opportunities that may be undertaken to manage the vulnerabilities described in subparagraph i,
 - iv. mitigation approaches to climate change, such as greenhouse gas emission reduction goals and targets, and
 - v. disaster planning and contingency funding.
6. A process to ensure that the municipality’s asset management planning is aligned with any of the following financial plans:
 - i. Financial plans related to the municipality’s water assets including any financial plans prepared under the *Safe Drinking Water Act, 2002*.
 - ii. Financial plans related to the municipality’s wastewater assets.
7. A process to ensure that the municipality’s asset management planning is aligned with Ontario’s land-use planning framework, including any relevant policy statements issued under subsection 3 (1) of the *Planning Act*, any provincial plans as defined in the *Planning Act* and the municipality’s official plan.

8. An explanation of the capitalization thresholds used to determine which assets are to be included in the municipality's asset management plan and how the thresholds compare to those in the municipality's tangible capital asset policy, if it has one.
9. The municipality's commitment to coordinate planning for asset management, where municipal infrastructure assets connect or are interrelated with those of its upper-tier municipality, neighbouring municipalities or jointly-owned municipal bodies.
10. The persons responsible for the municipality's asset management planning, including the executive lead.
11. An explanation of the municipal council's involvement in the municipality's asset management planning.
12. The municipality's commitment to provide opportunities for municipal residents and other interested parties to provide input into the municipality's asset management planning.

(2) For the purposes of this section,

“capitalization threshold” is the value of a municipal infrastructure asset at or above which a municipality will capitalize the value of it and below which it will expense the value of it. (“seuil de capitalisation”)

Update of asset management policy

4. Every municipality shall prepare its first strategic asset management policy by July 1, 2019 and shall review and, if necessary, update it at least every five years.

ASSET MANAGEMENT PLANS

Asset management plans, current levels of service

5. (1) Every municipality shall prepare an asset management plan in respect of its core municipal infrastructure assets by July 1, 2021, and in respect of all of its other municipal infrastructure assets by July 1, 2023.

(2) A municipality's asset management plan must include the following:

1. For each asset category, the current levels of service being provided, determined in accordance with the following qualitative descriptions and technical metrics and based on data from at most the two calendar years prior to the year in which all information required under this section is included in the asset management plan:
 - i. With respect to core municipal infrastructure assets, the qualitative descriptions set out in Column 2 and the technical metrics set out in Column 3 of Table 1, 2, 3, 4 or 5, as the case may be.
 - ii. With respect to all other municipal infrastructure assets, the qualitative descriptions and technical metrics established by the municipality.
2. The current performance of each asset category, determined in accordance with the performance measures established by the municipality, such as those that would measure energy usage and operating efficiency, and based on data from at most two calendar years prior to the year in which all information required under this section is included in the asset management plan.
3. For each asset category,
 - i. a summary of the assets in the category,
 - ii. the replacement cost of the assets in the category,
 - iii. the average age of the assets in the category, determined by assessing the average age of the components of the assets,
 - iv. the information available on the condition of the assets in the category, and
 - v. a description of the municipality's approach to assessing the condition of the assets in the category, based on recognized and generally accepted good engineering practices where appropriate.

4. For each asset category, the lifecycle activities that would need to be undertaken to maintain the current levels of service as described in paragraph 1 for each of the 10 years following the year for which the current levels of service under paragraph 1 are determined and the costs of providing those activities based on an assessment of the following:
 - i. The full lifecycle of the assets.
 - ii. The options for which lifecycle activities could potentially be undertaken to maintain the current levels of service.
 - iii. The risks associated with the options referred to in subparagraph ii.
 - iv. The lifecycle activities referred to in subparagraph ii that can be undertaken for the lowest cost to maintain the current levels of service.
5. For municipalities with a population of less than 25,000, as reported by Statistics Canada in the most recent official census, the following:
 - i. A description of assumptions regarding future changes in population or economic activity.
 - ii. How the assumptions referred to in subparagraph i relate to the information required by paragraph 4.
6. For municipalities with a population of 25,000 or more, as reported by Statistics Canada in the most recent official census, the following:
 - i. With respect to municipalities in the Greater Golden Horseshoe growth plan area, if the population and employment forecasts for the municipality are set out in Schedule 3 or 7 to the 2017 Growth Plan, those forecasts.
 - ii. With respect to lower-tier municipalities in the Greater Golden Horseshoe growth plan area, if the population and employment forecasts for the municipality are not set out in Schedule 7 to the 2017 Growth Plan, the portion of the forecasts allocated to the lower-tier municipality in the official plan of the upper-tier municipality of which it is a part.
 - iii. With respect to upper-tier municipalities or single-tier municipalities outside of the Greater Golden Horseshoe growth plan area, the population and employment forecasts for the municipality that are set out in its official plan.
 - iv. With respect to lower-tier municipalities outside of the Greater Golden Horseshoe growth plan area, the population and employment forecasts for the lower-tier municipality that are set out in the official plan of the upper-tier municipality of which it is a part.
 - v. If, with respect to any municipality referred to in subparagraph iii or iv, the population and employment forecasts for the municipality cannot be determined as set out in those subparagraphs, a description of assumptions regarding future changes in population or economic activity.
 - vi. For each of the 10 years following the year for which the current levels of service under paragraph 1 are determined, the estimated capital expenditures and significant operating costs related to the lifecycle activities required to maintain the current levels of service in order to accommodate projected increases in demand caused by growth, including estimated capital expenditures and significant operating costs related to new construction or to upgrading of existing municipal infrastructure assets.

(3) Every asset management plan must indicate how all background information and reports upon which the information required by paragraph 3 of subsection (2) is based will be made available to the public.

(4) In this section,

“2017 Growth Plan” means the Growth Plan for the Greater Golden Horseshoe, 2017 that was approved under subsection 7 (6) of the *Places to Grow Act, 2005* on May 16, 2017 and came into effect on July 1, 2017; (“Plan de croissance de 2017”)

“Greater Golden Horseshoe growth plan area” means the area designated by section 2 of Ontario Regulation 416/05 (Growth Plan Areas) made under the *Places to Grow Act, 2005*. (“zone de croissance planifiée de la région élargie du Golden Horseshoe”)

Asset management plans, proposed levels of service

6. (1) Subject to subsection (2), by July 1, 2024, every asset management plan prepared under section 5 must include the following additional information:

1. For each asset category, the levels of service that the municipality proposes to provide for each of the 10 years following the year in which all information required under section 5 and this section is included in the asset management plan, determined in accordance with the following qualitative descriptions and technical metrics:
 - i. With respect to core municipal infrastructure assets, the qualitative descriptions set out in Column 2 and the technical metrics set out in Column 3 of Table 1, 2, 3, 4 or 5, as the case may be.
 - ii. With respect to all other municipal infrastructure assets, the qualitative descriptions and technical metrics established by the municipality.
2. An explanation of why the proposed levels of service under paragraph 1 are appropriate for the municipality, based on an assessment of the following:
 - i. The options for the proposed levels of service and the risks associated with those options to the long term sustainability of the municipality.
 - ii. How the proposed levels of service differ from the current levels of service set out under paragraph 1 of subsection 5 (2).
 - iii. Whether the proposed levels of service are achievable.
 - iv. The municipality’s ability to afford the proposed levels of service.
3. The proposed performance of each asset category for each year of the 10-year period referred to in paragraph 1, determined in accordance with the performance measures established by the municipality, such as those that would measure energy usage and operating efficiency.
4. A lifecycle management and financial strategy that sets out the following information with respect to the assets in each asset category for the 10-year period referred to in paragraph 1:
 - i. An identification of the lifecycle activities that would need to be undertaken to provide the proposed levels of service described in paragraph 1, based on an assessment of the following:
 - A. The full lifecycle of the assets.
 - B. The options for which lifecycle activities could potentially be undertaken to achieve the proposed levels of service.
 - C. The risks associated with the options referred to in sub-subparagraph B.
 - D. The lifecycle activities referred to in sub-subparagraph B that can be undertaken for the lowest cost to achieve the proposed levels of service.
 - ii. An estimate of the annual costs for each of the 10 years of undertaking the lifecycle activities identified in subparagraph i, separated into capital expenditures and significant operating costs.
 - iii. An identification of the annual funding projected to be available to undertake lifecycle activities and an explanation of the options examined by the municipality to maximize the funding projected to be available.
 - iv. If, based on the funding projected to be available, the municipality identifies a funding shortfall for the lifecycle activities identified in subparagraph i,

- A. an identification of the lifecycle activities, whether set out in subparagraph i or otherwise, that the municipality will undertake, and
 - B. if applicable, an explanation of how the municipality will manage the risks associated with not undertaking any of the lifecycle activities identified in subparagraph i.
5. For municipalities with a population of less than 25,000, as reported by Statistics Canada in the most recent official census, a discussion of how the assumptions regarding future changes in population and economic activity, set out in subparagraph 5 i of subsection 5 (2), informed the preparation of the lifecycle management and financial strategy referred to in paragraph 4 of this subsection.
 6. For municipalities with a population of 25,000 or more, as reported by Statistics Canada in the most recent official census,
 - i. the estimated capital expenditures and significant operating costs to achieve the proposed levels of service as described in paragraph 1 in order to accommodate projected increases in demand caused by population and employment growth, as set out in the forecasts or assumptions referred to in paragraph 6 of subsection 5 (2), including estimated capital expenditures and significant operating costs related to new construction or to upgrading of existing municipal infrastructure assets,
 - ii. the funding projected to be available, by source, as a result of increased population and economic activity, and
 - iii. an overview of the risks associated with implementation of the asset management plan and any actions that would be proposed in response to those risks.
 7. An explanation of any other key assumptions underlying the plan that have not previously been explained.

(2) With respect to an asset management plan prepared under section 5 on or before July 1, 2021, if the additional information required under this section is not included before July 1, 2023, the municipality shall, before including the additional information, update the current levels of service set out under paragraph 1 of subsection 5 (2) and the current performance measures set out under paragraph 2 of subsection 5 (2) based on data from the two most recent calendar years.

Update of asset management plans

7. (1) Every municipality shall review and update its asset management plan at least five years after the year in which the plan is completed under section 6 and at least every five years thereafter.

(2) The updated asset management plan must comply with the requirements set out under paragraphs 1, 2 and 3 and subparagraphs 5 i and 6 i, ii, iii, iv and v of subsection 5 (2), subsection 5 (3) and paragraphs 1 to 7 of subsection 6 (1).

Endorsement and approval required

8. Every asset management plan prepared under section 5 or 6, or updated under section 7, must be,

- (a) endorsed by the executive lead of the municipality; and
- (b) approved by a resolution passed by the municipal council.

Annual review of asset management planning progress

9. (1) Every municipal council shall conduct an annual review of its asset management progress on or before July 1 in each year, starting the year after the municipality's asset management plan is completed under section 6.

(2) The annual review must address,

- (a) the municipality's progress in implementing its asset management plan;

- (b) any factors impeding the municipality’s ability to implement its asset management plan; and
- (c) a strategy to address the factors described in clause (b).

Public availability

10. Every municipality shall post its current strategic asset management policy and asset management plan on a website that is available to the public, and shall provide a copy of the policy and plan to any person who requests it.

**TABLE 1
WATER ASSETS**

Column 1 Service attribute	Column 2 Community levels of service (qualitative descriptions)	Column 3 Technical levels of service (technical metrics)
Scope	<ol style="list-style-type: none"> 1. Description, which may include maps, of the user groups or areas of the municipality that are connected to the municipal water system. 2. Description, which may include maps, of the user groups or areas of the municipality that have fire flow. 	<ol style="list-style-type: none"> 1. Percentage of properties connected to the municipal water system. 2. Percentage of properties where fire flow is available.
Reliability	Description of boil water advisories and service interruptions.	<ol style="list-style-type: none"> 1. The number of connection-days per year where a boil water advisory notice is in place compared to the total number of properties connected to the municipal water system. 2. The number of connection-days per year due to water main breaks compared to the total number of properties connected to the municipal water system.

**TABLE 2
WASTEWATER ASSETS**

Column 1 Service attribute	Column 2 Community levels of service (qualitative descriptions)	Column 3 Technical levels of service (technical metrics)
Scope	Description, which may include maps, of the user groups or areas of the municipality that are connected to the municipal wastewater system.	Percentage of properties connected to the municipal wastewater system.
Reliability	<ol style="list-style-type: none"> 1. Description of how combined sewers in the municipal wastewater system are designed with overflow structures in place which allow overflow during storm events to prevent backups into homes. 2. Description of the frequency and volume of overflows in combined sewers in the municipal wastewater system that occur in habitable areas or beaches. 3. Description of how stormwater can get into sanitary sewers in the municipal wastewater system, causing sewage to overflow into streets or backup into homes. 4. Description of how sanitary sewers in 	<ol style="list-style-type: none"> 1. The number of events per year where combined sewer flow in the municipal wastewater system exceeds system capacity compared to the total number of properties connected to the municipal wastewater system. 2. The number of connection-days per year due to wastewater backups compared to the total number of properties connected to the municipal wastewater system. 3. The number of effluent violations per year due to wastewater discharge compared to the total

	the municipal wastewater system are designed to be resilient to avoid events described in paragraph 3. 5. Description of the effluent that is discharged from sewage treatment plants in the municipal wastewater system.	number of properties connected to the municipal wastewater system.
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**TABLE 3
STORMWATER MANAGEMENT ASSETS**

Column 1 Service attribute	Column 2 Community levels of service (qualitative descriptions)	Column 3 Technical levels of service (technical metrics)
Scope	Description, which may include maps, of the user groups or areas of the municipality that are protected from flooding, including the extent of the protection provided by the municipal stormwater management system.	1. Percentage of properties in municipality resilient to a 100-year storm. 2. Percentage of the municipal stormwater management system resilient to a 5-year storm.

**TABLE 4
ROADS**

Column 1 Service attribute	Column 2 Community levels of service (qualitative descriptions)	Column 3 Technical levels of service (technical metrics)
Scope	Description, which may include maps, of the road network in the municipality and its level of connectivity.	Number of lane-kilometres of each of arterial roads, collector roads and local roads as a proportion of square kilometres of land area of the municipality.
Quality	Description or images that illustrate the different levels of road class pavement condition.	1. For paved roads in the municipality, the average pavement condition index value. 2. For unpaved roads in the municipality, the average surface condition (e.g. excellent, good, fair or poor).

**TABLE 5
BRIDGES AND CULVERTS**

Column 1 Service attribute	Column 2 Community levels of service (qualitative descriptions)	Column 3 Technical levels of service (technical metrics)
Scope	Description of the traffic that is supported by municipal bridges (e.g., heavy transport vehicles, motor vehicles, emergency vehicles, pedestrians, cyclists).	Percentage of bridges in the municipality with loading or dimensional restrictions.
Quality	1. Description or images of the condition of bridges and how this would affect use of the bridges. 2. Description or images of the condition	1. For bridges in the municipality, the average bridge condition index value. 2. For structural culverts in the

	of culverts and how this would affect use of the culverts.	municipality, the average bridge condition index value.
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COMMENCEMENT

Commencement

11. This Regulation comes into force on the later of January 1, 2018 and the day it is filed.