

REPORT

Council

Meeting Date: May 25, 2021

FROM: Asset Management Department

DATE: May 11, 2021

SUBJECT: Asset Management Plan and Policy Update

LOCATION: Town-wide

WARD: Town-wide

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RECOMMENDATION:

1. That the Asset Management Plan and Policy Update report from the Asset Management department be received.
2. That the revised Asset Management Policy as included in Appendix A be approved.
3. That the Asset Management Strategy as included in Appendix B be approved.

KEY FACTS:

The following are key points for consideration with respect to this report:

- Staff presented the first comprehensive Asset Management Plan (AMP) to Council along with the 2018 Long-term Capital Forecast in February 2018.
- An assessment of the town's asset management level of maturity compared to ISO 55000 guidelines was completed in 2017 and 5 year improvement roadmap was developed.
- Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure (O. Reg. 588/17) was enacted on January 1, 2018.
- O. Reg. 588/17 identifies numerous key deliverables in a phased approach which municipalities must meet and include in future AMPs over the 2019-2025 timeframe.
- A revised Asset Management Policy and Asset Management Strategy have been provided for approval which have been enhanced to improve the alignment with the regulation and Council's strategic plan.

- An updated State of Infrastructure report for all assets will be presented to Council in June, 2021.
- Requirements to meet the revised deadline for Phase 2 of the regulation for Core Infrastructure are well underway with plans to present to Council in the spring of 2022.

BACKGROUND:

The Town of Oakville (“town”) infrastructure systems are the backbone of our community. They support a range of municipal services that enable the quality of life experienced by residents, businesses, and other stakeholders. The Town’s Corporate Asset Management Program is designed to enable management of infrastructure assets in a way that connects Council strategies and community objectives to day-to-day infrastructure investment decisions.

The Corporate Asset Management Plan (CAMP) is a strategic document that states how the \$3.6 Billion worth of infrastructure assets under the direct ownership and control of the town are to be managed over a period of time. The plan describes the characteristics and condition of infrastructure assets, the Level of Service (LOS) expected from them, planned actions to ensure the assets are providing the expected LOS, and financing strategies to implement these actions.

The Town of Oakville has been on the Asset Management journey since 2008 when the town made a choice to further leverage the PSAB 3150 initiative to embark on developing a comprehensive Asset Management plan. In 2013, the need for asset management plans was further enhanced by the announcement from the Ministry of Infrastructure stipulating that in order to qualify for future higher level government funding Municipalities must have an asset management plan. At this time the Province published a document “*Building Together – Guide for Municipal Asset Management Plans*” that set out the minimum requirements to be include in an Asset Management Plan.

Since 2013, the town has been working to align with the standards set out by ISO 55000 and set out specific goals to further enhance the town’s Asset Management plan. Goals were established to develop a more comprehensive asset management strategy, policy and governance structure to align Council’s strategic vision and fully integrate the town’s organizational goals into our asset management principles.

As a result, staff worked with an outside consulting firm CH2M to accomplish these goals and were pleased to present the first comprehensive Asset Management Plan to Council along with the 2018 Long-term Capital Forecast in February 2018 which included the following:

- a. Asset Management Policy approved by Council in 2017
- b. Draft Asset Management Strategy

c. State of Local Infrastructure Report (SOIR) for Roads, Parks, Facilities, Transit, Fleet and Environmental Networks

In addition to the above accomplishments, CH2M also conducted an assessment of the town's asset management practices, policies and plans to determine the current level of maturity compared to ISO 55000 guidelines and then develop a work plan with short-term, medium term and long term goals. By implementing the initiatives in the asset management roadmap provided in the draft AM Strategy, the Town would improve its asset management maturity level from a level 2 "Applying" to a 3-4 "Embedding" over the 2018-2021 horizon.

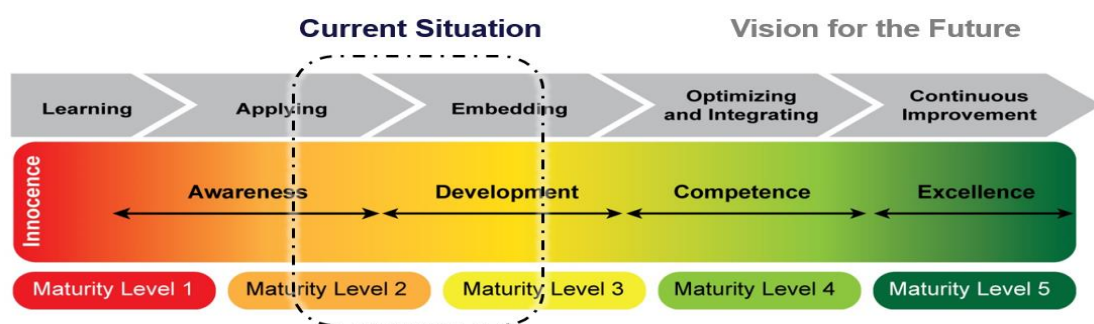


Figure 1.1: Town of Oakville Asset Management Maturity

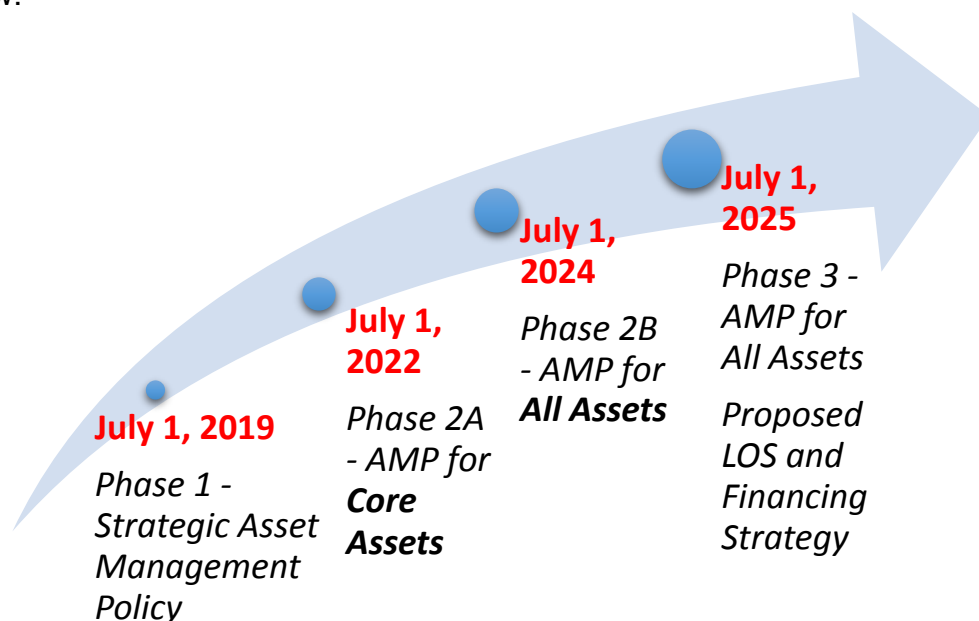
On January 1, 2018 the Province of Ontario recognized the importance of asset management planning when Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure (O. Reg. 588/17) was enacted. O. Reg. 588/17 outlines guidelines and expectations for the application of asset management principles for municipalities. Most municipal assets are intended to last for decades or beyond and as such it is imperative that the lifecycle costing, performance, risks and impacts of asset ownership are considered. O. Reg. 588/17 identifies numerous key deliverables in a phase approach that municipalities must meet and include in future AMPs over the 2019-2025 timeframe. The Province recently extended all the Regulation deadlines by one year to recognize the difficulty in preparing long-term asset management plans during the COVID pandemic.

COMMENT/OPTIONS:

The purpose of an Corporate Asset Management Plan is to provide a comprehensive document that will guide corporate decision-making in regards to the construction (new and existing), operation, maintenance, rehabilitation, replacement, capacity expansion, and disposal of the Town's assets while minimizing risk and costs to the Town and its taxpayers and maximizing service delivery. Good asset management means making decisions based on the lowest long-term cost over the entire lifecycle of the asset, rather than short-term savings, and managing assets in a way that balances service levels, risk and costs in a sustainable manner.

The Town has recently established the Corporate Asset Management Department within the Community Infrastructure Commission specifically to develop a holistic and coordinated approach to asset management that ensures levels of service are met and risks are managed in the most cost effective manner. Some of the service areas have already developed relatively mature processes with respect to asset management, however, the Town's overall corporate asset management practices remain in a development stage with a number of targeted strategies to advance the overall level of practice over the next few years.

The AM department is taking a leading role in preparing the Corporate Asset Management Plan (CAMP) and ensuring O.Reg 588/17 is met. As previously noted, the Regulation identifies a phased approach to developing municipal AMPs and has set out some key deliverables to be achieved over the coming years as outlined below:



Phase 1 – Strategic AM Policy

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.

O.Reg. 588/17 builds on the ISO 55000 standards and requires municipalities to have a Strategic Asset Management Policy that:

- identifies goals, policies or plans supported by the asset management plan,
- emphasize a continuous improvement approach to AM,

- ensuring that AM is aligned with financial plans and Provincial Land Use Plans,
- identify the persons in the Town governance structure who will be responsible for AM including the executive lead, Council, and
- identifies a commitment to provide opportunities for the residents and other parties to provide input to the AM planning

Phase 2A and 2B – AM plan for Current Level of Service

Every municipality shall prepare an asset management plan in respect of its core municipal infrastructure assets by July 1, 2022, and in respect of all of its other municipal infrastructure assets by July 1, 2024.

Core infrastructure assets are defined in the Regulation as Water, Wastewater, Stormwater, Roads, Bridges and Culverts and at minimum the AMP must include:

- the inventory of assets
- the current replacement value, average age, and physical condition of the assets
- the current levels of service being provided, current performance and technical measures to support
- lifecycle activities required to maintain current levels of service and costs
- risks associated with current lifecycle activities
- 10 year capital and operating cost required to maintain current levels of service in order to accommodate growth

Phase 3 – AM Plan with Proposed Level of Service and Financing Strategy

The intent of Phase 3 is to build on the municipal AMPs developed in Phase 2 determining “proposed” levels of service and developing a financing strategy on how to meet those levels of service. These revisions are to be endorsed by Council by July 1, 2025. Details of what is to be incorporated in Phase 3 are:

- proposed levels of service and proposed performance to be provided for the 10 year period supported by performance measures
- an explanation of why the proposed levels of service are appropriate for the municipality based on options and risk
- lifecycle management and financial strategy identifying operating and capital costs for the 10 year period including annual funding available and anticipated funding shortfall.
- estimated capital and operating cost required to achieve proposed levels of service in order to accommodate population growth.
- an overview of the risks associated with the asset management plan

Work Plan to Meet the Regulation Requirements

The Phase 1 requirement was previously met as an Asset Management Policy was prepared and approved by council in September 2017 which clearly defines the key principles and expectations for asset management. In addition, staff developed an Asset Management Strategy in conjunction with CH2M which was presented to Council in 2018. The AM Strategy expands on how the AM Policy will be delivered for the Town of Oakville and focuses on creating a line of sight between the Town's organizational objectives, asset management objectives, and day-to-day asset management activities.

Staff have recently revised the AM Policy and Strategy documents in order to more clearly identify the requirements outlined in the Regulation, in particular to climate change, and to align with Council's most recent Strategic Plan 2018-2021. Details of the revised Asset Management Policy and Asset Management Strategy can be found in Appendix A and B respectively.

Phase 2 for Core assets was initially to be completed by July 1, 2021 and staff have completed work to include an inventory of core assets, current levels of service, lifecycle activities and have identified performance measures. It should be noted that, the town has an excellent inventory of all town infrastructure and provides annual updates of the quantity, value and condition of all asset categories as part of the Annual Budget document. An updated state of infrastructure report based on 2020 information has been scheduled to be presented to Council in June to coincide with 2022 Budget Directions.

In addition, work was underway to identify the cost of lifecycle activities, risk assessment and future growth needs for Core assets, however work was delayed as a result of COVID. Staff have recently resumed these activities and plan to meet Phase 2 of the regulation for Core assets in the spring of 2022 and will incorporate the revised 10 Year Capital Forecast approved by Council this December.

CONSIDERATIONS:**(A) PUBLIC**

This report provides information to the public regarding Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure (O. Reg. 588/17) was enacted and the town's plan to meet the Regulation timelines.

(B) FINANCIAL

The revised Asset Management Policy and Strategy set out the governing principles and objectives to how the \$3.6 billion in town infrastructure will be managed. These documents help guide corporate decision-making in regards to the construction, operation, maintenance, replacement/rehabilitation,

capacity expansion, and disposal of the town's assets while minimizing risk and costs to the Town and its taxpayers and maximizing service delivery.

(C) IMPACT ON OTHER DEPARTMENTS & USERS

All departments that rely on asset performance to deliver town services have participated in Asset Management working groups to help inform the preparation and development of various aspects of the Asset Management Plan.

(D) CORPORATE STRATEGIC GOALS

This report addresses the corporate strategic goal(s) to:

- Be accountable in everything we do
- Be fiscally sustainable
- Continue to improve programs and services

(E) CLIMATE CHANGE/ACTION

O.Reg 558/17 sets out specific requirements regarding climate change where municipalities must demonstrate in their AM Policy and AM Plans a commitment to consider actions that may be required to address the vulnerabilities potentially 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,

In order to meet this requirement, both the Asset Management Policy and Asset Management Strategy documents have been revised to include climate change language and links to climate change strategies that the town has been developing. As individual asset management plans are developed for each service area, a climate risk assessment will be completed and opportunities for mitigation and/or adaptation will be identified.

APPENDICES:

- Appendix A – Asset Management Policy
- Appendix B – Asset Management Strategy

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Submitted by:

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