

Town of Whitby

Staff Report

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Report Title: Town of Whitby Municipal Asset Management Plan (MAMP) Status Update

Report to: Committee of the Whole

Date of meeting: October 28, 2024

Report Number: FS 36-24

Department(s) Responsible:

Financial Services Department

Submitted by:

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**Acknowledged by M. Gaskell,
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1. Recommendation:

1. That Report FS 36-24 regarding the Municipal Asset Management status be received.

2. Highlights:

- The last update of the Town of Whitby's [MAMP was approved by Council in June, 2024](#). The June 2024 MAMP update outlined:
 - The Town's current funding levels (from various sources) for asset replacements is currently \$31 million per year;
 - the average (ten-year) annual funding requirement is \$41.8 million per year;
 - an annual funding gap deficit of \$10.8 million (=\$41.8- \$31).
- Provincial legislation (O. Reg. 588/17) for Municipal Asset Management Plans (MAMP) require Council approval of an updated MAMP by July 1, 2025;
- To comply with provincial legislation, the 2025 MAMP update will include:

- a ten-year outlook of the proposed levels of service (LoS) for all asset classes;
- the financial and risk implications;
- an analysis of different LoS scenarios;
- how the LoS recommendations can be funded, and,
- an analysis of the demand that growth might have on levels of service
- Financial Services' staff are working with departments to establish levels of service targets, required life cycle activities, associated risks, the annual costs and financial strategy.

3. Background:

The history of Asset Management Plans in Ontario date back to 2012 as outlined below:

2012 - The Ontario Ministry of Infrastructure launched its Building Together initiative, which provided guidelines on the development of AM Plans. The 2012 guidelines noted that going forward, the Provincial government will require that any municipality seeking Provincial capital funding assistance have a detailed AM Plan that shows how the proposed project fits within the asset management Plan.

2014 - The Association of Municipalities of Ontario (AMO) entered into a new gas tax agreement with the Federal government, on behalf of all municipalities, which required that detailed asset management plans be completed for all municipal asset inventories by the end of 2016.

2016 – The Town of Whitby completed its first Municipal Asset Management Plan and seven Service Area Asset Management Plans.

2017 - The Provincial Government of Ontario passed Ontario Regulation (O. Reg.) 588/17: Asset Management Planning for Municipal Infrastructure mandating due dates for various asset management deliverables for all municipalities.

2019 – The Town completed the Asset Management Policy and Asset Management Procedure. This was the first deliverable under O. Reg. 588/17: Asset Management Planning for Municipal Infrastructure.

2021 – Due to the COVID Pandemic, the Province of Ontario extended the due dates for the final three O. Reg. 588/17 deliverables each by one year.

2022 – The Town of Whitby updated its Municipal Asset Management Plan, meeting all requirements for the O. Reg. 588/17 – July 1, 2022 deadline for the core assets (roads, bridges, structural culverts, and stormwater management assets).

2024 – The Town of Whitby updated its [Strategic Asset Management Policy and Procedure via the March 4, 2024 Staff Report FS 08-24](#), in accordance with the requirements of O. Reg. 588/17.

2024 – The Town updated its [Municipal Asset Management Plan, via the June 10, 2024 Staff Report FS 31-24](#), meeting all requirements for the O. Reg. 588/17 – July 1, 2024 deadline for all service area asset classes (Facilities, Fire Equipment, Fleet, Library Resources, Parks, Roads Right-of-Way, and Technology & Innovation Services).

2025 – The Town is updating the Municipal Asset Management Plan to comply with O. Reg. 588/17, July 1, 2025, requirements, which includes the proposed levels of service to match financial capacity. This will include the following:

- Lifecycle Management Strategy,
- Financial Strategy which includes a 10-year expenditure forecast,
- Risk Analysis,
- Growth Analysis.

What is Asset Management?

Asset Management is defined as an integrated business approach within an organization that minimizes the lifecycle costs of owning, operating, and maintaining assets, at an acceptable level of risk, while continuously delivering established levels of service for present and future residents, businesses, visitors and customers.

Asset Management includes the planning, design, construction, operation and maintenance of assets and infrastructure used to provide services. By utilizing AM processes, asset needs can be prioritized over time, while ensuring timely investments to minimize repair and rehabilitation costs and maintain municipal assets.

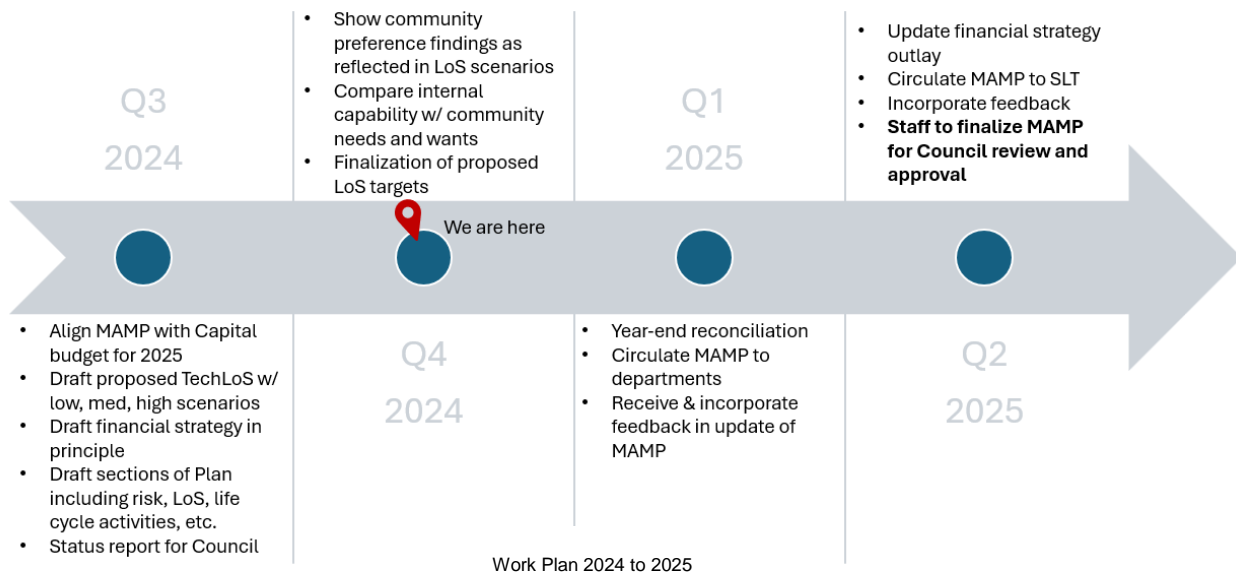
Key questions municipalities must ask themselves today as they continue to develop and refine their MAMPs and programs are the following:

- What do you have and where is it?
- How is it performing relative to expectations?
- What is it worth?
- What is its condition and expected remaining service life?
- What needs to be done?
- When do you need to do it?

- How much will it cost and what is the acceptable level of risk(s)?
- What are the overall life cycle needs/costs?
- What are the long-term sustainable financial needs?

4. Discussion:

Below is a timeline of milestones by quarter, detailing the progress of the MAMP leading up to its presentation to Council at the end of the second quarter in 2025:



Financial Services is on track to present the MAMP to Council in June of 2025 in compliance and including the requirement of O. Reg. 588/17. The work plan includes drafting LoS scenarios and updating associated forecast costs in the fourth quarter of 2024; obtaining senior leadership team endorsements by the end of the year for proposal to council in 2025; preparing the MAMP for Council review, feedback and eventual approval by the end of Q2, 2025.

The Town of Whitby’s 2024 MAMP update identified that the Town’s tax-funded contributions to the Asset Management Reserve Fund is underfunded by \$10.8 million annually. The 2025 update to the MAMP, to include a financial strategy for existing and future growth-related assets, may adjust the \$10.8 million funding gap (depending on the proposed Levels of Service to be approved by Council). While the \$10.8 million funding gap was identified following an analysis of the current asset-enabled service level needs (including historical underfunding that led to the present backlog), low, medium and high LoS scenarios are being examined to fulfil the proposed LoS requirements of the regulation. Forecasts LoS are being developed for the next ten years for all the Town’s asset classes and will include associated operating and capital funding requirements and present funding capability.

In accordance with the regulation, risks associated with meeting the Town's asset management objectives will also be detailed to further inform decision-making.

Finally, based on available insights, lifecycle activity needs will be forecast for anticipated growth-related assets.

The insights collected in the development of the 2025 MAMP may require an adjustment to the funding needs of the Asset Management Reserve Fund.

Funding asset-enabled service needs supports proactive asset management which costs less than reacting to asset failures. It also upholds the Town's reputation as a responsible steward of its assets and helps avoid potential service disruptions.

5. Financial Considerations:

The 2024 MAMP update identified a \$10.8 million funding gap between:

- the Town's annual contributions (inclusive of the Town's property-tax funded contributions to the Asset Management Reserve Fund and Canada Community Building Fund grant funds) toward asset management capital programs (\$30 million/year); and
- the projected average 10-year annual asset management spend (\$40.8 million/year) based on current service levels.

O. Reg. 588/17 requires municipalities to develop and obtain Council approval by July 1, 2025, a 10-year financial strategy that includes for each asset category the anticipated annual costs to undertake recommended lifecycle activities (maintenance and capital) to achieve the proposed LoS, a projection of the annual funding that will be available to undertake the lifecycle activities, and how the Town will manage possible risks associated with any funding shortfall.

This report outlines the status and plan to update the Town's MAMP for the July 1, 2025 deadline. In the interim, staff will be outlining the \$10.8 million asset management funding gap as budget pressures for 2025 and future years. An increase in property tax-based funding to the Asset Management Reserve Fund will be required to close this gap and to ensure that the Town's infrastructure is kept in a state of good repair.

6. Communication and Public Engagement:

There is no statutory requirement for consultation or public engagement regarding asset management planning. However, Financial Services is using the public engagement insights collected during the development of the Community Strategic Plan, the Parks & Recreation Master Plan, and the 2024 and 2025 annual budget when reviewing levels of service scenarios and to inform the recommended proposed levels of service. These insights are being used to inform recommendations contained with the 2025 MAMP.

The Regulation does require Council, the public's representatives, to be involved in the review and approval of the Municipal Asset Management Plan.

Additionally, it is a requirement to have the MAMP available to the public by posting it and as the Town's Asset Management Policy on the publicly available Town website.

7. Input from Departments/Sources:

Staff from all departments continue to be instrumental in providing updates to the MAMP document. The updates that staff from the various service areas provided were:

- new assets,
- disposed assets,
- updated condition ratings,
- updated replacement costs,
- service level key performance metrics,
- capital lifecycle activities, and
- departmental progress, challenges and opportunities regarding climate change resilience and mitigation.

The asset management team continues to work with ERP implementation team to ensure the asset management needs of all service areas are incorporated into the Enterprise Resource Planning (ERP) solution. Some of the main goals of the ERP solution are having a centralized database to eliminate redundancies and chances of error from entering data into multiple software platforms; capturing significant operations activities such as pothole repair that can assist in determining the optimal time to resurface a road; and closing the financial process of planning, constructing, maintaining, rehabilitating and decommissioning/reconstructing the various infrastructure.

8. Strategic Priorities:

The Municipal Asset Management Plan (MAMP) furthers the Town of Whitby's 2023-2026 Community Strategic Plan Strategic Pillars and is closely connected to Strategic Pillars 2 (Whitby's Natural and Built Environment), and 4 (Whitby's Government).

Strategic Pillar 2 Whitby's Natural and Built Environment

Objective 2.1 - Demonstrate environmental leadership in sustainability and addressing climate change, through Actions 2.1.1 and 2.1.6, by enabling integrated asset management practices across the Corporation, providing the opportunity to incorporate climate mitigation measures proactively.

Objective 2.2 - Enhance community connectivity and beautification through Actions 2.2.2 and 2.2.5, by defining and monitoring service levels of various municipal asset types, including those promoting active transportation and community beautification.

Objective 2.3 - Invest in infrastructure and assets, is advanced by the MAMP through Actions 2.3.1 and 2.3.2. These major transportation and facility assets advanced by Actions 2.3.1 and 2.3.2 will require strategic asset management and planning into the future.

Strategic Pillar 4 Whitby's Government –

Objective 4.3 - Deliver exceptional customer service and community engagement, through Action 4.3.2, by defining, measuring, and maintaining consistent and transparent asset service levels, which promotes accountability, community engagement, and a commitment to meeting the defined service level targets. It also advances

Objective 4.4 - Ensure fiscal accountability and responsibly plan for growth, and specifically Actions 4.4.1 and 4.4.4, as strategic short-, medium-, and long-term planning of asset lifecycle activities to maintain defined service levels encourage financial sustainability and fiscal responsibility

9. Attachments:

n/a