

## **Committee of the Whole (Working Session) Report**

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**DATE:** Wednesday, December 7, 2022

**WARD(S):** ALL

**TITLE:** ASSET MANAGEMENT PLAN – NON-CORE ASSETS

**FROM:**

Vince Musacchio, Deputy City Manager, Infrastructure Development

**ACTION:** DECISION

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**Purpose**

To seek Council endorsement of the Asset Management Plans for Non-Core Assets (Facilities, Parks, Active Transportation, Traffic Control & Streetlights, Fleet and Fire).

**Report Highlights**

- Development of the Asset Management Plans for Non-Core Assets is in alignment with the Term of Council Strategic Priority of Good Governance under the Objective of Financial Stewardship and Sustainability.
- O. Reg. 588/17 requires the City prepare Asset Management Plans for Non-Core Assets and post them to its website so they are publicly accessible.
- Over 70% of all Non-Core Assets are in good or very good condition.
- The City's capital reinvestment rate into its Non-Core Assets is currently 55% of their average annual 20-year forecasted capital needs.

**Recommendation**

1. That Council endorse the Asset Management Plans for Non-Core Assets and approve making them accessible to the public on the City's website (as specified by O. Reg. 588/17) from the Infrastructure Planning and Corporate Asset Management webpage.

**Background**

**Infrastructure assets are built, owned, operated and maintained by the City**

Assets are essential to provide the necessary services that contribute to the high quality of life enjoyed by City of Vaughan residents. It is imperative to ensure services are delivered in a safe, reliable, and efficient manner, while sustaining a growing community.

### **The City is committed to sustainable asset management practices**

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

The City has continued to grow its asset base and advance asset management programs to manage its assets. Examples of initiatives implemented through proactive asset management include assessing the condition of buildings like community centers, modeling the deterioration of buried pipes in the water distribution system, and evaluating the remaining life on playground equipment to better inform decisions about maintenance, rehabilitation, replacement, and disposal.

### **Asset Management Planning for Municipal Infrastructure Regulation came into effect in January 2018**

In May 2017, the Province issued the “Proposed Municipal Asset Management Planning Regulation” to implement best practices throughout the municipal sector. The Regulation is intended to provide certainty around future provincial asset management planning requirements and support resilience and sustainability as key aspects of municipal asset management planning. [Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure](#) came into effect in January 2018.

### **O. Reg. 588/17 is targeted at the issue of many Ontario municipalities having existing infrastructure assets that are degrading faster than they are being repaired or replaced, putting infrastructure services at risk**

O. Reg. 588/17 stipulates that certain Asset Management elements be in place within Ontario municipalities by specific key dates.

<b>O. Reg 588/17 Requirement</b>	<b>O. Reg 588/17 Requirement Date</b>	<b>City Status for Requirement</b>
Asset Management Policy approved by Council and available on the City’s website.	July 1, 2019	Complete

O. Reg 588/17 Requirement	O. Reg 588/17 Requirement Date	City Status for Requirement
Asset Management Plans for “Core Assets” approved by Council and available on the City’s website.	July 1, 2022	Complete
Asset Management Plans for other assets approved by Council and available on the City’s website.	July 1, 2024	In Progress

**The City’s first Asset Management Policy and Core Asset Management Plans were approved by Council in March 2019 and June 2021 respectively**

The City’s first Asset Management Policy was presented at Finance, Administration and Audit Committee on March 4, 2019. The Policy provides a framework to ensure long-term asset sustainability and demonstrates fiscal stewardship for the City’s growing and aging asset base. The policy as well outlines roles and responsibilities across the corporation, which are critical to successful implementation of the City’s asset management programs.

To empower focused conversations around local and legislated requirements, the policy was divided into six components with the following content:

1. Administrative Requirements
  - Strategic alignment
  - Guiding principles
  - Governance and continuous improvement
  - Coordination at boundaries and public input
2. Critical Assets and Business Risks
  - Potential risks and vulnerabilities
  - Climate change
3. Land-use Planning
  - Community planning
4. Infrastructure Financial Management
  - Budgeting and financial planning
  - Capitalization thresholds

## 5. Levels of Service

- Customer expectations
- Regulatory requirements
- Organizational objectives
- Performance measurement

## 6. Implementation and Communication Procedures

- Asset management planning inputs
- Asset management planning outputs

Building on the Asset Management Policy, City Staff proceeded with the preparation of Asset Management Plans for Core Assets (Water, Wastewater, Stormwater, Roads, Bridges) and presented them at Council Committee of the Whole (Working Session) on June 2, 2021. Subsequently, City Staff have taken the next step developing Asset Management Plans for Non-Core Assets ahead of the July 1, 2024, requirement date in O. Reg. 588/17. The Asset Management Plan for Urban Forestry was presented at Council Committee of the Whole (Working Session) on September 15, 2021. The remaining Asset Management Plans for Non-Core Assets (Facilities, Parks, Active Transportation, Traffic Control & Streetlights, Fleet and Fire) have been included in this report.

### **Development of the Asset Management Plans for Non-Core Assets is in alignment with the Term of Council Strategic Priority of Good Governance under the Objective of Financial Stewardship and Sustainability**

The City retained the consulting services of AECOM Canada to complete the review and development of the Asset Management Plans for Non-Core Assets. The purpose of Asset Management Plans is to capture new infrastructure assets and any updates in the City's asset data, so as to provide the City with comprehensive Asset Management Plans. The objective is to deliver a financial and technical roadmap for the management of the City's core infrastructure assets, and to provide the means for the City to maximize value from its assets, at the lowest overall expense while, at the same time, providing enhanced service levels for its residents and promoting green initiatives.

Essential elements of an Asset Management Plan include:

1. Current State of Infrastructure
  - a. Inventory of Assets
  - b. Condition of Assets
  - c. Residual Life of Assets
2. Level of Service

3. Asset Lifecycle Costs
  - a. Operations and Maintenance
  - b. Capital Reinvestment
4. Financial Needs and Funding Forecasts

Organizations that implement good Asset Management practices will benefit from improved business and financial performance, effective investment decisions, and better risk management. Stakeholders can expect lower total asset life cycle costs, higher asset performance, and confidence in sustained future performance.

### **Previous Reports/Authority**

[The Report of the Finance, Administration and Audit Committee presented to Council on March 19, 2019 pertaining to the approval of Asset Management Policy.](#)

[The Council approved Asset Management Policy.](#)

[The Report of the Committee of the Whole \(Working Session\) presented to Council on June 2, 2021 pertaining to the approval of Asset Management Plans for Core Assets.](#)

[The Council approved Asset Management Plans for Core Assets.](#)

[The Report of the Committee of the Whole \(Working Session\) presented to Council on September 15, 2021 pertaining to the approval of the Asset Management Plan for Urban Forestry.](#)

### **Analysis and Options**

**The replacement value of the City's assets in Facilities, Parks, Urban Forestry, Active Transportation, Traffic Control & Streetlights, Fleet and Fire is significant at a collective \$1.34 billion**

<b>Asset Class</b>	<b>Replacement Valuation</b>	<b>Share of Non-Core Assets Valuation</b>
Facilities	\$509.3 M	38.0%
Parks	\$242.6 M	18.1%
Urban Forestry	\$114.8 M	8.5%
Active Transportation	\$217.5 M	16.2%
Traffic Control & Streetlights	\$184.6 M	13.8%
Fleet	\$32.8 M	2.4%
Fire	\$39.8 M	3.0%

<b>Total</b>	<b>\$1.34 B</b>	<b>100%</b>
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Fiscally sustainable asset management over the long-term is imperative considering the sizeable valuation of the City's infrastructure and the multiple decades over which the lifecycle of these assets will span.

**Over 70% of all Facilities, Parks, Urban Forestry, Active Transportation, Traffic Control & Streetlights, Fleet and Fire assets are in good or very good condition (on a replacement value weighted basis)**

Asset Class	Asset Condition			
	Very Good	Good	Fair	Poor
Facilities	58%	28%	13%	1%
Parks	38%	20%	9%	33%
Urban Forestry	56%	8%	4%	32%
Active Transportation	69%	15%	5%	11%
Traffic Control & Streetlights	43%	16%	3%	38%
Fleet	34%	6%	12%	48%
Fire	51%	13%	21%	15%

The City is in the advantageous position of having most of its infrastructure being relatively young, which is reflected in the fact that over 70% of all Facilities, Parks, Urban Forestry, Active Transportation, Traffic Control & Streetlights, Fleet and Fire assets are in good or very good condition (on a replacement value weighted basis).

However, management of asset lifecycles with suitable operational and capital activities in addition to ongoing long-term planning with appropriate funding of infrastructure reserves are paramount to ensuring asset service levels are maintained over the approaching decades on a fiscally responsible and sustainable foundation.

**The City's capital reinvestment into its Non-Core Assets is currently insufficient providing about 55% of the annual forecasted capital needs across Non-Core Assets**

The Asset Management Plans have produced 20-year forecasts of capital needs for Facilities, Parks, Urban Forestry, Active Transportation, Traffic Control & Streetlights, Fleet and Fire assets. The City's capital reinvestment into its Non-Core Assets is currently insufficient (6-year Budget Book average only provides about 55% of the annual forecasted capital needs across Non-Core Assets).

### **Financial Impact**

The Asset Management Plans will be an input into the City's Long-Range Fiscal Plan (LRFP) and future annual budget processes through facilitating and informing evidence-based decision-making in how the City's assets are operated and maintained as well as 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 City.

### **Broader Regional Impacts/Considerations**

There are no Regional impacts anticipated as a result of the report recommendations.

### **Conclusion**

Council endorsement of the Asset Management Plans for Non-Core Assets and approval to make them accessible to the public on the City's website from the Infrastructure Planning and Corporate Asset Management webpage are required to ensure compliance with O. Reg. 588/17.

The Asset Management Plans for Non-Core Assets (Facilities, Parks, Urban Forestry, Active Transportation, Traffic Control & Streetlights, Fleet and Fire) will be used to inform future operations and capital expenditure decision-making towards fiscally responsible and sustainable asset lifecycle management.

**For more information**, please contact Selma Hubjer, Director, Infrastructure Planning & Corporate Asset Management, Ext. 8674.

### **Attachment**

1. Asset Management Plans for Non-Core Assets, Infrastructure Planning & Corporate Asset Management, AECOM (consultant), 2022.

### **Prepared by**

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**Approved by**

A handwritten signature in black ink, appearing to read 'V. Musacchio'.

Vince Musacchio, DCM  
Infrastructure Development

**Reviewed by**

A handwritten signature in black ink, appearing to read 'Nick Spensieri'.

Nick Spensieri, City Manager