

Town of Whitby

Staff Report

whitby.ca/CouncilCalendar



Report Title: Asset Management Policy Update

Report to: Committee of the Whole

Date of meeting: March 4, 2024

Report Number: FS 08-24

Department(s) Responsible:

Financial Services Department

Submitted by:

Fuwing Wong, Commissioner, Financial Services & Treasurer, 905.430.4314

**Acknowledged by M. Gaskell,
Chief Administrative Officer**

For additional information, contact:

Graeme Williamson, Supervisor, Asset Management, 905.668.3214

1. Recommendation:

1. That Report FS 08-24 regarding the Asset Management Policy update be endorsed by Council;
2. That Staff continue to undertake asset management initiatives to remain in compliance with Ontario Regulation 588/17 and the Municipal Funding Agreement for the Transfer of Federal Gas Tax Funds; and
3. That Staff report back to Council in June 2024 with an update to the Municipal Asset Management Plan.

2. Highlights:

- On December 27, 2017, O.Reg. 588/17 (see Attachment 3 or click on the following link [O.Reg.588/17](#)) was released which regulates and sets deadlines for municipalities for asset management planning of municipal infrastructure, including:
 - **Deliverable 1 – July 1, 2019:** Date for municipalities to have a finalized strategic asset management policy. This policy needs to be reviewed and updated every 5 years. (Attachment 1 contains an update of the Town's policy)

- **Deliverable 2 – July 1, 2022:** Date for municipalities to have an approved asset management plan for core assets (roads, bridges, culverts, and stormwater management) that discusses current Levels of Service (LOS) and the cost of maintaining those services.
- **Deliverable 3 – July 1, 2024:** Date for municipalities to have an approved asset management plan for all municipal infrastructure assets that discusses current LOS and the cost of maintaining those services. Staff are currently finalizing the plan for Council review in June 2024.
- **Deliverable 4 – July 1, 2025:** Date for municipalities to have an approved asset management plan for all municipal infrastructure assets that builds upon the requirements of the deliverables in 2022 and 2024. This includes public and Council engagement for determining proposed LOS, optimized lifecycle activities to meet the proposed LOS, and a financial strategy to fund the activities.

3. Background:

The discipline of Asset Management is an expectation for all public organizations. It is a multi-disciplinary solution to assist in managing municipal infrastructure, drawing upon best management practices from business, finance, engineering, technology, operations, and maintenance.

History of Asset Management Regulations and Requirements:

- 2007 – PSAB 3150 reporting net book value of municipal tangible assets by January 1, 2009.
- 2012 – The Ontario Ministry of Infrastructure launched its Building Together initiative, which provided guidelines on the development of Asset Management Plans. From this time, the Provincial government required any municipality seeking Provincial capital funding assistance to have a detailed Asset Management Plan that shows how the proposed project fits within the Asset Management Plan.
- 2014 – The Town of Whitby completed its first Asset Management Plan related to core infrastructure assets (roads, bridges, culverts, sidewalks, and multi-use paths).
- 2014 – The Association of Municipalities of Ontario (AMO), on behalf of all Ontario municipalities, entered into a new gas tax agreement with the Federal government which requires that detailed asset management plans be completed for all municipal asset inventories by the end of 2016.
- 2015 – The Town of Whitby completed its Corporate Asset Management Study, expanding upon the core infrastructure assets to include all tangible asset classes.
- 2015 – The Province of Ontario passed Bill 6, The Infrastructure for Jobs and Prosperity Act, 2015 (Attachment 4 or click on the following link [Bill 6](#)). This act

set out the principles to regulate asset management planning of provincial and municipal infrastructure.

- 2016 – The Town of Whitby completed its first Municipal Asset Management Plan and sever Service Area Asset Management Plans.
- 2017 – The Province of Ontario releases O.Reg. 588/17 which outlined four deliverables, deadlines and the minimum update frequency. This regulation was made under the Infrastructure for Jobs and Prosperity Act, 2015.
- 2019 – The Town of Whitby completed its first Strategic Asset Management Policy which was endorsed by Council.
- 2022 – The Town of Whitby completed the Municipal Asset Management Plan (MAMP) which included the Levels of Service for its core assets.

4. Discussion:

The initial Strategic Asset Management Policy was the first deliverable as prescribed in the O.Reg. 588/17 and was endorsed by Council on April 15, 2019. The regulation stipulates that the Strategic Asset Management Policy should be reviewed and updated accordingly at least every five (5) years. To remain compliant with O.Reg. 588/17, the updated Strategic Asset Management Policy needs to be endorsed by Council before the April 2024 Council Meeting. This policy, which is accompanied by the Asset Management Procedure is to include:

- A list of the municipal goals, plans and policies the Asset Management Plan will support.
- An outline of the process(es) by which the Asset Management Plan will affect the development of the budget and long-term financial plans.
- A committed approach to the continued improvement and adoption of best practices in asset management.
- The asset management planning principles outlined in section 3 of the Infrastructure for Jobs and Prosperity Act: Infrastructure planning and investment should:
 - i. Take a long-term view, mindful of demographic and economic trends in Ontario.
 - ii. Take into account applicable budgets and financial plans.
 - iii. Clearly identify infrastructure priorities for better decision making.
 - iv. Promote economic competitiveness, productivity, job creation, and training opportunities.
 - v. Ensure the health and safety of workers involved in the construction and maintenance of infrastructure assets is protected.
 - vi. Foster innovation, utilizing technology, techniques and practices developed in Ontario.
 - vii. Be evidence based and transparent, decisions are based on information that is publicly available and should be shared between governments outlining investment implications.
 - viii. Be mindful of all plans and strategies (Planning Act, Water Opportunities Act, 2010, Metrolinx Act, 2006, Oak Ridges Moraine Conservation Act, 2001) that the infrastructure planning may affect.

-
- ix. Promote accessibility for all people.
 - x. Minimize the impact of infrastructure on the environment, helping to maintain ecological and biological diversity and be resilient to the effects of climate change.
 - xi. Make use of acceptable recycled aggregates.
 - xii. Promote community benefits such as local job creation and training opportunities.
- Any infrastructure risks and vulnerabilities related to climate change.
 - Mitigation approaches to climate change, for example, a reduction of greenhouse gas emissions with goals and targets.
 - Adaptation plans to increase the resiliency of assets to the adverse effects of climate change.
 - Disaster planning and the required contingency funding.
 - Asset management planning is aligned with Ontario's land-use planning framework (Planning Act section 3(1)) and the Town's Official Plan.
 - Discussion on the capitalization thresholds used to determine which assets are to be included in the asset management plan(s) and how this compares to the Town of Whitby's Tangible Capital Asset Policy.
 - A commitment to coordinated asset management planning efforts with neighbouring lower tier municipalities and the Region of Durham.
 - Development of an Asset Management Governance to outline responsibilities related to asset management in the Corporation, this includes; Council, the Senior Leadership Team, and all other employees.
 - A commitment to residents and other interested parties to have the opportunity to provide input into the asset management planning.
 - This Policy is to be reviewed and updated at least every 5 years.

The other three deliverables incorporate anticipated growth into the planning of our municipal infrastructure, address climate change, and expand upon the levels of service to include qualitative measures. The final deliverable determines the optimal levels of service for all service areas.

5. Financial Considerations:

As approved in the 2024 Operating Budget, the Town of Whitby allocates \$22.9 million of annual property tax revenues to the Asset Management Reserve Fund. Further, the Town receives over \$4 million of Canada Community Building Fund (formerly Federal Gas Tax) grant funding. Funds from both sources are used to repair, rehabilitate, maintain the Town's existing infrastructure, as identified in the Whitby Municipal Asset Management Plan.

Future financial considerations will include:

- Incorporate Levels of Service and a Financial Strategy to fund the proposed levels by July 1, 2025 (in accordance with asset management legislation, see Deliverable 4 in the Highlights section of this report).

- Prepare lifecycle costs for existing and future growth assets which will be incorporated into the Municipal Asset Management Plan (MAMP) and linked to the Levels of Service.
- Continued funding of the asset management program as outlined in the Council approved Financial Policy which includes funding requirements from the MAMP and Long Range Financial Plan.
- Continued refinement of funding requirements as information pertaining to municipal infrastructure assets improves.
- Additional staff resources to assist with the increased reporting responsibilities outlined in O.Reg. 588/17.
- Continued monitoring of the infrastructure gap, which is the difference between what is the average annual spending requirements and the funding levels.

6. Communication and Public Engagement:

- Staff will update the Municipal Asset Management Plan in accordance with the O.Reg. 588/17 timelines.
- Starting in June 2026, Staff will provide Council with annual reports on the progress of asset management throughout the various service areas of the Town of Whitby.
- The Strategic Asset Management Policy, the Asset Management Procedure, and the 2022 Municipal Asset Management Plan (MAMP) are all available on the Town's public website.

7. Input from Departments/Sources:

N/A

8. Strategic Priorities:

The Strategic Asset Management Policy and Asset Management Procedure advance the Town's Strategic Pillar 2 – Whitby's Natural & Built Environment, Strategic Pillar 3 – Whitby's Economy, and Strategic Pillar 4 – Whitby's Government.

The policy and procedure advance Strategic Pillar 2 – Objective 2.2 Enhance community connectivity and beautification through action 2.2.2, maintaining current datasets on the various active transportation that assist in the forecasting of future needs of residents; action 2.2.4, maintaining parks, trails and tree datasets to utilize all Town owned space and to increase the canopy cover, and action 2.2.5, the Municipal Asset Management Plan develops service levels for maintaining assets to a defined standard. The policy and procedure further advance Strategic Pillar 2 – Objective 2.3 Invest in infrastructure and assets, through actions 2.3.1, 2.3.2, 2.3.5 and 2.3.6, which deal with the construction of new assets and the maintenance/upgrades of existing assets.

The policy and procedure advance Strategic Pillar 3 – Objective 3.3 Promote innovation and build competitive advantage by action 3.3.1, when developing and implementing the Intelligent City Strategy and Action Plan to implement innovative solutions whenever possible.

The policy and procedure advance Strategic Pillar 4 - Objective 4.3 Deliver exceptional customer service and community engagement, and specifically action 4.3.2, by defining service levels that are of interest to our community. Further advancing Strategic Pillar 4 – Objective 4.4 to ensure fiscal accountability and to responsibly plan for growth through action 4.4.1, delivering services that respond to community needs while balancing the impact to taxpayers, and action 4.4.2, to update long-range financial plans to ensure that Town services are delivered in a sustainable and affordable manner.

The Town of Whitby's commitment to supporting accessibility for all people is engrained in the Asset Management Procedure, which include new developments that must meet a certain accessibility standard, capital projects which improve the accessibility of existing Town assets, and encourage retrofits that make private buildings more accessible.

The Strategic Asset Management Policy and Asset Management Procedure show the Town of Whitby's commitment to environmental and fiscal sustainability. Adaptation and mitigation of climate change are addressed within the Asset Management Procedure.

9. Attachments:

Attachment 1 – Strategic Asset Management Policy

Attachment 2 – Asset Management Procedure

Attachment 3 – Ontario Regulation 588/17 (O.Reg. 588/17)

Attachment 4 – The Infrastructure for Jobs and Prosperity Act, 2015