

REPORT

Council

Meeting Date: June 20, 2022

FROM: Asset Management Department

DATE: June 14, 2022

SUBJECT: 2022 Corporate Asset Management Plan – Part A

LOCATION:

WARD: Town-wide

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RECOMMENDATION:

1. That the 2022 Corporate Asset Management Plan – Part A report from the Asset Management department be received;
2. That the 2022 Corporate Asset Management Plan – Part A as included in Appendix A be approved.

KEY FACTS:

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

- Staff presented the first comprehensive Asset Management Plan to Council along with the 2018 Long-term Capital Forecast in February 2018.
- O. Reg. 588/17 identifies numerous key deliverables in a phased approach that municipalities must meet and include in future AMPs over the 2019-2025 timeframe.
- Asset management helps us put rigour and structure around the decision making process and the information we use to make strategic decisions.
- A revised Asset Management Policy and Asset Management Strategy was approved in May 2021 and State of Infrastructure report for all assets was presented to Council in June, 2021.
- The 2022 Corporate Asset Management Plan – Part A as attached in Appendix A, has been prepared to align with the regulation and includes information on the \$2.4 billion in Road and Stormwater Network assets owned by the town.
- The 2022 Corporate Asset Management Plan – Part A includes key information that will help guide future planning decisions such as age, condition, replacement value, life-cycle strategies, risk and current levels of

service both from a Customer level (CLOS) and a Technical level (TLOS) along with identified performance measures.

- Requirements to meet the deadline for Phase 2B of the regulation for Non-Core Infrastructure are well underway with plans to present to Council in the spring of 2024.

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 Customer Level of Service (CLOS) expected from them, planned lifecycle activities and technical measures to ensure the assets are providing the expected CLOS, and financing strategies to implement these actions.

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.

In February 2018, staff were pleased to present the first comprehensive Asset Management Plan to Council along with the 2018 Long-term Capital Forecast in which included the following:

- a. Asset Management Policy (approved by council 2017)
- b. Draft Asset Management Strategy
- c. State of Local Infrastructure Report (SOIR) for Roads, Parks, Facilities, Transit, Fleet and Environmental Networks

Since then, the Province of Ontario enacted Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure (O. Reg. 588/17) which 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

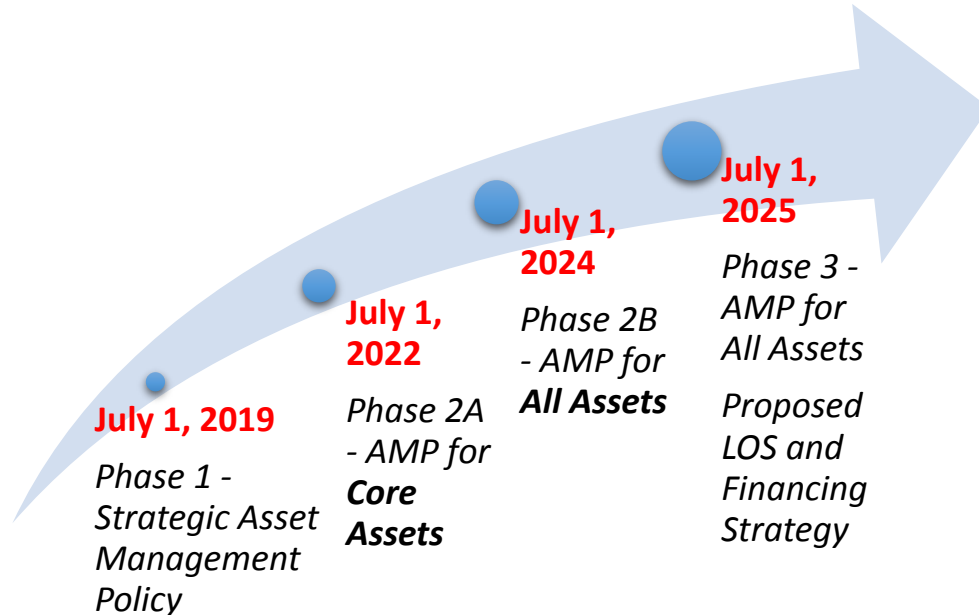
deliverables in a phase approach that municipalities must meet and include in future AMPs over the 2019-2025 timeframe.

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. Asset management helps us put rigour and structure around the decision making process and the information we use to make strategic decisions. It starts with knowing what we own, where it is, what it is worth, what condition the assets are in, and what services they provide. With this information, it allows staff to make informed decisions which lead to the intentional practice, rather than reactionary oversight of the services we provide. Without this information we are unlikely to be able to identify possible service disruptions and other risks in a timely manner.

The AM department is taking a leading role in preparing the 2022 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

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

In order to clearly align with the requirements outlined in the Regulation and to align with Council's most recent Strategic Plan 2018-2021, staff revised the AM Policy and Strategy documents which were approved by Council in May 2021. In addition, staff presented an update of the State of Infrastructure Report for all infrastructure which was presented to Council in June 2021.

Phase 2A - AM plan for Core Assets

Phase 2 of the Regulations requires that *“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.*

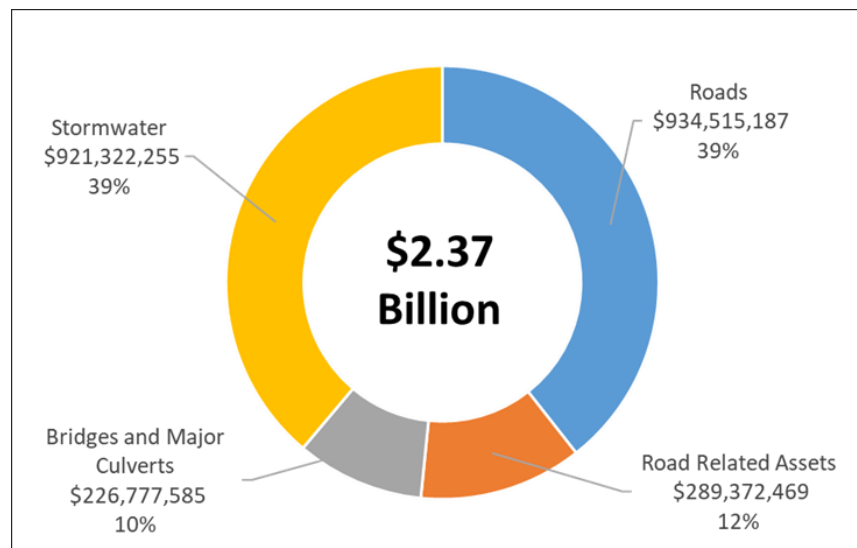
Core infrastructure assets are defined in the Regulation as Water, Wastewater, Stormwater, Roads, Bridges and Culverts and at minimum the AMP must include:

- 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

Over the past several years the Town has been developing and implementing an asset management improvement program which is aligned with the requirements of ISO55000 and includes fundamental aspects that are now required by the regulation including policy, strategy, levels of service and asset management plans. The Town has also been growing an Asset Management culture through the ongoing delivery of Asset Management Training courses and education awareness. The 2018 AMP had already included many of the key requirements such as the inventory, replacement value, age, condition, life cycle activities and 10 year capital and operating costs. Since that time, work has been completed to formalize the risk assessment and current levels of service for all assets.

In order to meet the July 1st 2022 timeline set out by the regulation for Core Assets, work to finalize the long-term asset management plans for the Transportation Network Services and the Storm water Network Services has now been completed. The 2022 Corporate Asset Management Plan (CAMP) – Part A goes beyond just core infrastructure and includes \$2.4 billion in assets that support the delivery of those services and represents 66% of the town's total asset portfolio. A summary of the infrastructure included is provided in the chart below:

Figure 0-1: Distribution of Replacement Cost by Asset Class



*Road related infrastructure includes sidewalks, streetlights, traffic signals, retaining/noise walls and guiderails.

The 2022 CAMP presented includes key information that will help guide future planning decisions such as age, condition, replacement value, life-cycle strategies, risk and current levels of service both from a Customer level (CLOS) and a Technical level (TLOS) along with identified performance measures.

As cohesive suite of LOS measures is recommended by ISO55000 to be incorporated into AMP as it can ensure alignment from the corporate vision down to day-to-day asset management decision-making, ultimately enabling customers to assess the suitability, affordability, and equity of services offered.

LOS can be framed at the following three levels:

- Corporate LOS – answers the question ‘why we’re here’ and are typically high-level statements.
- Customer LOS – answers the question ‘what does the customer get’, are typically qualitative, and are written in language that the customer understands.
- Technical LOS – answers the question ‘what we do’ and describes things about assets/activities that are measurable.

This service delivery approach involves identifying LOS and then costing how much is required to maintain the LOS. This approach can be used as the basis for assessing the benefits/costs associated and enables the justification and/or prioritization of investment, considering the capability of a system now and into the future. Over the past year, staff have been working in facilitated sessions to develop CLOS and TLOS to demonstrate the town’s current level of service and the ten-year costs associated with providing that level of service, which has been included for

both the Road Network and Storm water Network services. Full details of the 2022 CAMP – Part A has been included in Appendix A.

Next Steps

Work is currently underway on Part B of the CAMP to include Non-Core Assets which include Parks, Facilities and Fleet as they relate to the various service areas using the same format as the Roads and Stormwater Network.

Once this has been completed, work will begin on Phase 3 of the regulation to assess the current level of service across all asset categories and determine if adjustments need to be made to obtain the ideal levels of service. The intent of Phase 3 is to build on the municipal AMPs developed in Phase 2 by 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.

Asset Management plans are intended to be a living document to be used on an on-going basis to help monitor asset performance and inform key infrastructure management decisions. As such, the regulation requires that every municipality review and update its asset management policy, strategy and plans every five years.

The Asset Management department also intends to provide an updated State of Infrastructure report to Council every two years which will outline: total number and replacement value of all assets; average age and condition of the assets. This information helps the organization understand the overall age and condition of the different infrastructure and informs future capital renewal needs. The last SOIR was presented to Council in 2021, therefore the next report is scheduled in 2023.

In addition, a reporting mechanism to monitor and analyze trends related to the customer and technical levels of service measures identified in this CAMP will be developed to be able to provide regular reports on current asset performance against service level targets.

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) and information on the town’s Corporate Asset Management plans for Road and Stormwater Network services in relation to the regulation guidelines.

(B) FINANCIAL

The 2022 Corporate Asset Management Plan – Part A sets out the governing principles and objectives to how the \$2.4 billion in Road and Stormwater Network infrastructure are being managed based on existing life cycle practices, current levels of service and existing funding levels. These documents help guide corporate decision-making in regards to the construction, 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.

(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 Corporate Asset Management Plan – Part A.

(D) CORPORATE STRATEGIC GOALS

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

- Accountable Government - Creating a comprehensive corporate asset management plan helps to guide decision-making in regards to the construction, maintenance, rehabilitation, replacement, capacity expansion, and disposal of assets while minimizing risk and costs to the Town and its taxpayers and optimizing service delivery.
- Livability – Effective management of the town's infrastructure leads to effective and predictable delivery of services and minimizes disruption.

(E) CLIMATE CHANGE/ACTION

O.Reg 588/17 legislation includes climate change requirements that must be considered as part of the Asset Management Policy and planning. The town's Asset Management Policy, Strategy and Corporate Asset Management Plan all outline the town's commitment to consider the actions that may be required to address the vulnerabilities that may be caused by climate change to the municipality's infrastructure assets.

APPENDICES:

Appendix A – Corporate Asset Management Plan – Part A

Prepared by:

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Submitted by:

Phoebe Fu, Commissioner of Community Infrastructure