

The Regional Municipality of York

Committee of the Whole
Environmental Services
June 10, 2021

Joint Report of the Commissioner of Environmental Services
and
Acting Commissioner of Transportation Services

Revised Provincial Timelines for Corporate Asset Management Plans

1. Recommendation

The Regional Clerk circulate this report to the Clerks of the local municipalities.

2. Summary

This report describes the amended provincial timelines for Corporate Asset Management Plans under O. Reg 588/17 and provides an overview of current program progress across the Region's 13 infrastructure service areas.

Key Points:

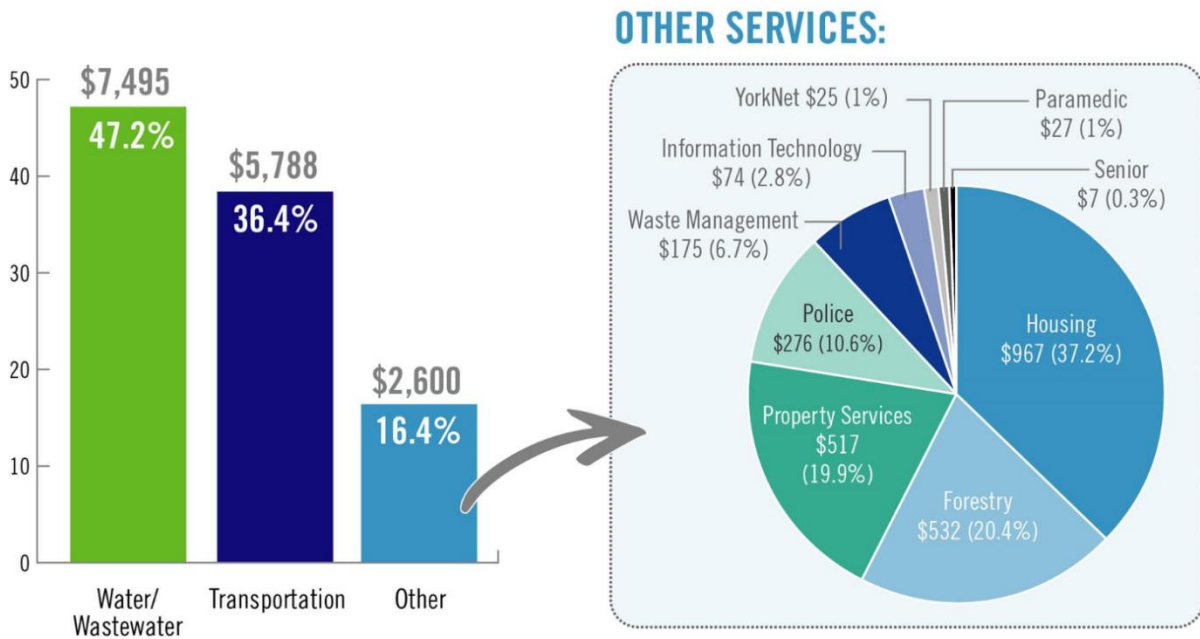
- Infrastructure asset management planning at the Region complies with the Asset Management Planning for Municipal Infrastructure Regulation O.Reg 588/17
- The Region's first Corporate Asset Management Plan for core assets (water, wastewater and road service assets) was brought to Council in May 2018
- Updates to the Corporate Asset Management Plan were committed every four years, with the next planned update to occur in 2022
- As a result of the COVID-19 pandemic, Provincial regulatory requirements have been extended by one year, with the next regulatory due date for asset management plans for all non-core assets moved to July 1, 2024
- The Region has a revised work plan for updating the Corporate Asset Management Plan to align with new regulatory requirements and deadlines
- The next Corporate Asset Management Plan update to Council, to address regulatory requirements, will occur in 2024

3. Background

York Region owns and operates assets with a replacement value of nearly \$15.9 billion as of the end of 2019

Assets are essential to provide services and contribute to the high quality of life enjoyed by residents of York Region, and are the basis for services to be delivered in a safe, reliable, and efficient manner, while sustaining a growing community. As of December 31, 2019, the Region owns and operates nearly \$15.9 billion in tangible assets. The distribution of assets throughout the Region is illustrated in Figure 1.

Figure 1
Replacement Value of Existing Assets nearly \$15.9 Billion



*Note: Transportation includes road and transit services

Asset Management Planning is governed by Municipal Infrastructure Regulation O.Reg 588/17, which came into effect in January 2018

In 2018, the Asset Management Planning for Municipal Infrastructure regulation (O.Reg. 588/17) was approved under the *Infrastructure for Jobs and Prosperity Act, 2015*. This regulation requires municipalities to implement best practices for asset management planning. It drives consistency and standardization for full lifecycle asset management plans to ensure the best possible investment decisions for municipal infrastructure assets. Good

asset management planning allows municipalities to stretch capital dollars by helping make well-informed, evidence-based decisions. Key components of the requirements include:

- Strategic Asset Management Policy – to set out roles and responsibilities to improve asset management planning over time
- Asset Management Plans – for core and non-core assets. Core assets are namely those within the water, wastewater and road service areas whereas non-core assets include community and health service assets, York Regional Police assets, buildings and facilities, fleet and other equipment assets. Plans include an asset inventory, full lifecycle costs, current and proposed levels of service and metrics to evaluate reliability to address community needs
- Lifecycle management and financial strategy – identification of lifecycle activities to be undertaken for each asset category over a 10-year period to achieve proposed levels of service

An Asset Management Plan framework is well established at the Region and work is well underway

In 2018, the Corporate Asset Management Policy and Plan were updated and approved by Council to provide a framework to ensure long-term asset sustainability and fiscal stewardship aligned with current legislation. At that time Council approved a commitment to report back every four years with the next report expected in 2022.

4. Analysis

Due to the pandemic the province revised timelines to give municipalities an additional year to complete asset management plans

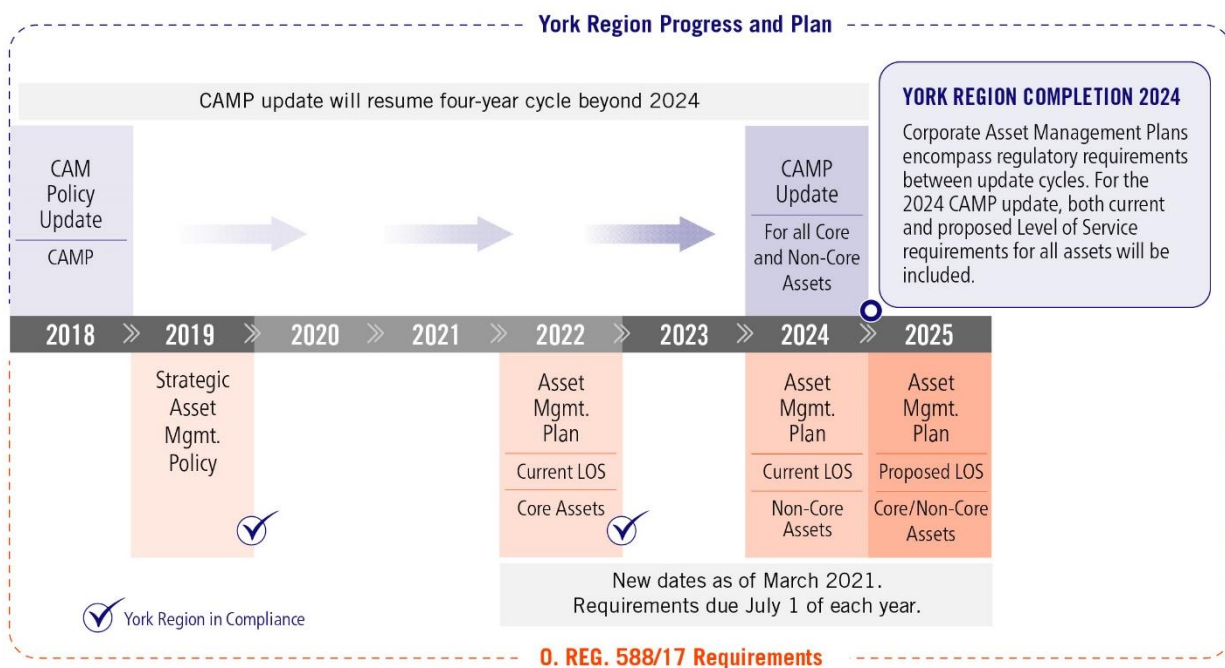
The province recognized that the COVID-19 pandemic has placed unprecedented operational pressure on municipalities, which made it difficult to meet upcoming requirements under the regulation. In March 2021, the province extended deadlines for municipalities to complete asset management plans by one year.

The Corporate Asset Management Plan provides a holistic summary of the Region's asset management portfolio while adhering to Provincial regulations. While updates to the plan typically occur every four years, they encompass regulatory requirements between updates and ahead of regulatory deliverables as illustrated in Figure 2.

- The Region has completed a Corporate Asset Management Policy, Strategic Plan and met the current level of service requirement for core assets in the 2018 Corporate Asset Management Plan

- The 2024 Corporate Asset Management Plan update will include both current and proposed level of service requirements for all core and non-core assets as per O.Reg 588/17, achieving compliance ahead of regulatory timelines.

Figure 2
Updated Ontario Asset Management Regulation 588/17 Deliverable Dates



Work is well underway to meet regulatory requirements in all service areas

Infrastructure assets provide and enable services to the community. Understanding the optimal level of service to be provided and associated costs are essential. Strong data management in all areas of asset lifecycle activities and costs from planning/design, operations, maintenance, capital delivery to decommissioning and disposal are required. An awareness and understanding of residential and business needs and the level of service affordability within the community must also be considered within the evaluation as outlined in O.Reg 588/17.

The Corporate Asset Management Team has set up an Asset Management Framework to streamline asset management activities across the Region’s 13 infrastructure service areas. The framework incorporates leading industry asset management knowledge and provides templates for service areas to follow in advancing their asset management programming.

Key areas of the framework include:

1. Standardized State of Infrastructure Report for annual updates related to condition, capacity, and reliability
2. Risk Assessment System for understanding asset condition risks across the portfolio
3. Level of Service Framework to adhere to regulatory requirements
4. Climate Change Workbook to incorporate climate change impacts into infrastructure decision making
5. 100-year lifecycle costs, to understand long-term costs of each service area portfolio, and to act as a mechanism for reserve fund planning for the Region's asset portfolio as a whole

Work is underway by the various service areas to meet the updated regulation timelines, as illustrated in Attachment 1.

Quality asset data is foundational to good asset management planning

Good asset management practices require data to help make informed decisions. A continuous data management approach ensures asset information is current, which gives the Region the ability to make agile investment decisions. On an annual basis, service areas update the State of Infrastructure Report, using best available data to improve collective efforts towards good asset data management and evidence-based decision making. Attachment 2 is a compilation of the 2019 report, with the 2020 report anticipated mid-year 2021. This annual State of Infrastructure reporting will continue while staff advance work on the full Corporate Asset Management Plan

Although it is standard practice with the core asset service areas, this data gathering activity is relatively new to the non-core assets service areas. A Data Management and Systems Integration Specialist position was approved in the 2021 budget to continue to improve the data management system and data quality across the corporation. By improving the data quality and consistency in data collection, improved decision-making and financial planning can take place. This will assist in meeting the new requirements across all infrastructure service areas. Given the new reporting timelines, the revised Corporate Asset Management Plan will be reported to Council in Q1 2024

During these unprecedented times, service areas including support areas such as procurement, have been focused on operational needs to address the pandemic. With the stretch on staff resources, the new timelines are a welcomed measure to enable staff to adjust work plans. With these new timelines, the Region will be well positioned to report back to Council in 2024 and meet the revised timelines set by the province.

Asset management strongly supports all four Corporate Strategic Plan pillars

Managing the Region's assets for current and future generations is outlined in the Corporate Strategic Plan. Asset management supports good governance through financial sustainability and ensures assets are kept in good state of repair to ensure healthy communities by protecting the environment and ensuring essential services are maintained. It contemplates future risks from climate change on our assets to ensure all pillars are met throughout the asset lifecycle. Annual tracking, monitoring, and reporting of asset condition by department and annual assessment of reserves for asset management are undertaken as part of the annual performance metric reporting on the percentage of Regional assets with a condition rating of fair or better condition.

In 2020, the overall percentage of core assets in fair or better condition was reported at 86% with road service assets accounting for approximately 10.5% of assets in poor and very poor condition. Water and wastewater service assets in similar poor condition accounted for 3.5% of the total asset base. All assets identified in the poor and very poor categories have planned rehabilitation and replacement activities in place.

5. Financial

Asset management includes a full lifecycle cost lens in financial planning. Good asset management planning allows municipalities to stretch capital dollars with well-informed data driven decisions. Continued implementation of the asset management practices effectively balances the need to build new infrastructure with maintenance and rehabilitation of existing infrastructure in a fiscally responsible manner.

To continue to maintain the Region's growing asset portfolio, based on population growth and service levels drivers, the Region's [2021 Fiscal Strategy](#) ties together the need for financial sustainability across capital management, debt management and reserve fund management.

Maintaining adequate reserves ensure important rehabilitation and replacement to avoid costly emergency repairs and service disruptions

Ensuring existing asset management needs are met over the lifecycle reduces the risk of costly emergency repairs for asset failure and service disruptions. As the asset portfolio ages over time, the focus shifts from growth-related needs to spending on operations and maintenance, and periodic capital investment in renewal. Financial planning is greatly impacted as growth investments generally rely on charges from new development while renewal must generally be funded by tax levy and user rates. Asset reserves can only be maintained at an adequate level after full cost recovery rates are in place. This activity is part of the 100-Year Asset Management Lifecycle reserve plan and ensures current users pay for

the full cost of the service. Maintaining existing asset management needs over the lifecycle will reduce the need for higher rates to catch up to future funding needs.

For example, the [2021 Water and Wastewater User Rates](#) report to Council indicated a need to increase rates from \$3.07 per cubic meter to \$3.16 per cubic meter to address the cost of water and wastewater services over the lifecycle of the asset. The increase was based on a model that forecasts annual consumption and costs while reflecting the principle of fairness to users over time (intergenerational equity).

6. Local Impact

Local municipalities are subject to the same regulation, with similar challenges on asset data management, use of best management practices and estimation of current and proposed service level lifecycle evaluations. Recent interest to form an intra-municipal working group across all nine municipalities was expressed and is expected to be more formalized over the coming year.

7. Conclusion

In recognition of the impact of the pandemic on municipalities, the province has extended the timelines for Asset Management Planning for Municipal Infrastructure Regulation (O. Reg 588/17). The timeline extension to 2024 enables the Region to adjust its work plan to accommodate the limitations on staff resources and procurement.

The Region is in good shape to meet the regulatory timelines, with focused efforts on service levels in both core and non-core areas. As data is key to evidence-based decision making, a culture of tracking, monitoring, and reporting asset management continues to be a key goal of the Corporate Asset Management Plan.

For more information on this report, please contact Wendy Kemp, Director, Infrastructure Asset Management at 1-877-464-9675 ext. 75141 and Brian Titherington, Director, Transportation and Infrastructure at 1-877-464-9675 ext. 75901. Accessible formats or communication supports are available upon request.

Recommended by:



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Approved for Submission:



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Chief Administrative Officer

May 21, 2021
Attachments (2)
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