



Subject: 2024 Asset Management Plan

Report Number: FIN 24-033

Department: Finance Department

Submitted by: Renato Pullia, Interim Director of Finance/Treasurer

Meeting Type: Council Meeting

Meeting Date: Monday, June 24, 2024

RECOMMENDATION

- A. THAT report FIN 24-033 titled “2024 Asset Management Plan” be received as information; and
- B. THAT a By-Law to repeal and replace the Strategic Asset Management Policy 11-004, as attached to report FIN 24-033, be presented to Council for consideration; and
- C. THAT the Town of Tillsonburg’s 2024 Asset Management Plan be approved.

BACKGROUND

The *Infrastructure for Jobs and Prosperity Act, 2015* (the Act) was created to establish mechanisms to encourage principled, evidence-based and strategic long-term infrastructure planning. The Act sets out principles for asset management planning for the broader public sector, including municipalities.

Ontario Regulation (O. Reg.) 588/17: Asset Management Planning for Municipal Infrastructure, filed on December 27, 2017 under the Act, was passed to implement best practices throughout the municipal sector and provide a degree of consistency to support collaboration between municipalities and the Province. This regulation aims to help municipalities more clearly identify their asset management needs, thus, helping municipalities work toward a more sustainable position regarding the funding of their assets. In accordance with O. Reg. 588/17, an updated Asset Management Plan (AMP) for all assets is required on or before July 1, 2024.

In addition, O. Reg. 588/17 requires that the Strategic Asset Management Policy be reviewed and updated, if necessary, at least every five years. The Policy sets out the strategic principles that guide future investments to support economic growth and respond to changing needs in a fiscally responsible manner.

DISCUSSION

With the development of this AMP, the Town will have achieved compliance with O. Reg. 588/17 to the extent of the requirements that must be completed by July 1, 2024.

There are additional requirements concerning proposed levels of service and growth that must be met by July 1, 2025. Even more than just information that goes into a document, a great deal of work must still be undertaken to integrate and utilize asset management for improved decision-making across the entire Corporation.

<p>2019</p> <p>Strategic Asset Management Policy</p>	<p>2024</p> <p>Asset Management Plan for Core and Non-Core Assets (same components as 2022) and Asset Management Policy Update</p>
<p>2022</p> <p>Asset Management Plan for Core Assets with the following components:</p> <ol style="list-style-type: none">1. Current levels of service2. Inventory analysis3. Lifecycle activities to sustain LOS4. Cost of lifecycle activities5. Population and employment forecasts6. Discussion of growth impacts	<p>2025</p> <p>Asset Management Plan for All Assets with the following additional components:</p> <ol style="list-style-type: none">1. Proposed levels of service for next 10 years2. Updated inventory analysis3. Lifecycle management strategy4. Financial strategy and addressing shortfalls5. Discussion of how growth assumptions impacted lifecycle and financial strategies

Scope of this AMP

The 2022 AMP, which was based on 2020-2021 data values, encompassed only core/linear infrastructure assets. This 2024 AMP, based on 2022-2023 data, now also includes non-core assets, with the current replacement value differential as follows:

FIN 24-033 2024 Asset Management Plan

Category	2022 AMP Current Replacement Value (CRV)	2024 AMP Current Replacement Value (CRV)
Road Network	\$160,046,326	\$157,763,035
Bridges & Culverts	\$20,700,000	\$30,933,500
Stormwater Network	\$51,643,070	\$57,420,013
Facilities	N/A	\$95,060,744
Fleet & Fleet Equipment	N/A	\$11,217,834
Machinery & Equipment	N/A	\$1,702,541
Land Improvements	N/A	\$6,393,350
Technology & Communication	N/A	\$1,939,593
Total	\$232,389,396	\$362,430,610

Infrastructure Report Card

Infrastructure Report Card				
Asset Category	Replacement Cost (millions)	Asset Condition	Financial Capacity	
Road Network	\$157.8	Good	Annual Requirement:	\$3,345,000
			Funding Available:	\$1,446,000
			Annual Deficit:	\$1,899,000
Bridges & Culverts	\$31.0	Good	Annual Requirement:	\$732,000
			Funding Available:	\$592,000
			Annual Deficit:	\$140,000
Stormwater Network	\$57.4	Good	Annual Requirement:	\$806,000
			Funding Available:	\$222,000
			Annual Deficit:	\$584,000
Facilities	\$95.0	Very Good	Annual Requirement:	\$2,654,000
			Funding Available:	\$731,000
			Annual Deficit:	\$1,923,000
Fleet & Fleet Equipment	\$11.2	Fair	Annual Requirement:	\$911,000
			Funding Available:	\$251,000
			Annual Deficit:	\$660,000
Machinery & Equipment	\$1.7	Fair	Annual Requirement:	\$147,000
			Funding Available:	\$41,000
			Annual Deficit:	\$106,000
Land Improvements	\$6.4	Fair	Annual Requirement:	\$249,000
			Funding Available:	\$69,000
			Annual Deficit:	\$180,000
Technology & Communication	\$1.9	Fair	Annual Requirement:	\$262,000
			Funding Available:	\$72,000
			Annual Deficit:	\$190,000
Overall	\$362.4	Good	Annual Requirement:	\$9,106,000
			Funding Available:	\$3,424,000
			Annual Deficit:	\$5,682,000

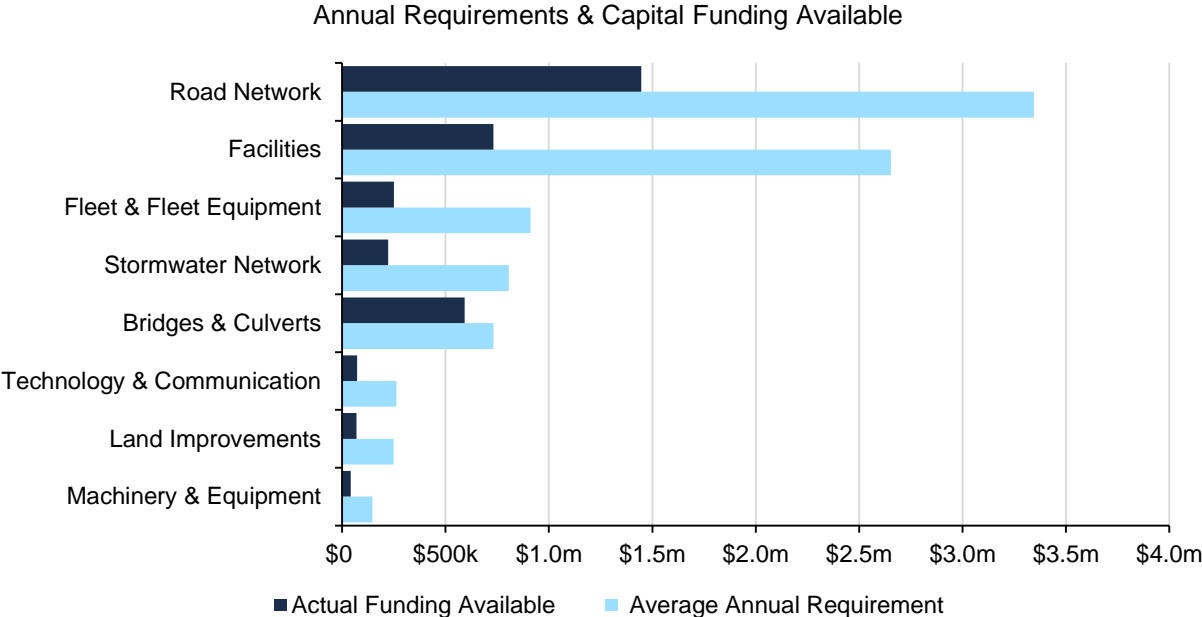
Findings

The summary findings of the 2024 AMP are that to meet capital replacement and rehabilitation needs for existing infrastructure, prevent infrastructure backlogs, and achieve long-term sustainability, the Town’s average annual capital requirement totals \$9.1 million. Based on a historical analysis of sustainable capital funding sources, as of 2023 the Town is committing approximately \$3.4 million towards its capital program per year. As a result, there is currently an annual funding gap of \$5.7 million.

The following tables show, by asset category, Tillsonburg’s average annual asset investment requirements, current funding positions, and funding increases required to achieve full funding on assets funded by taxes.

Put differently, these infrastructure categories are currently funded at 38% of their long-term requirements.

Asset Category	Avg. Annual Requirement	Annual Funding Available			Total Available	Annual Deficit
		Taxes	Gas Tax	OCIF		
Bridges & Culverts	\$732,000	\$202,000		\$390,000	\$592,000	\$140,000
Facilities	\$2,654,000	\$731,000			\$731,000	\$1,923,000
Land Improvements	\$249,000	\$69,000			\$69,000	\$180,000
Machinery & Equipment	\$147,000	\$41,000			\$41,000	\$106,000
Road Network	\$3,345,000	\$921,000	\$525,000		\$1,446,000	\$1,899,000
Stormwater Network	\$806,000	\$222,000			\$222,000	\$584,000
Fleet & Fleet Equipment	\$911,000	\$251,000			\$251,000	\$660,000
Technology & Communication	\$262,000	\$72,000			\$72,000	\$190,000
	\$9,106,000	\$2,509,000	\$525,000	\$390,000	\$3,424,000	\$5,682,000



In comparison, the 2022 AMP identified an annual investment requirement deficit of \$2.9 Million. With the inclusion of all assets in the 2024 AMP, a more fulsome picture is provided of the requirement necessary to provide sustainable service levels.

Improvement Plan

It is important that the Town recognize areas of its AM Plan and planning process that require future improvements to ensure effective asset management and informed decision making. The confidence level in the AM data is low, thus continuous improvement is critical.

Table: Improvement Plan

Task	Task	Responsibility	Resources Required	Timeline
1	Increase the frequency of condition assessments to monitor expected deterioration of asset conditions due to deferred maintenance.	SLT, Asset Managers	\$, staff time, consulting firms	<3 yrs
2	Improve accuracy of a consolidated, integrated, up-to-date asset register with appropriate data structure components to ensure security and data integrity, and improve confidence in the data.	Asset Managers, AM Coordinator	Staff time, specialist consultant	<2 yrs
3	Define roles and expectations for Asset Managers, and embed AM responsibilities in job descriptions.	Human Resources Manager, AM Coordinator, Director of Finance	Staff time	<1 yr
4	Determine current and proposed levels of service and related costs.	Asset Managers, AM Coordinator	\$, staff time, consultant	1 yr
5	Define and document internal procedures for tracking all lifecycle events from the field, and recording of such event data in AM system.	AM Coordinator	Staff time	1 yr
6	Adopt policies to support an AM framework.	Director of Finance, Council	Staff time	1 yr
7	Measure resilience in service delivery, to understand capacity to 'withstand a given level of stress or demand', and to respond to possible disruptions and ensure continuity of service.	Asset Managers, AM Coordinator	\$, staff time, consulting engineer	2 yrs

FIN 24-033 2024 Asset Management Plan

8	Align AM data structure, policies and processes with financial systems, LTFP and capital and operating budgets.	Director of Finance, Finance staff, AM Coordinator	Staff time	2 yrs
9	Develop a communications program to engage citizens on the state of infrastructure, risks, expected levels of service, and long-term sustainability requirements.	Communications Officer, AM Coordinator, Asset Managers, SLT	Staff time	1 year
10	Provide AM training for Asset Managers, Senior Management, Council members – enhance understanding of AM framework, and improve next iterations of AM Plans	Asset Managers, Directors, CAO, Council members	Staff/Council time	2-3 yrs

It is important to note that this AMP represents a snapshot in time and is based on the best available processes, data, and information at the Town. Strategic asset management planning is an ongoing and dynamic process that requires continuous improvement and dedicated resources.

CONSULTATION

The development of the AMP involved the Director of Finance, Director of Operations and Development, Asset Management Coordinator, Manager of Public Works, Manager of Engineering, Manager of Parks and Facilities, IT Project Manager, Facilities Supervisor, Parks and Cemetery Supervisor, Fleet Technician, GIS Technician/Transit Coordinator, and supported through the assistance of PSD Citywide.

FINANCIAL IMPACT/FUNDING SOURCE

The AMP identifies a current funding gap of \$5.7 million. That would require a levy increase of 30%. The AMP recommends increasing tax revenues dedicated to capital by 1.0% each year for the next 20 years to achieve a sustainable level of funding. Alternatively, by increasing tax revenues by 1.4% each year for the next 15 years, it forecasts Tillsonburg would achieve a sustainable level of funding.

The revenue options outlined in the AM Plan allow Tillsonburg to fully fund its long-term infrastructure requirements without further use of debt. But the Town does anticipate using debt, utilized more strategically, and thus could further reduce that timeframe to reach a sustainable funding level sooner.

CORPORATE GOALS

How does this report support the corporate goals identified in the Community Strategic Plan?

- Lifestyle and amenities
- Customer service, communication and engagement
- Business attraction, retention and expansion
- Community growth
- Connectivity and transportation
- Not Applicable

Does this report relate to a specific strategic direction or project identified in the Community Strategic Plan? Please indicate section number and/or any priority projects identified in the plan.

Goal – The Town of Tillsonburg will strive for excellence and accountability in government, providing effective and efficient services, information, and opportunities to shape municipal initiatives; The Town of Tillsonburg will accommodate and support sustainable growth; Tillsonburg residents and businesses will be connected to each other, regional networks, and the world through effective traditional and digital infrastructure.

Strategic Direction – Plan and develop a long-term financing strategy for new services and infrastructure to support growth.

Priority Project – *Short Term* – Financial Sustainability Plan; *Ongoing Projects* – Asset Management Plan.

ATTACHMENTS

1. Appendix A – Strategic Asset Management Policy
2. Appendix B – 2024 Asset Management Plan