



Updated Asset Management Plan

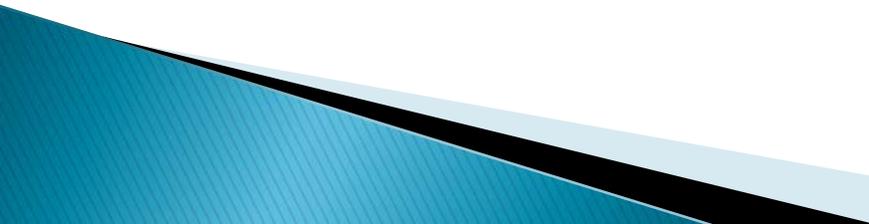
Background

□ **January 1, 2009**

- Public Sector Accounting Board (PSAB) required municipalities to present information about their complete stock of Tangible Capital Assets (TCA) and amortization in summary Financial Statements

Background

□ 2012

- Province launched Municipal Infrastructure Strategy
 - Required the creation of an Asset Management Plan (AMP)
 - Province required the AMP to be expanded and include condition, need and replacement costing
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Background

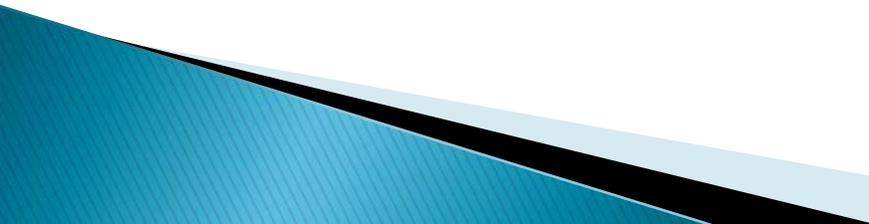
□ **May 1, 2016**

- *Infrastructure for Jobs and Prosperity Act, 2015* proclaimed
- Provided Province with authority to regulate AMP

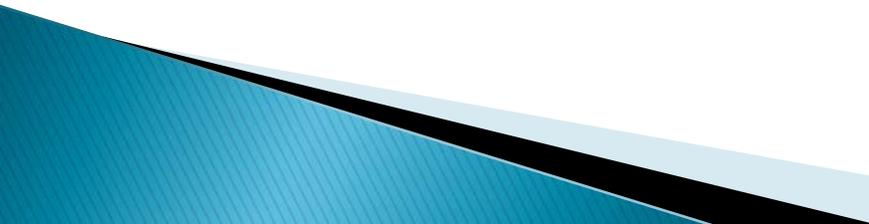
□ **Fall 2017**

- New regulation to be passed in Fall 2017
- Province will require municipalities to develop and adopt a Strategic Asset Management Policy (SAMP) by January 1, 2019
- New Policy must be updated every 5 years

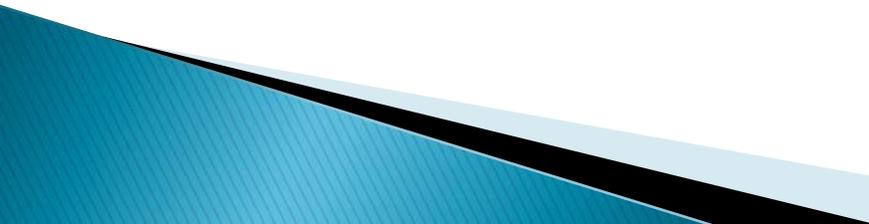
New Policy Must Contain:

- ❑ Exact policies that the Municipality's AMP supports
 - (e.g. Official Plan, Strategic Plan)
 - ❑ How the AMP affects the development of Municipal Budget and Long Term Financial Plan (LTFP)
 - ❑ Municipality's approach to continuous improvement and adoption of best practices in AMP
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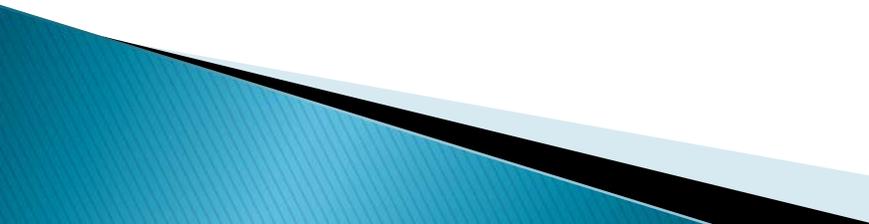
New Policy Must Contain:

- ❑ Risks to infrastructure from climate change, mitigation approaches to reduce greenhouse gas emissions, increased maintenance, changing service levels and disaster planning
 - ❑ A process to align *Planning Act* requirements related to land-use planning and any relevant policies
 - ❑ Specifics on the appropriateness of capitalization thresholds
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New Policy Must Contain:

- ❑ Collaborative opportunities with neighbouring municipalities
 - ❑ Identification on who would be responsible for AMP:
 - Executive lead
 - How Council will be involved
 - ❑ Commitment to providing opportunities for residents and other interested parties to provide input into AMP
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New Policy Must Contain:

- ❑ Additional Level of Service (LOS) requirement
 - for each category of infrastructure
 - core infrastructure broken down into community and technical levels
 - ❑ Performance measures relevant to service delivery and asset operation must be identified
 - e.g. energy costs
 - ❑ Future significant lifecycle costing must also be identified
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New Policy Must Contain:

- ❑ Additional financing strategy requirements
 - Addressing of funding shortfalls
- ❑ Approval in writing by a licensed engineering practitioner representing the Municipality

New Policy Must Contain:

- New requirements identified in SAMP would be required by:
 - January 1, 2020 for core infrastructure
 - roads, bridges, culverts and water
 - January 1, 2021 for all other infrastructure assets

New Policy Must Contain:

- After 2021:
 - Council must be provided with an annual update on AMP
 - Must be posted to the Municipality's website

State of Local Infrastructure: Original AMP Commitment

- Inspect assets
 - monthly
 - Quarterly
 - Annually
- Keep replacement schedules up-to-date
 - by assessing performance and risk

State of Local Infrastructure: Original AMP Commitment

- ❑ Updating Net Book Value to actual Replacement Costing
 - Net Book Value = original acquisition cost less accumulated depreciation
- ❑ Compare Net Book Value to Replacement Costing as specified in Ministry Guide

State of Local Infrastructure: Progress To Date

- Regular inspections are taking place
 - Failing assets are identified and bumped up on replacement schedule
 - Assets performing well are also identified and replacement deferred if appropriate

State of Local Infrastructure: Progress To Date

- ❑ Current replacement value of Municipality's infrastructure calculated at \$61 million (includes water)
 - Roads replacement \$24.7 million (41%)
 - Buildings \$15.6 million (26%)
- ❑ 2016 Net Book Value was \$20,689,284 (includes land)
 - Significantly less than replacement costing

State of Local Infrastructure: Still To Do

- ❑ Maintain inspection schedules
 - ❑ Keep updating replacement costing with actuals, professional opinion or inflator values when required
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Level of Service: Original Commitment

- ❑ Service levels in Trent Lakes developed based on:
 - internal asset management practices
 - community expectations
 - statutory requirements
 - industry operation and safety standards
- ❑ Must be regularly updated for appropriateness

Level of Service: Progress To Date

- ❑ Level of Service questionnaire released in 2015
 - Overall facility satisfaction result of 75%
 - Road satisfaction result of 45%
- ❑ Dissatisfaction was specific to Beaver Lake Rd
 - Now scheduled for work (2016-2020)
- ❑ Additional questionnaire will be released 2018

Level of Service: Progress To Date

- ❑ Level of Service spreadsheets for all infrastructure assets
 - Updated regularly showing current LOS and desired LOS
- ❑ Changes have been made to depreciable life in year numbers and capitalization thresholds in order to ensure capitalization of improvements to buildings and Library equipment

Level of Service: Still To Do

- Continue to commit to providing opportunities for residents and other interested parties to provide input into AMP
- ***LOS must now be split into two columns (community and technical) and a 10 year annual estimate of capital and operating costs (including energy costs) is now required*

***New Proposed Regulation Requirement*

Asset Management Strategy: Original Commitment

- ❑ The AMP and LTFP committed to:
 - keeping infrastructure in a state of good repair
 - updating condition assessments regularly
 - disposing of assets no longer required
- ❑ Building capital reserves and ensuring taxation and user fee revenue are regularly reviewed for appropriateness

Asset Management Strategy: Original Commitment

- ❑ Ensuring AMP supports other Municipal Plans
 - e.g. Official Plan and Strategic Plan
- ❑ Developing additional plans/policies in order to improve the original AMP

Asset Management Strategy: Progress To Date

- Condition assessments have been undertaken on all infrastructure assets
 - water still based on repair requirements
 - 70% assets in good to very good condition

Asset Management Strategy: Progress To Date

- ❑ Five to ten year replacement schedules created for all infrastructure assets except for water infrastructure
- ❑ Water mains due for replacement in 2034 and service connections in 2019 for Buckhorn Lake Estates
- ❑ Equipment in pump houses now capitalized
 - being replaced through Ontario Clean Water Agency (OCWA) Budget

Asset Management Strategy: Progress To Date

- Expanded:
 - Asset Management MP
 - Disposal of Assets Policy
 - Capital Asset Policy, Investment Policy
 - Municipal Budget Policy
 - Debt Policy

Asset Management Strategy: Still To Do

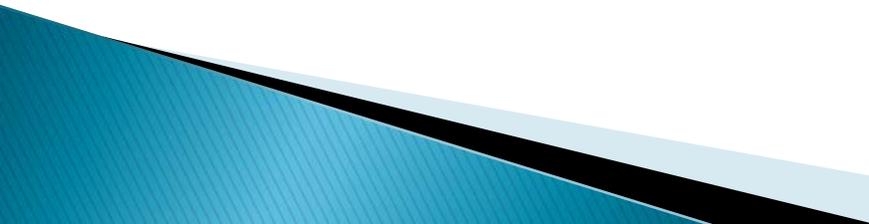
- ❑ **Include risk and vulnerabilities that may be caused by climate change in the AMP along with disaster mitigation
- ❑ **Align Planning Act requirements related to land-use planning and any relevant policies
- ❑ **Commitment to coordination planning between interrelated infrastructure assets with separate ownership structures by pursuing collaboration opportunities with neighbouring municipalities

**New Proposed Regulation Requirement

Asset Management Strategy: Still To Do

- ❑ **Include risk and vulnerabilities that may be caused by climate change along with disaster mitigation
- ❑ **Align *Planning Act* requirements related to land-use planning and any relevant policies
- ❑ **Commitment to coordination planning between interrelated infrastructure assets with separate ownership structures by pursuing collaboration opportunities with neighbouring municipalities

**New Proposed Regulation Requirement



Asset Management Strategy

Still To Do

- **Must be an identified person responsible for AMP
 - an executive lead
 - how Council will be involved
- **Must update Council annually on the AMP
 - advise them of any factors affecting the ability of the Municipality to meet its commitments
 - a strategy to address these factors

**New Proposed Regulation Requirement

Asset Management Strategy

Still To Do

- ****The AMP must now be approved, in writing, by a licensed engineering practitioner representing the Municipality and the executive lead prior to it being presented to Council**

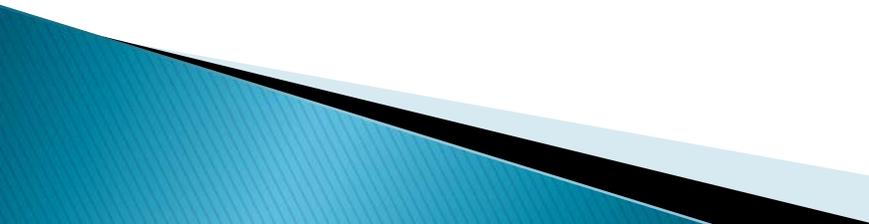
****New Proposed Regulation Requirement**



Financing Strategy: Original Commitment

- ❑ A commitment was made to show funding requirements and funding shortfalls for 10 years
 - ❑ Find efficiencies and update Procurement Policy
 - ❑ Annually determine the infrastructure deficit
 - ❑ Build reserves for future replacement
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Financing Strategy: Progress

- ❑ LTFP adopted in 2015 and Procurement Policy in 2016
 - ❑ Replacement schedules/costings for next 5-10 years created for all infrastructure assets
 - ❑ Required reserve contributions identified in order to address asset replacement needs based on what should be budgeted annually
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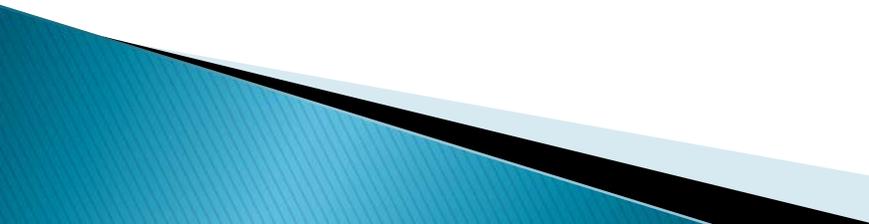
Financing Strategy: Progress

- ❑ Greater or less than variances between capital expenditures and LOS requirements are accommodated by increased or decreased contributions to or from reserves
 - ❑ Reserve Continuity Schedule created for all Capital Reserves
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Financing Strategy: Progress

- Current year 2017 infrastructure deficit is calculated to be approximately \$2.8 million
 - difference between fully amortized assets and 2017 Capital spending
 - fully amortized assets that are still functioning well would be included in infrastructure deficit amount (furniture, equipment, low use roads)

Financing Strategy: Progress

- ❑ Infrastructure deficit does not include building replacement as there are currently no municipal facilities that are due for replacement
 - ❑ Building improvement amounts are now incorporated in LOS requirements
 - based on condition assessments and yearly requirement amounts identified in LOS calculations
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Financing Strategy: Progress

- ❑ Replacement Capital Reserves have been increased
 - \$4,721,739.29 in 2015
 - projected balance of \$7,089,588.68 by the end of 2020 (does not include surplus year end balances)
- ❑ Earmarked funds continue to be used annually as part of replacement budgets

Financing Strategy: Still To Do

- Continue to update the financial strategy which must continue to show:
 - revenue dedicated to capital financing
 - reserve contributions and withdrawals
 - if appropriate, estimated debt service payments

Financing Strategy: Still To Do

- **Estimated Capital Expenditure forecasts must be created that show the lifecycle activity of each asset
 - Including the cost of maintenance, renewal and rehabilitation with an outline of any ongoing funding shortfalls and an explanation of how the shortfall will be funded
 - Must also clarify assumptions used to develop the financial strategy with an explanation of the alternative funding options that have been considered

**New Proposed Regulation Requirement

Financing Strategy: Still To Do

- ****The Province is now requiring actual reporting annually and projection reporting at least every five years**

****New Proposed Regulation Requirement**



Summary

- Improvements to AMP have been on-going
 - some upcoming 2019-2022 Provincial requirements have already been undertaken
 - Municipal Finance Officer's Association of Ontario (MFOA) expert AMP opinion suggested:
 - better conditioning data and expanded costing for road work
 - improved citizen feedback methods
 - an update to the wording in the plan that enhances Council's commitment
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Summary

- ❑ Road replacement expanded to surface area (m²) replacement costing
 - Previously based on road length
 - ❑ Province continues to regulate municipal asset management planning as reflected in the upcoming proposed regulation
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Summary

- ❑ AMP for Trent Lakes was carried out in-house
 - belief that a hands-on approach would result in better understanding
- ❑ Many municipalities hired consultants to prepare plans and there are many software choices available

Summary

- ❑ With new proposed regulation, may be appropriate to retain the services of a consultant to review existing plan, make recommendations and then provide advice on new requirements – especially with new *Planning Act requirements*
- ❑ Seeking Council direction. A further report will be presented with quotations and funding options as unbudgeted expenditure (Tax Sale Reserve or Federation of Canadian Municipalities Grant)

Summary

□ Recommendation:

That Council receive the Treasurer's report for information purposes; and further, that Council approve the updated Asset Management Plan and associated schedules as attached; and further, that Council direct the Treasurer to obtain quotes for a review of the updated plan and proposed new regulation requirements.



Roads: Operating Expenses

	2016 Budget	2017 Budget	Expected Budget
Roadside Mowing & Weeds	33,000.00	38,000.00	38,000.00
Tree & Brush Trim/Removal	100,000.00	95,000.00	95,000.00
Ditching	55,000.00	55,000.00	55,000.00
Cold Mix Patching	125,000.00	120,000.00	120,000.00
Shoulder Treatment	5,000.00	5,000.00	5,000.00
Sweeping	45,000.00	45,000.00	45,000.00
Calcium Chloride	68,000.00	68,000.00	68,000.00
Snow Ploughing	145,000.00	145,000.00	145,000.00
Sanding/Salting	440,000.00	440,000.00	440,000.00

Roads: Capital Expenses

	2016 Budget	2017 Budget
Culverts	40,000.00	40,000.00
Bridges	–	–
Gravel Road Grade/ Resurfacing/Crush	135,000.00	195,000.00
Asphalt Paving	25,000.00	21,000.00
Surface Treat	1,275,000.00	555,000.00
Major Reconstruction	–	690,000.00

Roads: Capital Expenses

	Expected Level of Service	Assets	Useful Life	Expected Budget
Culverts	209m/year	664 Culverts	45	46,464.00
Bridges	0.12m/year	1 Bridge	65	3,600.00
Gravel Road Grade/ Resurface/ Crush	26,664.4m ² /year	Gravel Road Segments	4	132,255.42
	42,755.88m ² /year		5	212,069.16
	25,315.7m ² /year		6	125,565.87
Asphalt Paving	1585.97m ² /year	Asphalted Segment	25	41,171.78
Surface Treat	127,614.45m ² /year	Surface Treat Segment	8	571,712.74
Major Reconstruct	15,361.20m ² /year	Major Reconstruct	8	524,892.20

Roads: Total Costing

	2016 Budget	2017 Budget
Total Budget	2,491,000.00	2,512,000.00
Funding:		
Taxation	1,805,335.00	1,645,513.72
Gas Tax	200,000.00	200,000.00
DC Reserve	60,665.00	65,655.00
OCIF Grant	25,000.00	50,000.00
Roads Reserve	400,000.00	550,831.28

Total Road Requirement	
Expected LOS	262,644.45m ² /year
Expected Budget	2,668,731.18
Increase Required	156,731.18
Percentage Increase	6.24%

Facilities: Operating Expenses

	2016 Budget	2017 Budget	Expected Budget
Municipal Office Cleaning	10,000.00	10,000.00	10,000.00
Municipal Office Hydro	12,000.00	16,000.00	16,000.00
Municipal Office Oil	–	4,500.00	4,500.00
Municipal Office Maintenance	25,000.00	19,000.00	25,000.00
BRHC Cleaning	18,000.00	18,000.00	18,000.00
BRHC Hydro	12,000.00	12,000.00	12,000.00
BRHC Building Maintenance	7,000.00	9,000.00	7,000.00
BRHC Propane	4,500.00	4,500.00	4,500.00
Kinmount Medical Propane	5,000.00	3,500.00	5,000.00
Kinmount Medical Building Maintenance	5,000.00	7,000.00	5,000.00

Facilities: Operating Expenses

	2016 Budget	2017 Budget	Expected Budget
Firehalls Hydro	11,500.00	16,400.00	11,500.00
Firehalls Propane/Oil	15,600.00	14,000.00	15,600.00
Depots Hydro	20,000.00	20,500.00	20,000.00
Depots Propane/Oil	29,000.00	26,000.00	29,000.00
Depots Building Maintenance	27,000.00	26,000.00	27,000.00
Transfer Station Building Maintenance	6,700.00	6,700.00	6,700.00
Community Halls Hydro	22,000.00	24,500.00	22,000.00
Community Halls Propane/Oil	15,500.00	15,000.00	15,500.00
Buckhorn Rink Hydro/Propane	3,300.00	3,300.00	3,300.00
Buckhorn Rink Building Maintenance	8,000.00	8,540.11	8,000.00

Facilities: Capital Expenses

	2016 Budget	2017 Budget	Useful Life	Expected Budget
Buildings	2,400,000.00	2,000,000.00**	40	354,043.49
Building Improvements	195,200.00	525,000.00	10	14,245.66
Land Improvements –Structures	50,000.00	26,000.00	20	16,028.00
Land Improvements –Disposal Systems	–	–	25	14,690.30
Land Improvements –Ground Work	118,076.91	–	30	19,954.88

** New Public Works Depot

Facilities: Total Costing

	2016 Budget	2017 Budget
Total Budget	3,020,376.91	2,815,440.11
Funding:		
Taxation	381,768.60	560,020.11
Canada 150	–	160,420.00
Unfunded Capital	2,400,000.00	1,000,000.00
Development Charges	15,000.00	680,000.00
Roads Reserve	–	300,000.00
Fire, Energy & Galway Hall Reserves	223,608.31	115,000.00

Total Facilities Requirement	
Expected Budget	684,562.32
Increase Required	(130,877.79)
Percentage Increase	(4.65%)

Equipment: Operating Expenses

	2016 Budget	2017 Budget	Expected Budget
Admin – Copier/Supplies	8,500.00	8,500.00	8,500.00
Admin – New Office Equipment	5,000.00	5,000.00	5,000.00
EDP Service/Maintenance	26,000.00	26,000.00	26,000.00
Computer Software/Hardware	12,000.00	12,000.00	12,000.00
BRHC – Copier	1,900.00	1,900.00	1,900.00
BRHC – Equipment	2,000.00	2,000.00	2,000.00
BRHC – EDP Service	3,500.00	3,500.00	3,500.00
Other Protection New Hardware	1,000.00	–	–
Parks & Recreation Tools	1,000.00	1,000.00	1,000.00

Equipment: Operating Expenses

	2016 Budget	2017 Budget	Expected Budget
Fire – General Equipment	50,000.00	50,000.00	50,000.00
Fire – Bunker Gear	26,000.00	26,000.00	26,000.00
Fire – Medical Equipment	6,000.00	4,000.00	4,000.00
Fire – Breathing Apparatus	6,000.00	8,000.00	8,000.00
Fire – Holding Tanks	3,000.00	3,000.00	3,000.00
Roads – Steam Generator	2,000.00	2,000.00	2,000.00
Roads – Safety and Equipment	25,000.00	30,000.00	30,000.00
Roads – Computer Hardware/Software	3,000.00	6,800.00	6,800.00
Roads – Small Tools	14,000.00	14,000.00	14,000.00
Roads – Parts and Supplies On Hand	50,000.00	50,000.00	50,000.00

Equipment: Capital Expenses

	2016 Budget	2017 Budget	Useful Life	Expected Budget
IT – 5 Years	10,000.00	103,500.00	5	29,797.69
Equipment – 5 Years	–	6,000.00	5	7,931.12
Equipment – 10 Years	7,332.57	160,000.00	10	36,494.12
Equipment – 15 Years	–	–	15	17,943.87
Equipment – 20 Years	–	–	20	5,633.40
Furniture – 5 Years	3,000.00	–	5	13,490.31

Equipment: Total Costing

	2016 Budget	2017 Budget
Total Budget	266,232.57	523,200.00
Funding:		
Taxation	259,900.00	517,200.00
Gas Tax	–	–
Development Charges	–	–
Reserve	7,332.57	6,000.00

Total Equipment Required	
Expected Budget	364,990.51
Increase Required	(58,209.49)
Percentage Increase	(30.24%)

Rolling Stock: Operating Expenses

	2016 Budget	2017 Budget	Expected Budget
Admin Vehicle Maintenance/Fuel/Misc.	4,500.00	4,500.00	4,500.00
Building Vehicle Maintenance/Fuel/Misc.	11,500.00	10,500.00	10,500.00
Fire Fleet Maintenance	48,500.00	55,500.00	55,500.00
Fire Fuel	18,000.00	22,000.00	22,000.00
Public Works Fleet Maintenance	349,600.00	350,800.00	350,800.00
Public Works Fuel	250,000.00	245,000.00	245,000.00
Parks & Recreation Maintenance	4,000.00	3,000.00	3,000.00
Parks & Recreation Fuel	3,500.00	4,500.00	4,500.00

Rolling Stock: Capital Expenses

	2016 Budget	2017 Budget	Expected Budget
Rolling Stock – 5 Years	100,000.00	123,694.41	170,270.46
Rolling Stock – 7 Years	–	61,500.23	26,301.31
Rolling Stock – 10 Years	–	350,000.00	363,947.98
Rolling Stock – 15 Years	385,255.23	175,536.64	167,708.00
Rolling Stock – 20 Years	718,000.00	883,000.00	99,000.00

Rolling Stock: Total Costing

	2016 Budget	2017 Budget
Total Budget	1,892,855.23	2,289,531.28
Funding:		
Taxation	1,384,600.00	1,530,299.81
Reserve	508,255.23	759,231.47

Total Rolling Stock Requirement	
Expected Budget	1,523,027.75
Increase Required	(766,503.53)
Percentage Increase	(33.48%)