# 2021
# Asset Management Plan
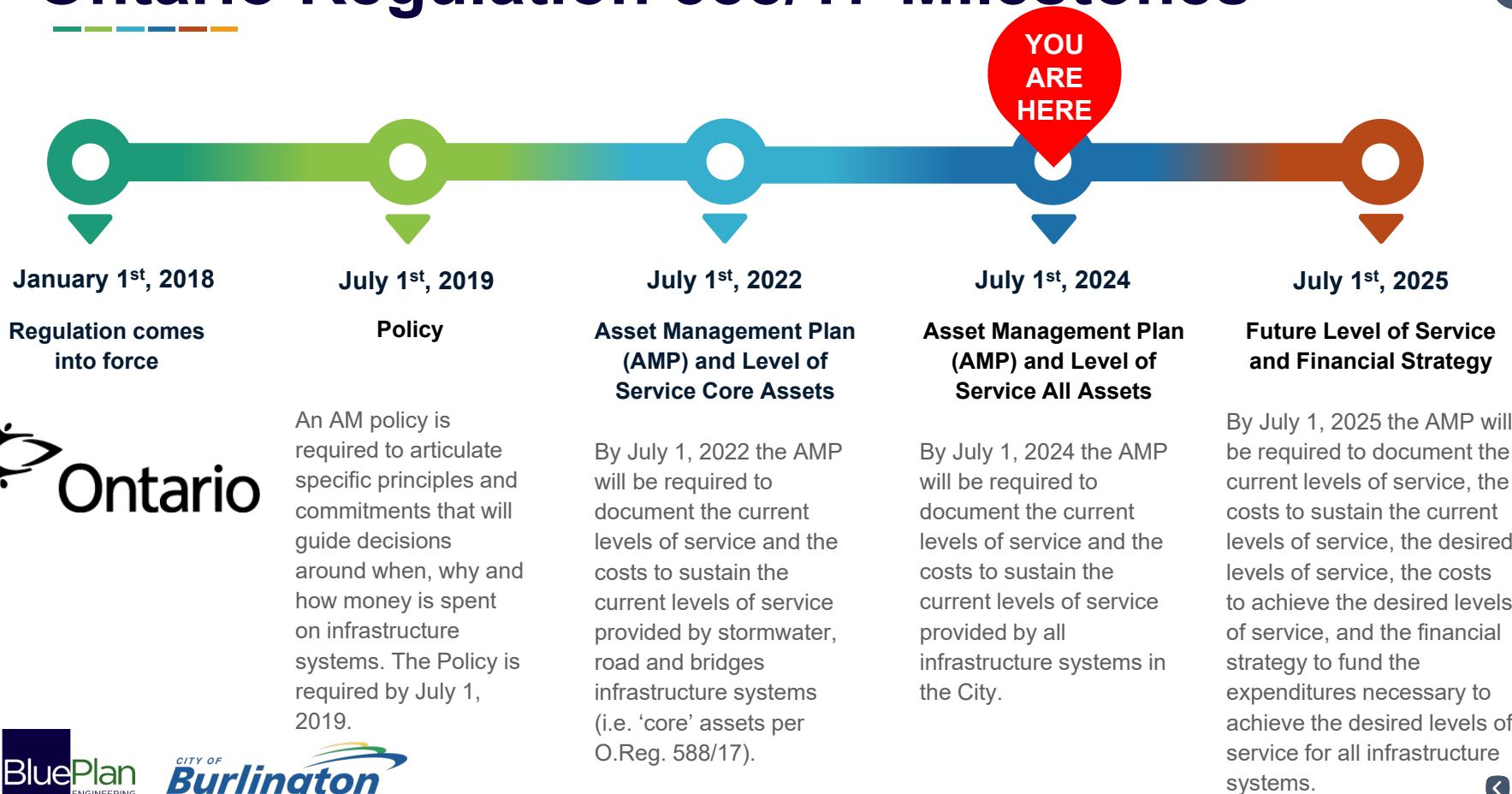
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# Agenda

Regulation Milestones

Background Information

Financing Strategy

Key Principles

AMP Results

Continuous Improvement

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# Ontario Regulation 588/17 Milestones

**YOU ARE HERE**

**January 1st, 2018**

**Regulation comes into force**

**July 1st, 2019**

**Policy**

An AM policy is required to articulate specific principles and commitments that will guide decisions around when, why and how money is spent on infrastructure systems. The Policy is required by July 1, 2019.

**July 1st, 2022**

**Asset Management Plan (AMP) and Level of Service Core Assets**

By July 1, 2022 the AMP will be required to document the current levels of service and the costs to sustain the current levels of service provided by stormwater, road and bridges infrastructure systems (i.e. 'core' assets per O.Reg. 588/17).

**July 1st, 2024**

**Asset Management Plan (AMP) and Level of Service All Assets**

By July 1, 2024 the AMP will be required to document the current levels of service and the costs to sustain the current levels of service provided by all infrastructure systems in the City.

**July 1st, 2025**

**Future Level of Service and Financial Strategy**

By July 1, 2025 the AMP will be required to document the current levels of service, the costs to sustain the current levels of service, the desired levels of service, the costs to achieve the desired levels of service, and the financial strategy to fund the expenditures necessary to achieve the desired levels of service for all infrastructure systems.

# Purpose of an Asset Management Plan

- **Written representation** of intended AM programs.
    - Managing Risk
    - Decision Making
    - Long Term Planning
    - Lowest Lifecycle Costs

- **Quantifies service level requirements** and the ability to meet them.

- Demonstrates **corporate stewardship** and plots a **sustainable** path forward.

- **Compliance** with Ontario Regulation 588/17 – Eligible for funding.

# How Might the AMP be Used?
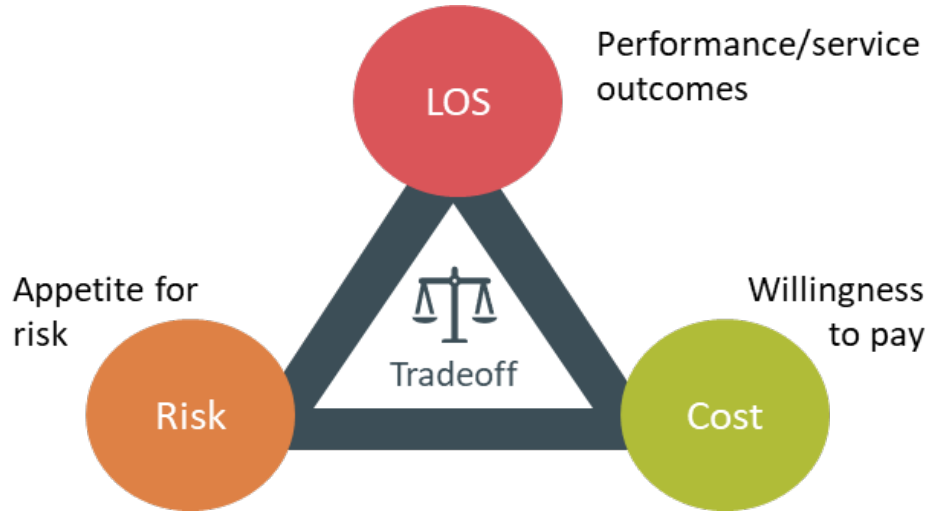


- Opportunity to discuss the links between cost, level of service and risk

- e.g. Should funding be constrained, the effect on Levels of Service and risk can be defined and acknowledged

# How is the City of Burlington Doing?

- Difficult to compare between municipalities:
  - Varying asset portfolios / sizes
  - Various assumptions incorporated into the AMPs
  - Varying financing strategies
- Data/Processes
  - Age ✓
  - Condition ✓

# 2021 Corporate Asset Management Plan

**Executive Summary**
Concise summary of the plan

**Introduction**
Why we need a plan

**State of the Infrastructure**
Inventory and condition

**Levels of Service**
What we provide

**Lifecycle Management Strategy**
How we provide the service

**Current & Future Risks**
Risks to the service

**Financing Strategy**
What it will cost and how we will pay for it

**Continuous Improvement**
Where we go from here

# Level of Service

- About the City's service to the community and the assets used to provide that service

- Defines current technical and community focused levels of service for every service area

- O.Reg.588/17 provides some mandatory metrics

| Service Attribute | LOS Statement | Technical Focused Performance Measures | |
| --- | --- | --- | --- |
| | | Performance Measure | Current Performance |
| Cost-Effectiveness | Providing stormwater services in an effective manner | Annual operating budget for stormwater | $1,220,054 |
| | | 10 Year average stormwater capital budget | $3,103,299 |
| Quality | Providing stromwater management at the appropriate quality | % of stormwater conveyance assets in poor or very poor condition | 18% |
| | | % of stormwater management assets in poor or very poor condition | 16% |

# Lifecycle Management Strategy

Captures the full lifecycle of the asset:
- **Non-infrastructure**
- **Maintenance**
- **Renewal/rehabilitation**
- **Replacement**
- **Expansion**
- **Disposal**

# Long-Term Planning

Condition over time (no maintenance)

Condition over time with maintenance

Extended Life

Good Condition

Fair Condition

Poor Condition

Cost

Time

☐ **Construction**     🟩 **Operating Costs**     🟧 **Preventative Rehab/Maintenance**     🟥 **Corrective Rehab/Maintenance**
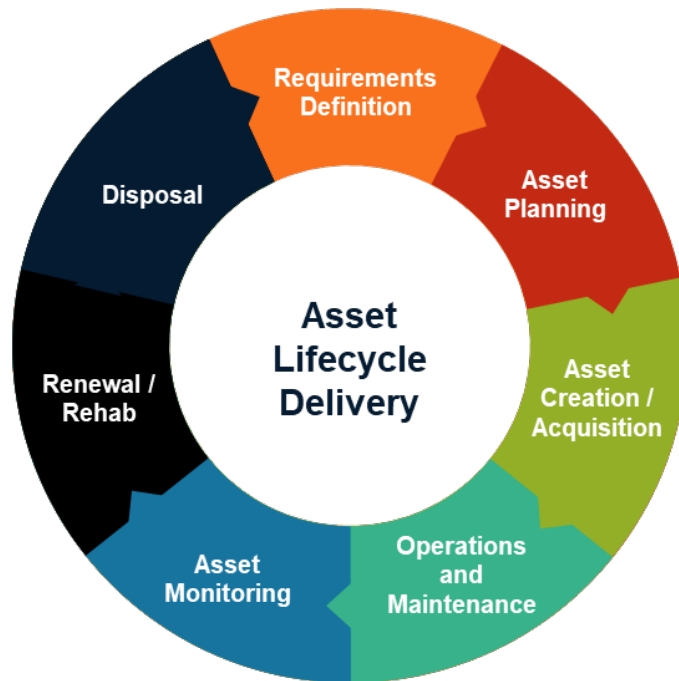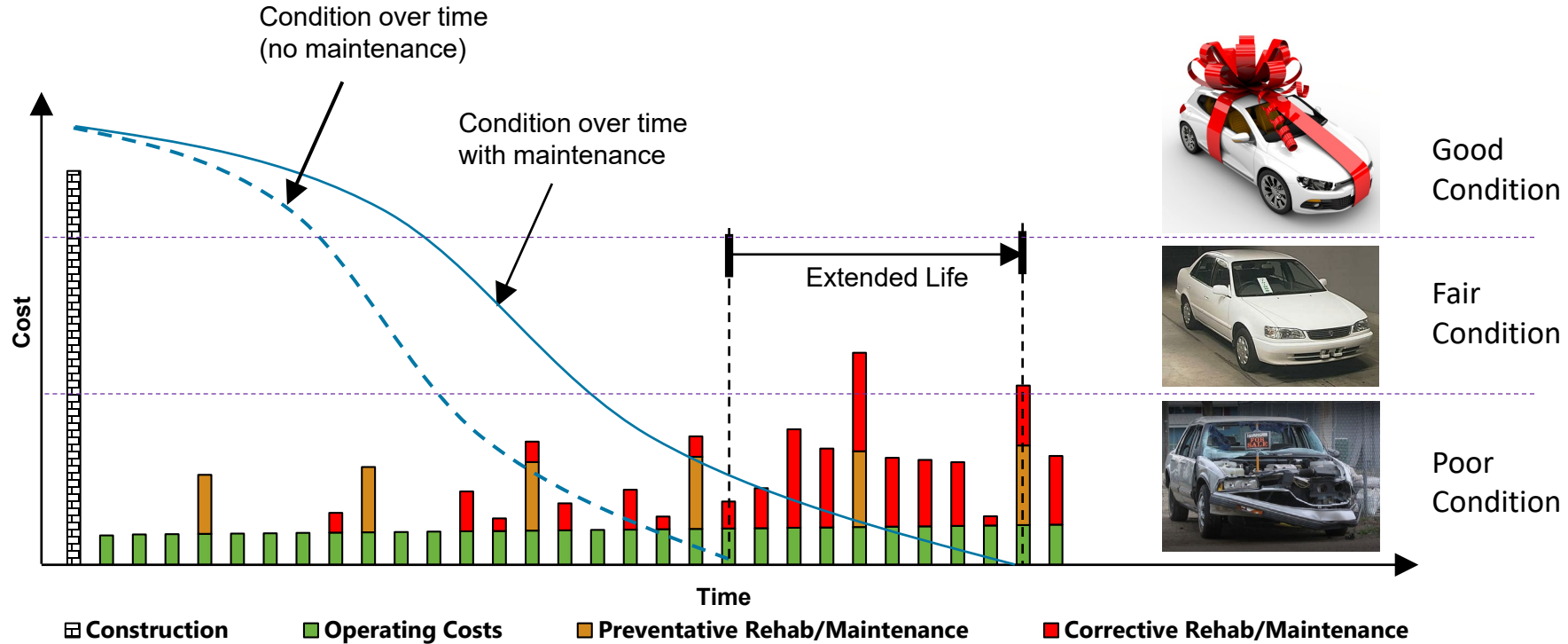
# Risk Management

- Assets were placed into a risk framework based on three types of impacts:
  - **Social**
  - **Environmental**
  - **Financial**

- The likelihood and consequence of an event occurring

- Alignment with the Corporate Risk Framework

# 2021
# Asset Management Plan
# RESULTS

# Replacement Value

**2016**
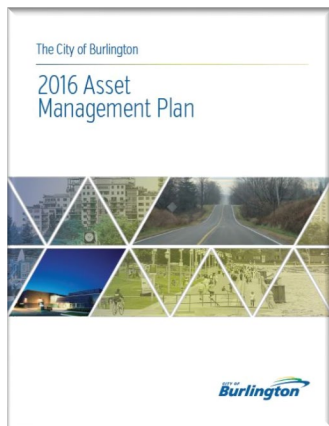
**$2.94B**     **$5.2B**

**2021**

O.Reg 104/97
Asset-based
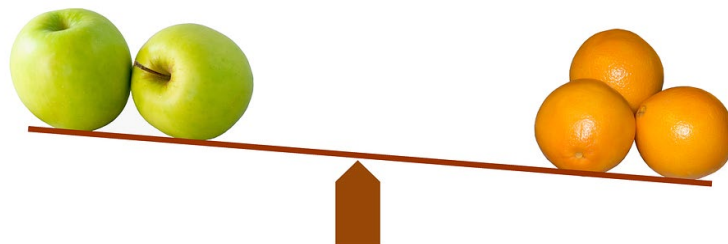
O.Reg 588/17
Service-based

# Drivers of Change

- **Asset Knowledge and Market Influences**
  - Data and inventory improvements
  - Significant market inflation and supply/labour impacts
  - Unit-cost updates from recent contracts
  - Urban Forestry – new asset category

- **Examples of Revitalizations and New Assets**
  - Joseph Brant Museum
  - New parks & amenities (Colin Alton parkette, Maple Trail, splashpads, skateparks etc.)
  - IT hardware and software acquisitions
  - EV chargers and parking equipment, etc.
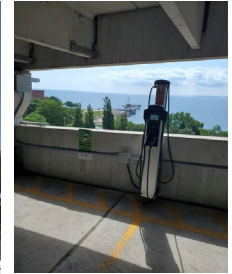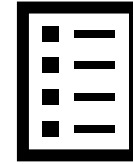
# Drivers of Change

- **Service Improvements**
  - Accessibility and Inclusivity Design Improvements (Angela Coughlan Pool)
  - Design excellence (Nelson Pool)
  - Energy efficiency and greening standards (Corporate Fleet Greening, LED Streetlights, etc.)
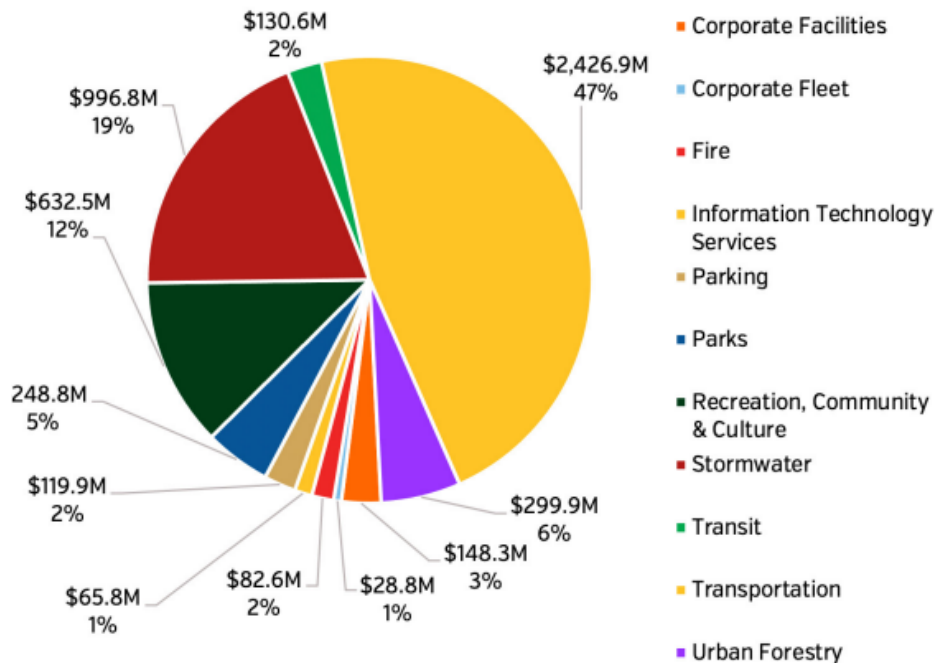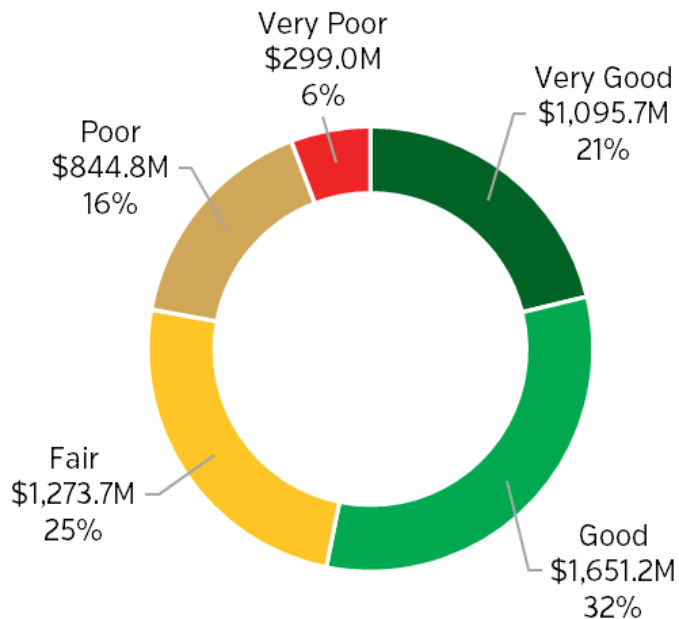
- **Legislated Standards**
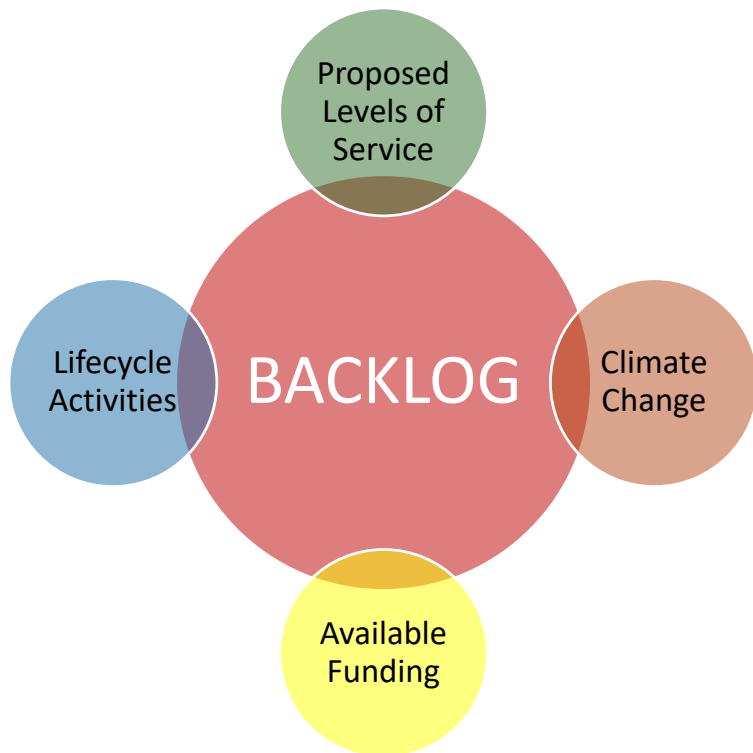  - Safety standards
  - Ontario Building Code

# State of the Infrastructure

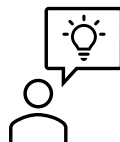- This section of the plan summarizes asset condition and quantity



Condition donut chart:
- Very Poor $299.0M 6%
- Very Good $1,095.7M 21%
- Poor $844.8M 16%
- Fair $1,273.7M 25%
- Good $1,651.2M 32%

Service category pie chart:
- $130.6M 2%
- $2,426.9M 47%
- $996.8M 19%
- $632.5M 12%
- 248.8M 5%
- $119.9M 2%
- $65.8M 1%
- $82.6M 2%
- $28.8M 1%
- $148.3M 3%
- $299.9M 6%

Legend:
- Corporate Facilities
- Corporate Fleet
- Fire
- Information Technology Services
- Parking
- Parks
- Recreation, Community & Culture
- Stormwater
- Transit
- Transportation
- Urban Forestry

# Backlog

**Proposed Levels of Service**

**Lifecycle Activities**

**BACKLOG**

**Climate Change**

**Available Funding**

## Comparisons:
- 2016 Backlog : $126.5M
- 2021 Backlog : $517.8M

## Things to consider:
- Recalculation of backlog (i.e. includes multiple LC treatment strategies)
- Drivers of change
- How we are managing assets (LOS, Risk factors)

## Backlog Management
- Prepare for 2025 legislative deadline of proposed levels of service
- Discussion around proposed Levels of Service and how backlog value will be impacted
- Annual backlog reporting

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# 2021
# Asset Management Financing Strategy

# Why do we do it…

- Provides sustainable funding strategy to address the city's long term infrastructure needs
  - Forward-looking
  - Predictable infrastructure investment
  - Meet current levels of service
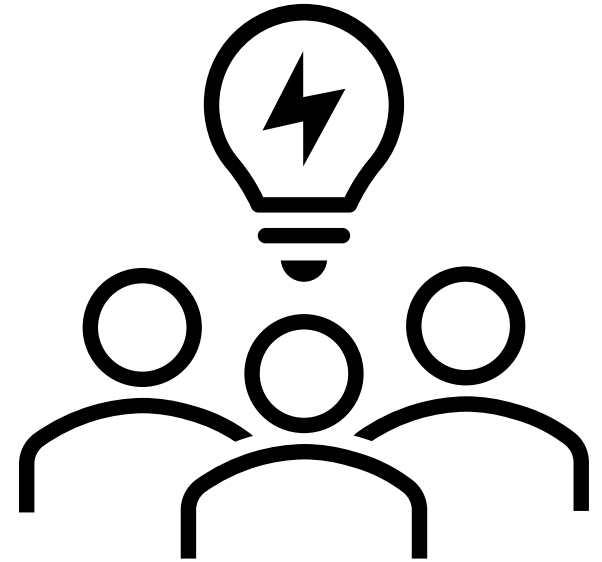
# What did we do well…

- **Approved 2016 financing plan**
  - Predictable dedicated infrastructure levy 1.25%
  - Re-purposing of the hospital levy

- **One-time Council approved funding**
  - $20 million dedicated to roads program
  - $12.1 million stormwater flood mitigation
  - Increased VDRF Provision

- **Various senior government programs**
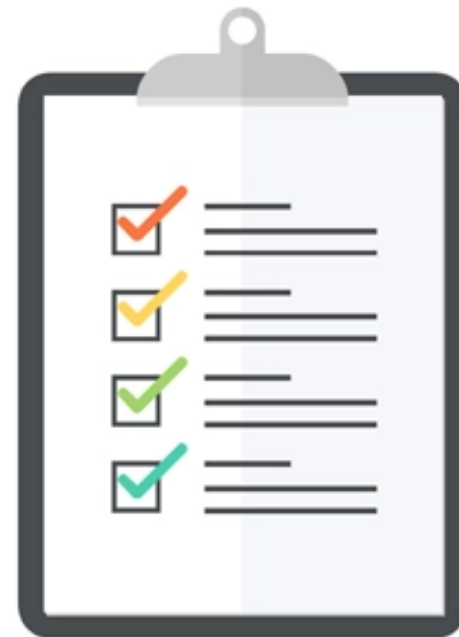
# What are we hearing…

- **2022 Budget Survey**
  - 58% respondents seen a positive difference in our infrastructure
  - 95% respondents felt it important/ somewhat important to reserve funding for infrastructure needs
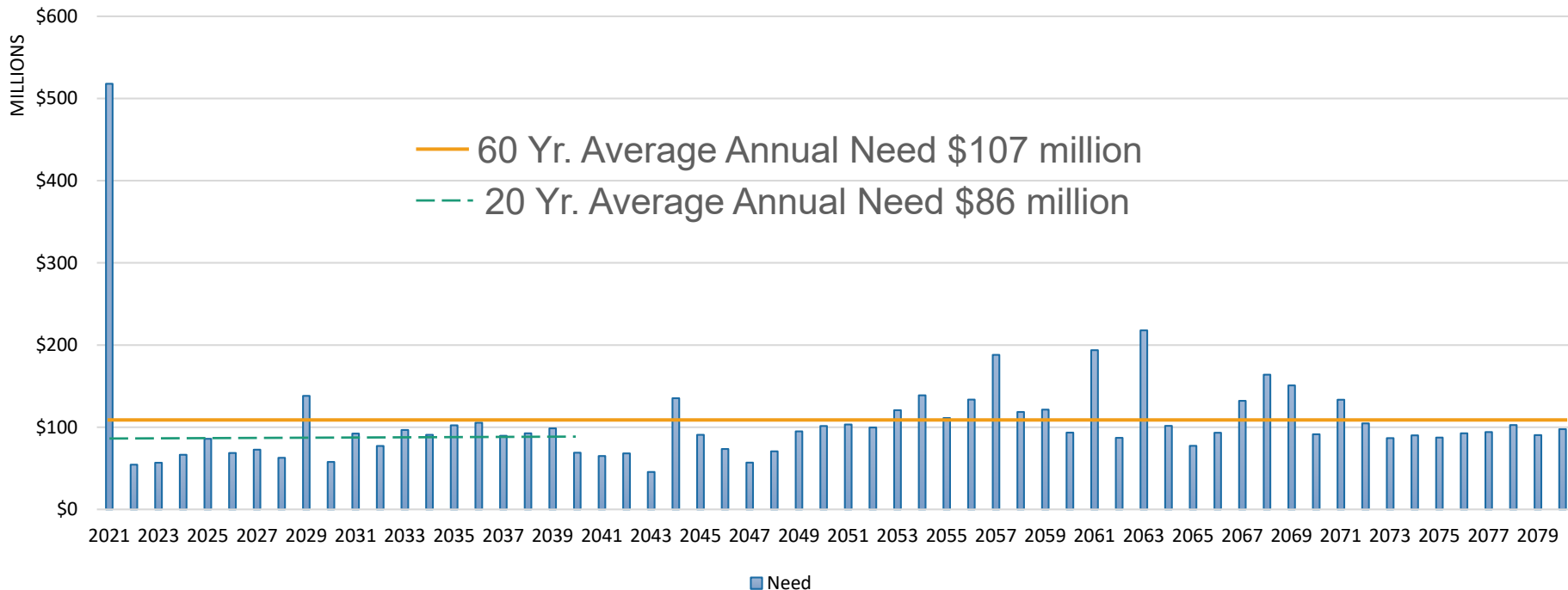
- **Service Information Workshops**
  - securing resources to address annual operating needs of the city's assets,
  - timely revitalization of facilities to prevent unexpected closures,
  - addressing infrastructure gaps within each service area

- **Asset Management Workshop**
  - Upfront cost is the lowest cost in total life cycle
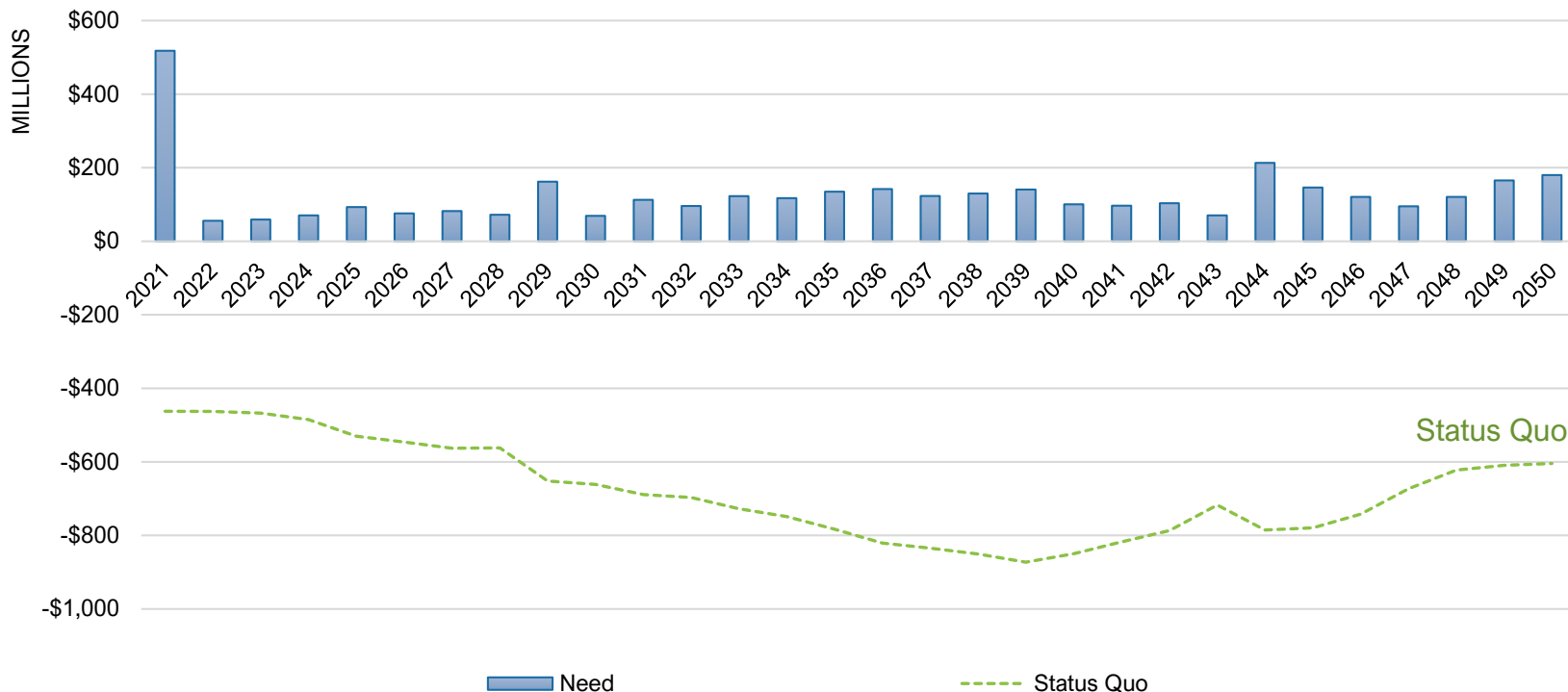  - For every new asset, there is an operating cost

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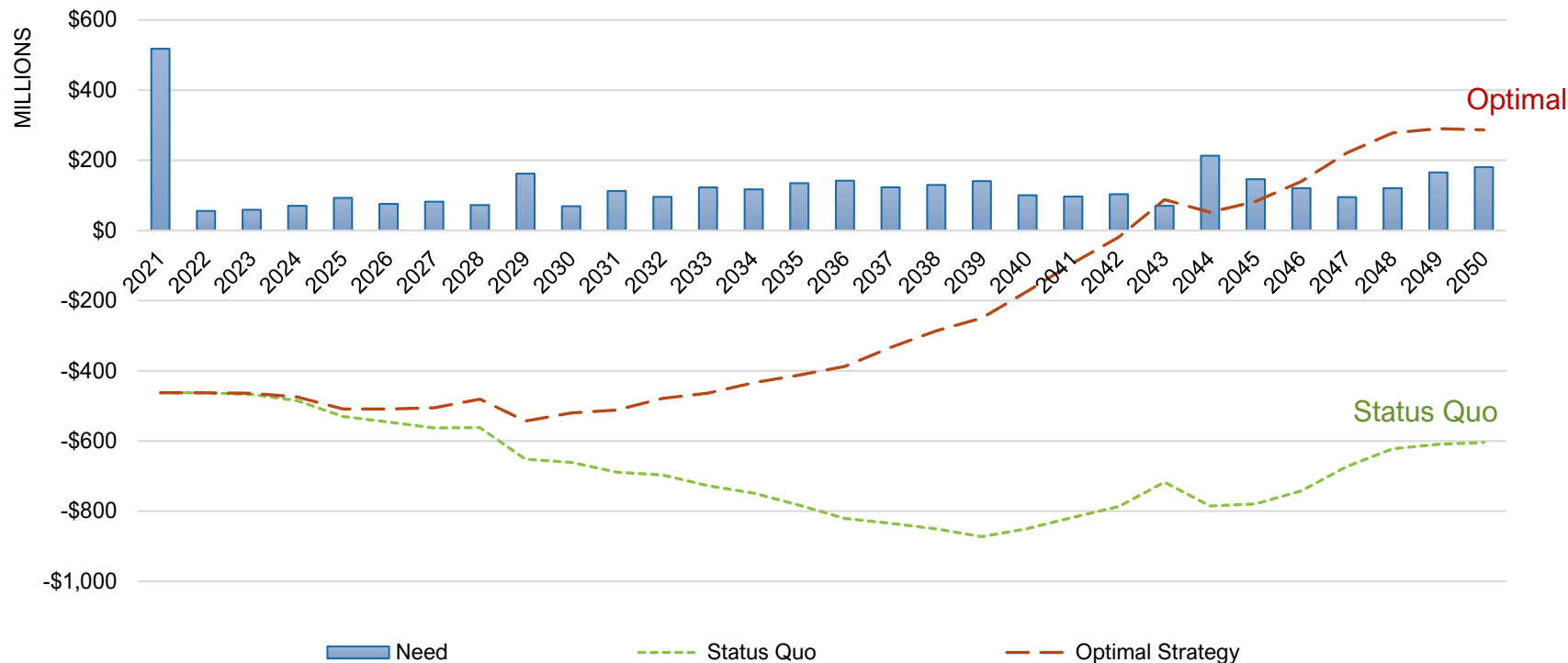
# Annual Need Analysis

60 Yr. Average Annual Need $107 million

20 Yr. Average Annual Need $86 million

# Option Analysis: Status Quo Approach

MILLIONS

Legend: Need (blue bars), Status Quo (green dashed line)

# Option Analysis: Optimal Approach

# Option Analysis: Recommended Approach
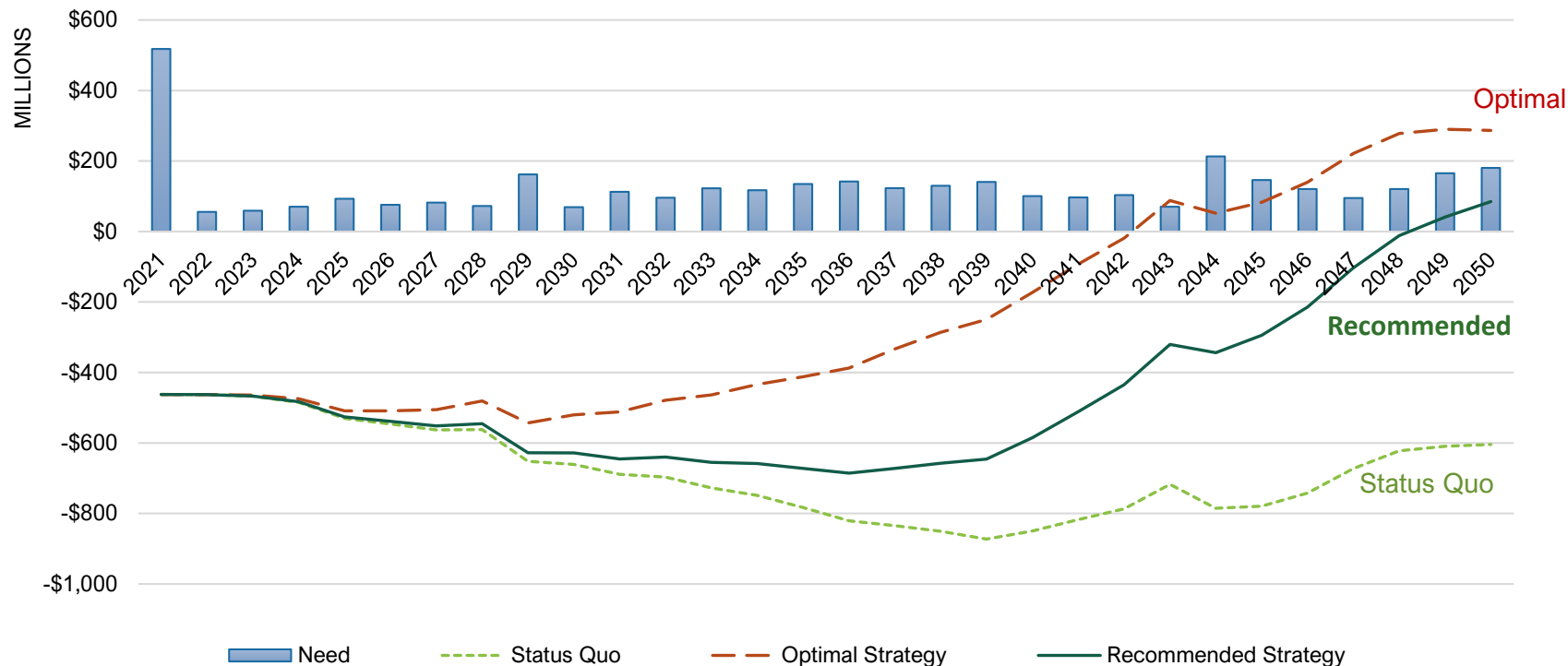
MILLIONS

Legend: Need (bar), Status Quo (dashed), Optimal Strategy (dashed), Recommended Strategy (solid)

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# 2021 Asset Management Financing Plan

| Forecast budget years | Proposed dedicated levy |
| --- | --- |
| 2023 – 2027 | 1.60% |
| 2028 – 2032 | 1.85% |
| 2033 – 2037 | 2.00% |
| 2038 – 2042 | 2.00% |

Need ▬ Recommended Strategy
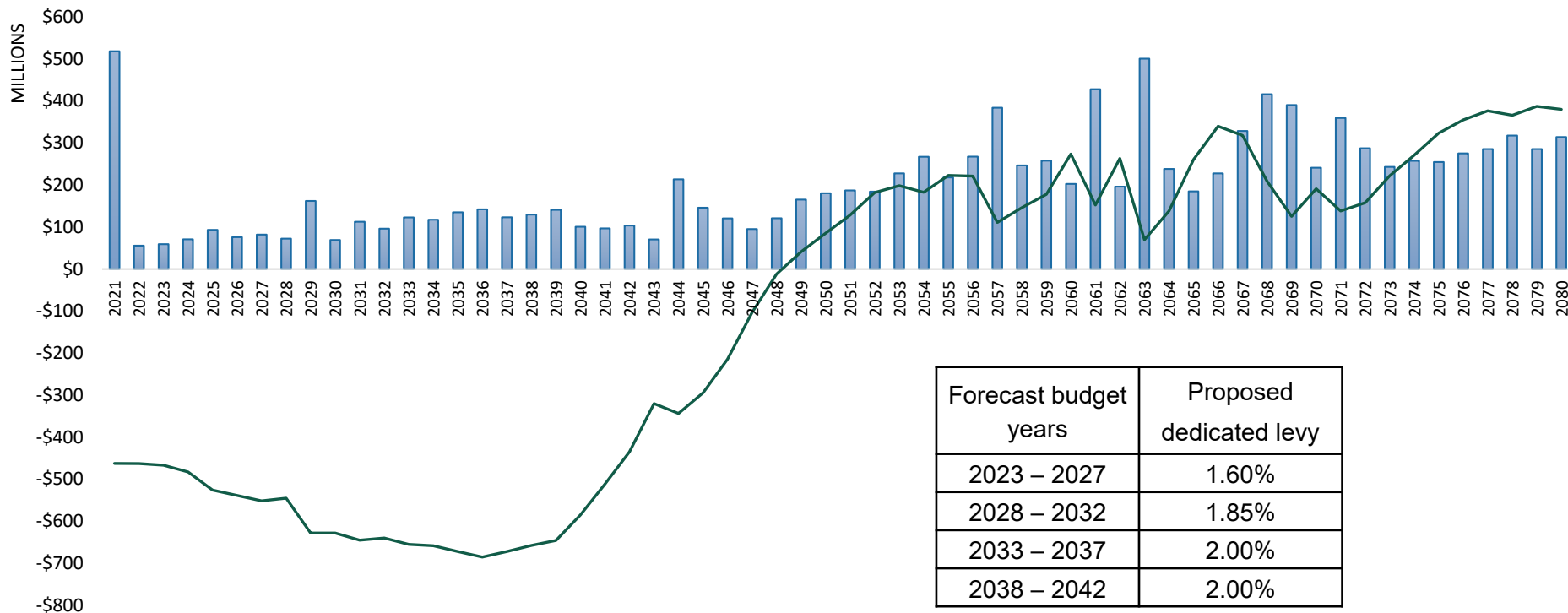
# 2021 Asset Management Financing Plan

## Condition Distribution
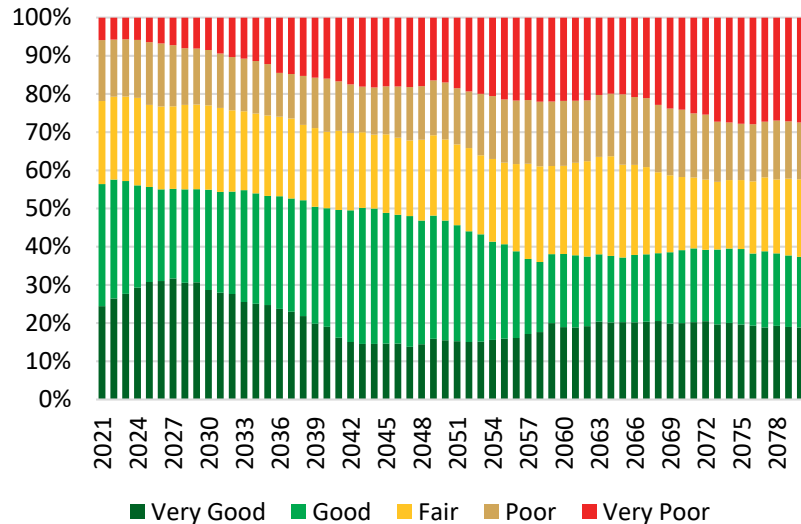


Status Quo Approach

Recommended Approach

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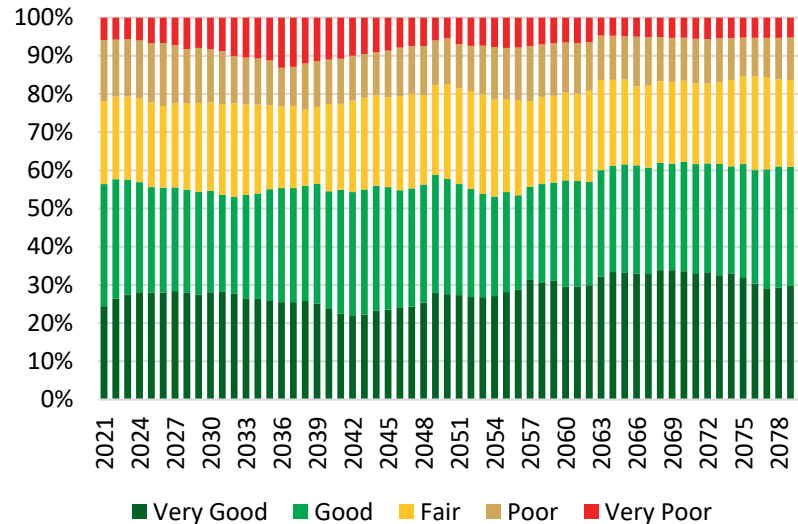
# Factors and Assumptions

- Inflation included at 2%

- No new assets

- Exclusion of joint venture assets

- Future grant programs

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# 2021
# Continuous Improvement
# & Next Steps

# Continuous Improvement

- Any changes required as a result of regulation and implementation of continuous improvement initiatives will be included in the next Asset Management Plan
  - This will influence the financing strategy in the next update
- Establishing performance metrics
- Begin annual reporting to Council
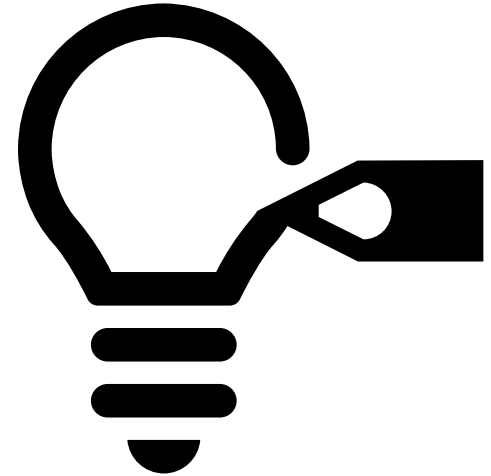
# Next Steps

- Regularly monitor the progress of the AMP by providing an annual update to Council, and comprehensive update every 5 years

- Continuous improvements to data including condition information, cost data and overall improvements in data confidence.

- Develop proposed Levels of Service

- Continued customer service focus for incorporating customer expectations into the AMP

# Closing Remarks

## What is SUCCESS…

- Long-term sustainability
- Predictable investment (5 year windows)
- Robust performance measures
- Greater opportunities for grants
- Doing the right treatment at the right time (optimize, extend life)
- Full lifecycle management
- Greater confidence in AM data, systems and strategies

## What are PRESSURES…

- New assets
- Master plans, strategic investments
- Climate change (weather events)
- Inflation (upward cost pressures)
- Level of service changes
- Green infrastructure
- Budget pressures

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# Summary of Recommendations

- Approve the City's 2021 Asset Management Plan; and,

- Direct the Chief Financial Officer to consider inclusion of the increased dedicated infrastructure levy of 1.60% in the 2023 Budget, as Councils five-year commitment to the long-term infrastructure renewal program; and,

- Direct the Chief Financial Officer to update the Asset Management Financing Plan in alignment with updates to the Asset Management Plan every five years.

# Thank You

## Questions and Discussion