



Staff Report

Finance – Budgets & Accounting

Report To: COW-Finance, Admin, Fire, Legal, Community Services
Meeting Date: January 9, 2023
Report Number: FAF.23.004
Title: Asset Management Update
Prepared by: Sam Dinsmore, Deputy Treasurer/Manager of Accounting and Budgets

A. Recommendations

THAT Council receive Staff Report FAF.23.004, entitled “Asset Management Update” for information purposes.

B. Overview

This report gives an overview of the Town’s asset management plan and its effects on the 2023 Budget as well as a summary of the Infrastructure for Jobs and Prosperity Act, 2015 (the Act) and more specifically the Asset Management Planning for Municipal Infrastructure Ontario Regulation 588/17 (O.Reg. 588/17).

C. Background

In 2017, the provincial government passed the Act and O.Reg. 588/17, which made asset management planning a legislated requirement for Ontario municipalities. O.Reg. 588/17, has a phased in requirement for municipalities to follow, however the Town has taken on a more proactive approach and will complete the requirements before regulated deadlines:

- 1) July 1, 2019, Asset Management Policy –this policy was approved by Council in 2019;
- 2) July 1, 2021, Asset Management Plan for Core (linear) Assets;
- 3) July 1, 2021, Asset Management Plan for all Assets; and
- 4) July 1, 2023, Asset Management Plan for all Assets with Proposed Levels of Service – other levels of service are outlined in this asset management plan.

The Town took a stepped approach to writing the asset management plans for both core and non-core assets and brought individual plans to Council through 2019 to 2021. In December 2021 Council approved a comprehensive asset management plan for all Town owned assets (Attached #1).

D. Analysis

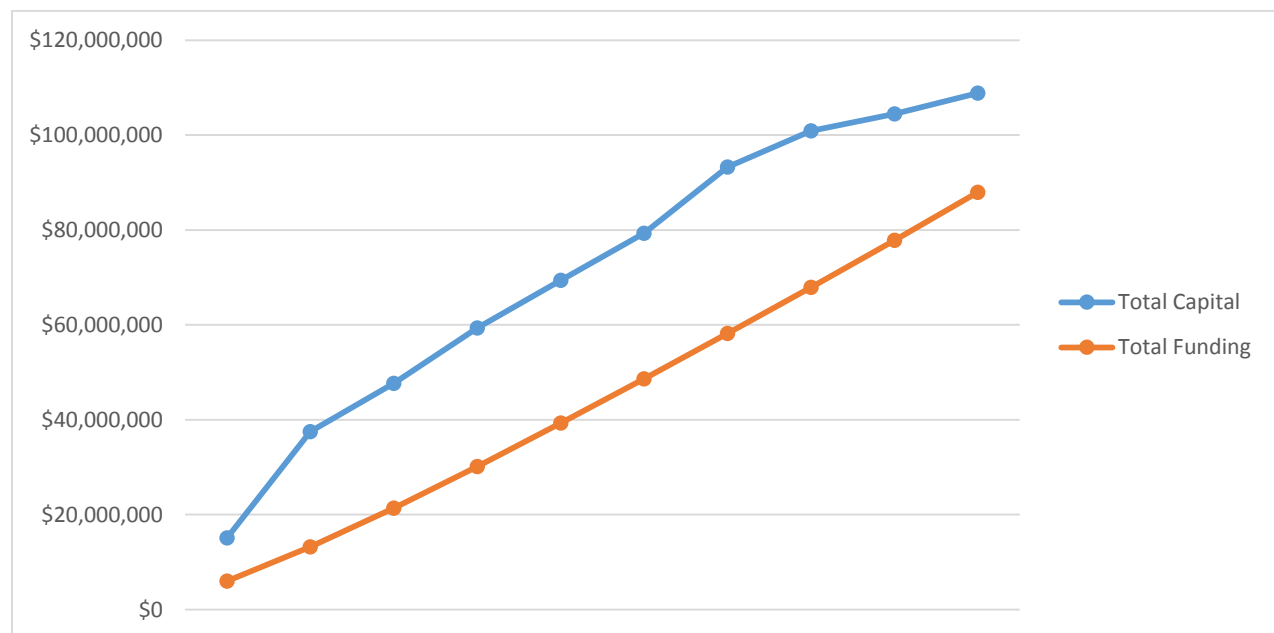
A few highlights from the Town’s comprehensive Asset Management Plan:

- Town owns/operates \$637M in assets (2020 replacement cost)
- 50%+ of the Town's assets are the road network
- 33% of assets are considered to be in Good condition, 38% in Fair, 21% in Poor and 8% in Very Poor
- Very Poor assets have a \$50M 2020 replacement cost
- Priority to avoid use of long-term debt

Funding for replacement/rehabilitation capital projects comes from three core sources:

- Canada Community Building Fund (formerly Federal Gas Tax) – roughly \$235,000 annual
- Ontario Community Infrastructure Fund (OCIF) – received \$1.8M in 2022
- Town Asset Management Reserve Funds - \$5,226,146 transferred into in 2022
 - \$2,589,500 from taxation
 - \$1,551,340 from water user-fees
 - \$1,085,306 from wastewater user-fees

Using the Town's asset management plan, current capital budgets, and available funding staff have created a 10-year Infrastructure Funding Gap analysis. Staff have taken the projects awarded in 2022; Birch View Trail Servicing, Drake's Path Servicing, Thornbury West Phase 1A, and Bridge 2 and 3 replacement and have included an inflationary factor on the benchmark costs used in the 2021 Asset Management Plan.



The Town's current asset management plan was built using 2020 replacement costs, since then the Town has seen a significant increase to construction costs. For the purposes of indexing Development Charges, the Town uses the Non-Residential Building Construction Price index, for 2021 the percentage was 11.6% and 2022 at 15.6%. Staff have included a 15.6% increase to all asset management reserve fund transfers in the 2023 budget.

E. Strategic Priorities

2. Organizational Excellence

We will continually seek out ways to improve the internal organization of Town Staff and the management of Town assets.

3. Community

We will protect and enhance the community feel and the character of the Town, while ensuring the responsible use of resources and restoration of nature.

F. Environmental Impacts

N/A

G. Financial Impacts

Keeping assets in good, safe, usable state is vital to the delivery of Town services to the visitors, business, and residents. With \$637M in assets it is important that the Town have a good robust plan built using current reliable data. The Town is in good standing with the asset management plan; however, it is important that the plans be followed.

Through the 2023 Proposed budget staff have included a 15.6% increase to all annual transfers going into asset management reserve funds. Staff strongly recommend that these transfers remain in the final budget to keep the level of services, established by the Town, that the community has become accustomed to. Failing to keep up with the required transfers will lead to more dependance on long-term debt and therefore more interest expense.

H. In Consultation With

Vicky Bouwman, Asset Management Specialist

I. Public Engagement

The topic of this Staff Report has not been the subject of a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. However, any comments regarding this report should be submitted to Sam Dinsmore, Deputy Treasurer/Manager of Accounting and Budgets, sdinsmore@thebluemountains.ca.

J. Attached

1. Asset Management Plan - 2021

Respectfully submitted,

Sam Dinsmore
Deputy Treasurer/Manager of Accounting & Budgets

Ruth Prince
Director Finance & Information Technology Services

For more information, please contact:
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Report Approval Details

Document Title:	FAF.23.004 Asset Management Update.docx
Attachments:	
Final Approval Date:	Dec 15, 2022

This report and all of its attachments were approved and signed as outlined below:

Sam Dinsmore - Dec 15, 2022 - 2:18 PM

Ruth Prince - Dec 15, 2022 - 2:18 PM