



# Asset Management Financing Plan Update

Committee of the Whole  
May 1, 2017

## Key Terms

### **Infrastructure Asset:**

An item that has value and provides a service to the community

### **Asset Management Plan:**

Long-term plan that coordinates asset management activities and practices to realize value from assets

### **Asset Management Financing Plan:**

Provides sustainable funding strategy to address the city's long term infrastructure needs

#### Why do we do it?

- Financial sustainability
- Meet desired level of service
- Predictable infrastructure investment

## Background

### 2013:

- Asset Management Plan Update
- Asset Management Financing Plan (F-39-13)
  - Dedicated Infrastructure Levy 1.25%, reducing in later years
  - Re-purposing hospital levy

### 2015:

- Asset Management Update
  - \$20M phased over 4 years for Roadways
  - 0.2% levy in 2020

## State of Local Infrastructure Replacement Value

**Replacement Value:** Current worth of our asset inventory

| Asset Category                    | 2016 Replacement Value (\$Millions) | 2015 Replacement Value (\$Millions) |
|-----------------------------------|-------------------------------------|-------------------------------------|
| Roadways                          | \$2,013.3                           | \$2,031                             |
| Storm Water Management            | \$66.6                              |                                     |
| Facilities & Buildings            | \$547.7                             | \$301                               |
| Parks & Land Improvements         | \$200.3                             | \$137                               |
| Fleet – Vehicles & Equipment      | \$70.6                              | \$68                                |
| IT services – Hardware & Software | \$44.7                              | \$11                                |
| Total                             | \$2.943 Billion                     | \$2.548 Billion                     |

### What Changed?

- Enhanced data
- Soft costs included
- Updated for legislative requirements
- New assets

↑ \$395 million

## State of Local Infrastructure Unfunded Renewal Need

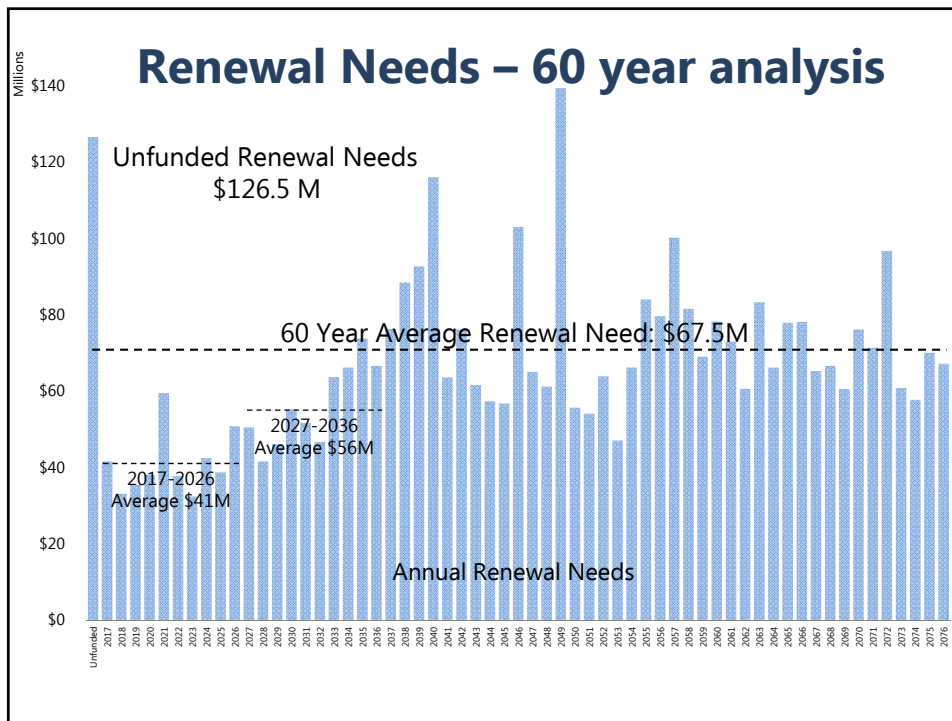
**Unfunded Renewal Need:** Unfunded value of infrastructure renewal that requires immediate attention.

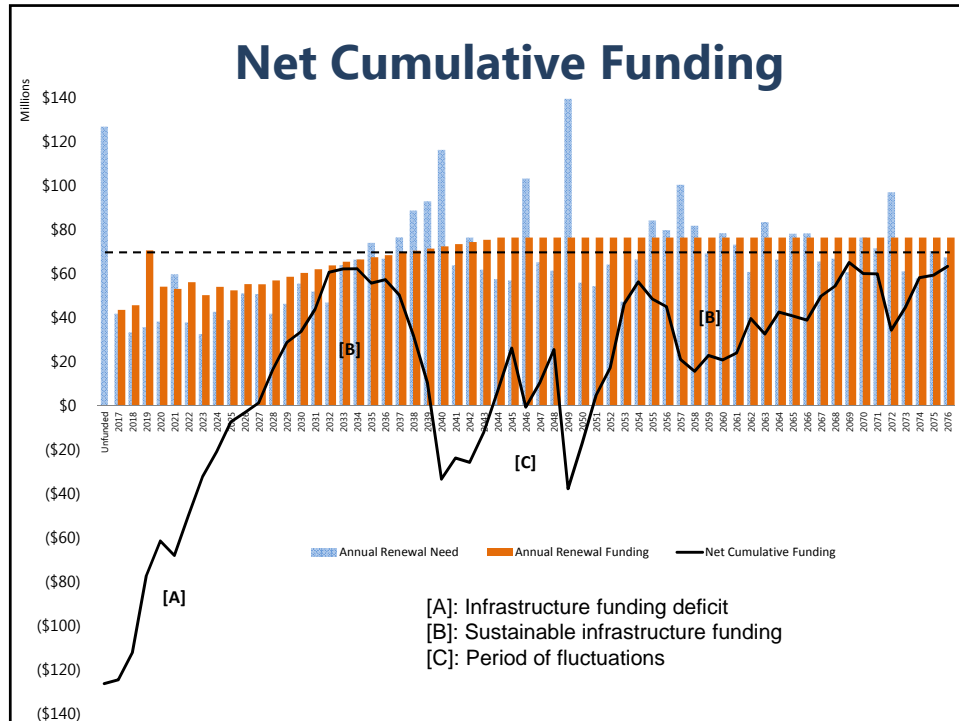
| Asset Category                    | 2016 Unfunded Needs    | 2015 Unfunded Needs     |
|-----------------------------------|------------------------|-------------------------|
| Roadways                          | \$107.9                | \$114.5                 |
| Storm Water Management            | -                      | \$0.2                   |
| Facilities & Buildings            | \$11.8                 | \$15.6                  |
| Parks & Land Improvements         | \$6.3                  | \$23.5                  |
| Fleet – Vehicles & Equipment      | -                      | -                       |
| IT services – Hardware & Software | \$0.4                  | \$1.8                   |
| <b>Total</b>                      | <b>\$126.5 Million</b> | <b>\$133.3 Million*</b> |

\*less in-year funding

### What Changed?

- Steady investment
- Commitment to renewal
- Assets are in 'good' condition



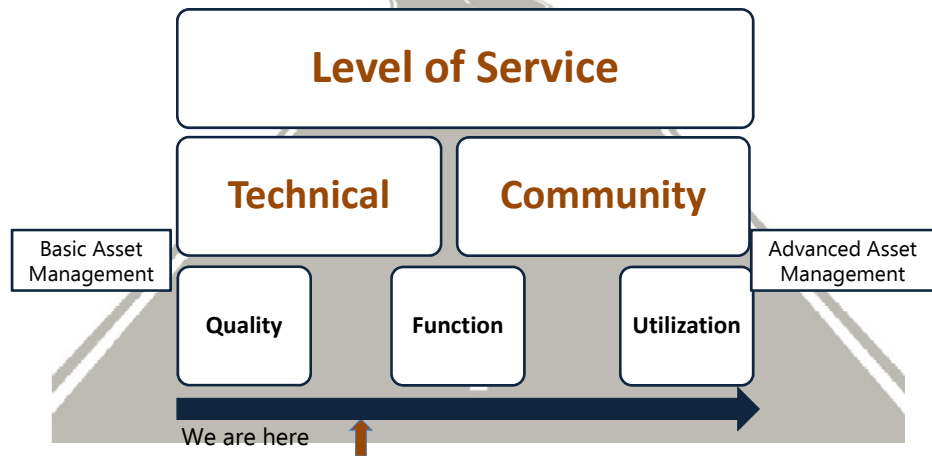


## Factors Impacting Plan

- Impact revenue and/ or cost assumptions
  - Difficult to predict when and to what degree they impact future cash flows
- New Assets
  - Grant Programs
  - Levels of Service
  - Inflation
  - Interest Income
  - Joint Ventures

## Levels of Service

- Need to determine if the services provided are at a level that the community finds acceptable



## 2016 Financing Plan

- Continue on plan as approved in 2013 and updated in 2015
- Financing plan moves towards long-term sustainability
  - Unfunded renewal needs are addressed
  - Meets the objectives of the Long-Term Financial Plan
    - Reduced reliance on debt
    - Effective use of reserve funds
    - Predictable Infrastructure Investment
  - Asset requirements in the long term met in timely manner providing valued services

## Next Steps

- Financing plan reviewed and monitored to ensure no adverse impacts from factors affecting sustainability
- Updates to the Financing Strategy will be aligned with updates to the Asset Management Plan

**Questions ?**