



The Corporation of the Municipality of Arran-Elderslie

Staff Report

Council Meeting Date: June 27, 2022

Subject: SRFIN.22.21 Asset Management Annual Status Update

Report from: Tracey Neifer, Treasurer

Appendices: A – Overview of O. Reg. 588/17
B – Next Steps for Asset Management
C – FCM Asset Management Readiness Scale
D – MFOA Asset Management Roadmap

Recommendation

Be It Resolved that Council hereby,

1. Supports the strategy and recommendations contained in Report SRFIN.22.21 Asset Management Annual Status Update.

Report Summary

The purpose of this report is to provide compliance with Section 9 of O. Reg 588/17, the annual review by Council. The regulation states that the annual review must address:

- (a) the municipality's progress in implementing its asset management plan.
- (b) any factors impeding the municipality's ability to implement its asset management plan; and
- (c) a strategy to address the factors described in clause (b).

Other Reports for reference:

- SRFIN.21.26 Annual Update on Asset Management (June 28, 2021)
- Asset Management Plan (December 13, 2021)

Over the past year the management team has continued to enhance their skills by participating in the sessions offered through the MFOA Asset Management Roadmap, as well as the training that was part of the Asset Management Plan Project.

The year was wrapped up with the presentation of the 2020 Asset Management Plan, thus meeting the O. Reg requirements for July 1, 2022 for core municipal infrastructure assets.

Background

Ontario Regulation 588/17 made under the Infrastructure for Jobs and Prosperity Act, 2015, came into force on January 1, 2018, to establish requirements for Asset Management Planning for Municipal Infrastructure. A summary of the key sections of the regulation have been provided in **Appendix A**. An amendment to the regulation came into effect on March 15, 2021, Ontario Regulation 193/21. The amendment provided a deferral of the requirement for an asset management plan (AMP):

- for core municipal infrastructure assets from July 1, 2021, to July 1, 2022
- for all other municipal infrastructure assets from July 1, 2023, to July 1, 2024

Analysis

The municipality has met the requirements of the Ontario Regulation by having the Plan and Policy in place:

- ✓ Asset Management Plan 2016
- ✓ By-law 41-2019 – Strategic Asset Management Policy
- ✓ Asset Management Plan 2020, Core Municipal Infrastructure Assets

(A) Progress in implementing the Asset Management Plan

In July 2020, the municipality engaged the services of PSDCitywide to develop an O. Reg 588/17 compliant asset management plan. The project included:

- ✓ Asset management program assessment, state of maturity report and data gap analysis.
- ✓ Condition assessment protocols and data collection protocols
- ✓ Citywide systems training/updates
- ✓ Data work, consolidation of reports and studies
- ✓ Risk frameworks and development
- ✓ Lifecycle framework and development
- ✓ Service level framework and development
- ✓ Comprehensive asset management plan with program development incorporated (O.Reg. compliant for 2021/2022), including a 20-year financial strategy.

✓ Citywide GIS Viewer (link to existing GIS Data) and GIS Data Health Check Report

Staff participated in two training sessions last year, Lifecycle Strategies Workshop and Asset Management Strategies, Risk Framework Development Workshop. Additional training sessions have been planned for this month, including software training for Citywide Asset Manager, data entry and report creations, to facilitate the development of a long-term capital budget for presentation to Council in December.

The updated Asset Management Plan 2020 was presented to Council on December 13, 2021, which was inclusive of municipal capital assets as of December 31, 2020. PSD will be providing the municipality with an AODA compliant AMP that will be posted on the website once received.

The asset management data base requires continued review and refinement to ensure accurate data across departmental areas, that supports decision making. The AMP Project included the development of a report, Infrastructure Inventory Analysis and Recommendations. Further time and analysis is required to refine the inventory and implement the recommendations of this report.

The Asset Management Readiness Scale, developed by FCM, is maintained, and updated by staff, as it is a requirement for grant applications with FCM. The key areas previously addressed and the municipality's expected status, include:

- 1) Policy and Governance – Level 2 (2021 – Level 2)
- 2) People and Leadership – Level 2 (2021 – Level 2)
- 3) Data and Information – Level 3 (2021 – Level 3)
- 4) Planning and Decision-Making – Level 3 (2021 – Level 3)
- 5) Contribution to Asset Management Practice – Level 3 (2021 – Level 2)

The details behind the Readiness Scale have been included in **Appendix C**, which outlines the requirements and the status of the municipality within each outcome area. Each area contains multiple levels that work together to define the readiness level, as noted above. While the status progression from 2020 to 2021 appears minimal, the knowledge gained by staff during the AMP Project, and the ongoing work with asset management and long-term planning has increased and will support the capital budgeting process for 2023. Next steps should include a review and identification of actions required to increase the readiness level of the Municipality.

(B) Impeding Factors

The 2021 report had identified delays in the municipality's readiness scale being attributed to vacancies and changes in upper management. Throughout the year the management team has been developing a departmental work plan, and the Municipality has now adopted a Strategic Plan. Both items will assist in the development of an asset management strategy and supporting policies. The management team has been working collaboratively throughout the AMP Project and has been participating in the training sessions offered through the MFOA Asset Management Roadmap. The course outline has been included in **Appendix D**.

There is an extensive amount of work required to maintain the asset inventory, ensure data quality and consistency, facilitate comparability between existing systems of Asset Management and GIS, development of a strategy to improve the Municipality's position on the Readiness Scale, ensuring compliance with the O.Reg and planning for the Asset Management Plan update for 2024 and 2025. The requirements for 2025 include stakeholder and community engagement for targeted levels of service.

Many municipalities support the role of Asset Management through a full-time staff position or financial analyst role. This is an area that should be reviewed in the upcoming budget cycle.

(C) Strategy

The current strategy has been to continue with the education and training of the management team, which will continue throughout 2022 and future years. The management team serves as the membership for the Steering Committee of Asset Management. The following recommendations were identified in previous reports:

Recommendation 2020-01: that the management team review the Action Plan and assign tasks for completion; and that a follow up meeting be arranged with Hemson as there are 10 hours available to the municipality under the Amp It Up Program.

- Hemson provided additional training to the Management Team on May 27th, 2021 – Asset Management 101, which included:
 - o Asset Management Planning Legislation in Ontario
 - o Levels of Service
 - o Proposed Levels of Service
 - o Performance Measures
- Additional discussions have been planned to assist with planning for the regulations for non-core assets.
- **Action Item:** Review and Update of the Action Plan; to be reviewed in conjunction with the reports and outcomes from the AMP Project.
- **Status Update 2022:** No activity has taken place at this time

Recommendation 2020-02: that the management team review the competencies of the Asset Management Readiness Scale and develop a framework for moving forward to the next level.

- **Action Item:** To review and update annually
- **Status Update 2022:** A slight improvement has been noted

Recommendation 2020-03: that the management team reviews the current software, identifies the future needs and how best to move forward. This should include training for everyone on the respective software so that informed decisions can be made.

- **Action Item:** Training has been planned for the management team for Citywide Asset Management, Capital Planning and Analysis, and GIS.
- **Status Update for 2022:** Staff training was completed through the AMP Project and additional training has been planned for this month.

Based on the work completed during 2021 and 2022, the following recommendations have been noted:

Recommendation 2022-01: that the management team reviews the Next Steps for Asset Management, as provided with the AMP 2020 presented in December 2021 and included in **Appendix B** of this report.

Recommendation 2022-02: that the management team reviews the results of the Report, Infrastructure Inventory Analysis and Recommendations for the Municipality of Arran-Elderslie, April 28th, 2021. The report has been circulated to staff.

Each of these recommendations needs to be carried forward to the Departmental Work Plan.

Link to Strategic/Master Plan

6.1 Protecting Infrastructure, Recreation and Natural Assets

6.4 Leading Financial Management

Financial Impacts/Source of Funding/Link to Procurement Policy

The purpose of this report is to provide a status update on Asset Management, and as such there are no financial implications as a result of this report.

Approved by: Sylvia Kirkwood, Chief Administrative Officer