



## Regular Council Meeting

<b>To:</b>	Mayor and Council
<b>Date:</b>	June 20, 2022
<b>From:</b>	Kimberley Pope, Finance Department
<b>Report Number:</b>	Finance 2022-10
<b>Subject:</b>	Asset Management Planning Update

### Recommendations:

1. That Council receives for information the Asset Management Plan for the Township of Cavan Monaghan; and
2. That Council approves the posting of the Asset Management Plan update to the Township of Cavan Monaghan's website.

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### Overview:

As presented by Imad Alvi, Asset Management Consultant with Public Sector Digest Inc., attached is the updated Asset Management Plan (AMP) for the Township of Cavan Monaghan. This update contains the July 1, 2022 (Phase 2) legislative requirements as they relate to the Asset Management Plan, per O. Reg. 588/17: Asset Management Planning for Municipal Infrastructure, Infrastructure for Jobs and Prosperity Act, 2015, S.O. 2015, c.15.

The AMP identifies a \$3.2 million Capital Infrastructure deficit for both core and non-core assets which is comprised of;

- \$2,011,000 Tax Rate – funded
- \$10,000 Water Rate – funded (W&WW User Fees & Charges)
- \$1,199,000 Sanitary Rate – funded (W&WW User Fees & Charges)

The \$2,011,000 Tax Rate funded deficit includes the required core assets as required by July 1, 2022 (\$1,171,000) and additional non-core assets not yet required under the AMP until July 1, 2024 (\$840,000). Public Sector Digest recommends an increased annual investment of 1.9% (approx. \$193,800) to replenish the \$2M Capital deficit (Tax rate funded) within a 10 year plan to be discussed during the annual budget process.

The Water & Sanitary deficits will be discussed during the five year review of the W&WW User Fees & Charges By-law.

The AMP emphasizes the need to continue to invest in municipal infrastructure while managing risks and replacement with fiscal responsibility.

The Ministry of Infrastructure confirmed on March 18, 2021 to extend Asset Management Plan (AMP) timelines for municipalities by one year for the plan criteria deadlines due to the pandemic.

- **July 1, 2022** (Phase 2): Asset Management Plan for core assets (roads, bridges and culverts, water, wastewater and stormwater management systems) that identifies current levels of service and the cost of maintaining those levels of service.
- **July 1, 2024** (Phase 3): Asset Management Plan for all municipal assets that identifies current levels of service and the cost of maintaining those levels of service.
- **July 1, 2025** (Phase 4): Asset Management Plan for all municipal assets that builds upon the requirements set out in 2024. This includes service levels and their appropriateness; a lifecycle management and financial strategy; funding sources and needs; and other assumptions.

As per the Ontario Building Together Guide for Municipal Asset Management Plans the province stated “that any municipality seeking provincial infrastructure funding must demonstrate how its proposed project fits within a detailed asset management plan.” Therefore, the Asset Management Plan for the Township of Cavan Monaghan has become an integral part of capital management, grant applications, budget considerations and annual review of the long term capital planning process.

### **History of the Asset Management Plan:**

In 2009, accounting for Tangible Capital Assets (TCA) became mandatory for all Canadian municipalities (Public Sector Accounting Handbook Section PS 3150) and all municipalities moved to full accrual accounting for Tangible Capital Assets to meet the ongoing legislated requirements and complete additional FIR Asset schedules (51A-C)

In 2013, Cavan Monaghan completed the Asset Management Plan for core infrastructure, as per Finance Report 2014-06, which was submitted to OMAFRA and posted on the Township of Cavan Monaghan’s website.

In 2014, Council approved the purchase of CityWide software for Asset Management to provide a database to maintain the AMP data and meet upcoming legislative requirements.

In 2015, the O. Reg. 588/17: Asset Management Planning for Municipal Infrastructure under the Infrastructure for Jobs and Prosperity Act, 2015 (O. Reg. 588/17) was passed.

In December 2017, O. Reg. 588/17 was released which regulates Asset Management planning for municipal infrastructure.

In 2018, Ontario municipalities were required to adhere to O. Reg. 588/17: Asset Management Planning for Municipal Infrastructure, under the Infrastructure for Jobs and Prosperity Act, 2015, S.O. 2015, c.15. Under the law, every municipality is required to prepare a comprehensive strategic asset management policy, a plan to maintain core municipal infrastructure, a levels of service proposal, and a publicly accessible asset management plan with key deadlines in 2019, 2021, 2023 and 2024.

2015-2019 Finance & Public Works staff worked with Public Sector Digest (PSD) to import core assets (roads, bridges and culverts, water, wastewater and stormwater management systems) into CityWide software to provide both financial and non-financial legislated requirements as per the AMP.

In 2019 Cavan Monaghan completed the Strategic Asset Management Policy, as per Finance Report 2019-12, and the AMP was posted online prior to the deadline of July 1, 2019 (Phase 1). A Strategic Asset Management Policy that promotes best practices and links asset management planning with budgeting, operations, maintenance and other municipal planning activities must be approved by Council and reviewed once every five years thereafter.

2019-2020 the Director of Finance worked with PSD to complete the financial import to include all municipal assets in excess of the core assets. In August 2020 the validation and balancing of all municipal assets against the 2018 FIR were completed. The 2019 Audit was the first year to incorporate the TCA information from City Wide (without the use of Keystone and/or external spreadsheets) and utilize the FIR Reporting from City Wide for the 2019 FIR details/components.

In 2020, the Director of Finance, Director of Public Works and the Project Engineer-Operations Supervisor are part of the AMO Asset Management Technical Assistance Project and are working together through the remote coaching sessions and assignments, which concluded in 2021.

In 2021-2022 the Asset Management Team, comprised of Director of Finance, Finance Clerk, Public Works Director, Public Works Engineer and the Water Wastewater Technician continued to update and expand on the municipal asset database to incorporate the TCA information from CityWide into the updated Asset Management Plan.

The Asset Management Plan serves as a strategic, tactical and financial document it ensures sound asset management practices and principles, while optimizing available resources and establishing desired levels of services.

- The strategic components (life cycle, desired level of service, operation and maintenance activities) and tactical components (prioritization of renewal, rehabilitation and maintenance based on risk/condition vs performance measures) are managed as part of ongoing departmental operations. The Public Works department, who manages core municipal assets (roads, bridges and culverts, water, wastewater and stormwater management systems), have been uploading these strategic and tactical components into CityWide software in preparation of the July 1, 2022 (Phase 2) AMP deadline.
- In future years, other departments (primarily Fire, Parks & Facilities and Building departments) who manage municipal assets will provide their strategic and tactical components in support the AMP requirements. The new Finance/IT Implementation contract position (approved in the 2021 budget through Modernization funding) will assist with CityWide/Diamond implementation and the uploading of TCA components into CityWide as preparation of the July 1, 2024 (Phase 3) AMP deadline.
- The financial components related to all municipal assets continue to be managed by the Director of Finance and are updated annually within the CityWide software, as the basis for annual Audit, Financial Statements and FIR reporting.

### **Asset Reserve Summary:**

An Asset Replacement Reserve (ARR) was originally set up in 2010 with the first transfer of \$285,000 to support investing in the replacement of Capital Infrastructure in the future. Annually, the municipality has increased the percentage of investment from 24% to a 94% investment (of the previous year's amortization) as identified in annual Capital Budget. The Asset Replacement Reserve was valued at \$ \$8,096,252 at the end of 2021.

The transfer of funds in the ARR are utilized to cover the replacement of Capital Infrastructure, which are withdrawn based on the value of investment towards that Asset. The withdrawals are identified on the annual Capital Budget and the withdraws can be viewed under the "Transfers Asset Replacement Reserve" column in the annual Capital Budgets.

### **Financial Impact:**

There is no additional cost associated with this report.

**Attachment:**

- Asset Management Plan for the Township of Cavan Monaghan (TCA's as of December 31, 2021)

Respectfully Submitted by,

Reviewed by,

Kimberley Pope  
Director of Finance/Treasurer

Yvette Hurley  
Chief Administrative Officer