

DATE: November 16, 2020

REPORT NO: T-26-2020

SUBJECT: **Asset Management-Risk Framework Assessment**

CONTACT: Donna DeFilippis, Director of Finance

OVERVIEW:

- The Township received a grant of \$50,000 from FCM (Federation of Canadian Municipalities) to assist with the funding of our Asset Management Program
- The following are deliverables to be completed in 2020: Risk Framework Development, Lifecycle Framework Development and Service Level Framework Development
- Attached to this report is the Infrastructure Risk Review document

RECOMMENDATION:

That, report T-26-2020, regarding Asset Management-Risk Framework Assessment, dated November 16th, 2020 be received for information.

ALIGNMENT TO STRATEGIC PLAN:

Theme #1 & #6

- Strong Transportation Connections
- Efficient, Fiscally Responsible Operations

BACKGROUND:

On December 13, 2017, the Province of Ontario approved O.Reg. 588/2017-Asset Management Planning for Municipal Infrastructure under the Infrastructure for Jobs and Prosperity Act, 2015

The following is an outline of some of the key requirements, their effective dates and the Township's progress on each item:

July 1, 2019 – all municipal governments are to have a strategic asset management policy in place. This policy is to be reviewed and updated every five years, if necessary. The Township completed this requirement in April 2019.

July 1, 2021 - all municipal governments are to have an approved asset management plan for core assets (roads, bridges and culverts, water, wastewater and storm water) that discuss current levels of service and the cost of maintaining those services. The Township currently has an Asset Management Plan; however, it does not meet the standard as required in this Regulation.

July 1, 2023 – all municipal governments are to have an approved asset management plan for all other infrastructure assets that discuss current levels of service and the cost of maintaining those services. At the present time, the Township does not measure or have any standard level of services in place.

July 1, 2024 – the asset management plans are to include a discussion of proposed levels of service, the assumptions related to the proposed levels of service, what activities will be required to meet proposed levels of service, and a strategy to fund the activities.

The Township has approved two Asset Management Plans to date: 2013 and 2016. These Asset Management Plans were developed based on the legislation that existed at the time. However, they would not meet the requirements as outlined in the new legislation. The goal of this legislation is that Asset Management becomes an on-going process within a municipality that ensures the effective and efficient management of all its assets. Asset Management is no longer a document that “sits on a shelf”.

At the September 17, 2018 Council meeting, staff were authorized to engage the services of PSD (Public Sector Digest) to assist Township staff with developing an Asset Management “Roadmap”. The overall Roadmap consists of the following steps:

1. State of Maturity Report - complete
2. Asset Management Policy – complete
3. Data & Asset Performance Analysis- ongoing
4. Risk and Criticality Models - complete
5. Lifecycle Activity Framework- in progress
6. Level of Service Framework- in progress
7. Financial Strategies
8. Asset Management Plan

CURRENT SITUATION:

A cross-sectional team of staff representing every department at the Township worked with our Consultant, PSD, in developing the Risk Framework for the Township’s core assets, which includes Roads, Bridges, Water, Wastewater and Storm Water Infrastructure. Although not required until 2023, the risk framework was also developed for other asset groups: Facilities, Parks, Rolling Stock and Machinery and Equipment.

The result is the document attached to this report: Infrastructure Risk Review. For each Asset category, both a framework for the Probability of Failure and the Consequence of

Failure has been developed. The elements chosen are based on data currently being collected or in the process of being collected. Once collected, the metrics are compiled into our Asset Management Software- Citywide. The risk framework will be used as part of the decision making process in the management of Township assets.

FINANCIAL IMPLICATIONS:

The Township's 2016 Asset Management Plan indicated a replacement cost of assets totalling \$187 million. Asset Management Planning will ensure that the Township makes the best possible investment decisions regarding those assets. The development of an Asset Management Plan is an ongoing and long-term process which requires many elements. The \$50,000 grant from FCM is of great assistance to the Township as it develops its Plan.

INTER-DEPARTMENTAL COMMENTS:

The Risk Framework was developed as a joint effort among all Township departments, with the most significant contribution from the Public Works department.

CONCLUSION:


O.Reg. 588/2017 has provided municipalities with requirements and deadlines that every Ontario municipality must adhere to when developing their Asset Management programs. Asset Management is a corporate wide program that will ensure that investment in infrastructure is done in a manner that ensures service levels are met within the financial constraints faced by all municipalities. Asset Management will make the decision making much more scientific with investments made within approved plans. There are many requirements within the legislation that will be developed over several years. Once developed, it will be the key tool that is used in long-term planning for the municipality. The development of the Risk Framework is a key element within the Asset Management Plan.

Prepared & Submitted by:



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Approved by:



Bev Hendry, CAO