



## FINANCE, FACILITIES AND COURT SERVICES DIVISION

<b>REPORT TO:</b>	<b>CHAIR AND COMMITTEE MEMBERS</b>
<b>DEPARTMENT:</b>	<b>DIVISIONAL SUPPORT SERVICES</b>
<b>PREPARED BY:</b>	<b>Stephanie Harper, CPA, Manager</b>
<b>REVIEWED BY:</b>	<b>Larry Palarchio, CPA, CMA, General Manager Jason Cole, P.Eng., General Manager Ronald G. Van Horne, Chief Administrative Officer</b>
<b>MEETING DATE:</b>	<b>June 15, 2022</b>
<b>SUBJECT:</b>	<b>Asset Management Program – Moving Forward</b>

### **BACKGROUND**

Asset management planning is an ongoing and long-term process that allows the County to make the best possible investment decisions for our infrastructure needs, including building, operation, maintenance, renewal, replacement, and disposal. For many municipalities, including the County of Lambton, the existing infrastructure is degrading faster than it is being repaired or replaced, putting service at risk. To help address this issue, the Province implemented the *Asset Management Planning for Municipal Infrastructure Regulation*, O. Reg. 588/17.

In 2021, Dillon Consulting Limited (Dillon) was retained by the County of Lambton to help further develop the County's Asset Management Plan (AMP). The goal of the project was to review the current AMP and processes, and to establish a roadmap or plan to move forward to ensure compliance with new and updated provincial regulations, specifically, O. Reg. 588/17.

### **DISCUSSION**

It is difficult to make decisions about maintaining, replacing, and repairing municipal infrastructure. One must take into consideration the community's budgetary needs against critical services such as roads, bridges, municipal long-term care buildings, and cultural buildings to name a few.

Accurate data and resources to produce and interpret relevant asset information is essential to make sound decisions. Currently, the County of Lambton has limited resources to implement and comply with the mandatory legislation. With the resources that it has, staff are simply unable to produce, monitor, and review information to keep an up-to-date solid plan that would inform future investment decisions.

Presently, the County of Lambton does not have a dedicated Corporate Asset Management Program and is using existing staff with already full workloads to piece the Asset Management Plan together. This was a successful approach in the past but it is no longer sustainable in light of the demands of the new O. Reg 588/17 legislation.

The Ministry of Infrastructure has provided the following asset management timelines for municipalities to comply with O. Reg. 588/17:

- July 1, 2022: To have an approved Asset Management Plan for core assets (roads, bridges and culverts) that identifies current levels of service and the cost of maintaining those levels of service.
- July 1, 2024: To have an approved Asset Management Plan for all municipal infrastructure assets (core & non-core assets) that identifies current levels of service and the cost of maintaining those levels of service.
- July 1, 2025: To have an approved Asset Management Plan for all municipal infrastructure assets that builds upon the requirements set out in 2024. This includes an identification of proposed levels of service, what activities will be required to meet proposed levels of service, and a strategy to fund these activities.

Developing asset management plans is also challenging for some local municipal partners and by creating and strengthening the County's asset management abilities, the County would be able to better support them with the tools and the knowledge that it has developed.

Accordingly, to meet legislative requirements and have a professionally prepared and monitored AMP, staff recommends creating a Corporate Asset Management Team. It is currently estimated that an additional 2.5 FTE resources would be required to support all the Divisions across the County in their asset management. The Corporate Asset Management Team will provide and prepare a 10-Year Asset Management Plan for the County of Lambton (Core and Non-Core Assets) that clearly highlights the net replacement value of the County's assets, the desired and current level of service from the County's assets and the optimum capital maintenance plan for effective asset management planning. The Corporate Asset Management Team will also work with key service areas such as the Finance and Infrastructure & Development Services Division in ensuring the asset management plans are integrated with the annual Capital budget.

Asset management planning is not simply the responsibility of a corporate office but requires the full support of the entire organization to ensure the most cost effective and efficient utilization of our assets.

It is important to recognize that the County has core and non-core assets estimated currently in excess of \$1.0 billion (roadways, bridges, Long-Term Care Homes, cultural facilities, housing facilities, and administrative buildings). A dedicated Corporate Asset Management Team is necessary to ensure that the asset management plans of each Division are up to date and fully integrated within the 10-year capital budgetary plan and

forecasts of the County. Without doing so, the County will not be able to comply with the Provincial regulations.

The Asset Management Plan, once completed, will be integrated in the development of the annual Capital Budget. Any funding shortfall between the Asset Management Plan and the annual capital budget will be clearly communicated as the “infrastructure gap” of the County.

## **FINANCIAL IMPLICATIONS**

It is estimated that a Corporate Asset Management Team of 2.5 FTE, when fully implemented, will result in an annual operating budgetary requirement of \$300,000. Start-up and implementation costs for the current 2022 year are projected to be funded within the existing 2022 County Budget through gapping and easing of COVID-19 restrictions.

The Corporate Asset Management Team will ensure that the County complies with legislation with respect to asset management and more importantly continues to be eligible for and receive the vital funding from the Canada Community Building Fund (\$3.9 million in 2022) allocation used to support many of our infrastructure.

With a current and accurate AMP, the County would be able to respond to other funding initiatives and make informed decisions about our infrastructure.

## **CONSULTATIONS**

The Chief Administrative Officer and General Managers were consulted in the preparation of this report.

## **STRATEGIC PLAN**

Meets the objective of accountability to ratepayers for the appropriate stewardship of their tax dollars.

## **CONCLUSION**

When done well, Corporate asset management planning is part of a strategic planning process that is integrated with budgeting processes, and long-term financial planning. By July 1, 2025, 100% of municipalities must have an up-to-date robust plan that informs investment decisions and will support the reliance on data to explain decisions to the residents of Lambton County. With the addition 2.5 FTE staff to support the successful planning and guidance of our Asset Management Plan, the County of Lambton can maintain compliance with the appropriate legislation and operationalize Asset Management roles and responsibilities to support these evolving and important requirements.

**RECOMMENDATION**

**That the addition of up to 2.5 FTEs hereby be approved for the creation of a Corporate Asset Management Team, and that any costs associated therewith, for the fiscal 2022, be funded from the current 2022 Budget, and that any costs thereafter for 2023 and beyond be included in the County's budgets for Council's then review and approval.**