



## Staff Report

---

**Report To:** Dan Best, Chief Administrative Officer  
**From:** **Sandy Becker, Director of Financial Services**  
**Date:** June 18 2018  
**Report:** FIN.18.12  
**Subject:** FCM – Municipal Asset Management Program Grant

---

### **Recommendations:**

**That** South Huron Council receives the report from S. Becker, Director of Finance re: FCM – Municipal Asset Management Program Grant dated June 18, 2018.

**That** Council authorize Staff to prepare and apply for the Federation of Canadian Municipalities' Municipal Asset Management Program grant for Asset Management Program, and

**That** the Municipality commits to conduct the following activities: Identify and fill any data gaps within the core assets and undertake condition assessments for the linear infrastructure.

**That** the Municipality commits \$200,000 as included in the 2018 budget toward the costs of this initiative.

### **Purpose:**

The purpose of this report is to provide information regarding the grants currently available for asset management and to receive Council's authorization to apply for the FCM Municipal asset management program grant.

### **Background and Analysis:**

O.Reg. 588/17 was filed in December 2017 and includes robust asset management framework and requirements over the course of July 1, 2019 to July 1, 2024. It includes all asset classes, lifecycle management costing rather than the full cost replacement assumptions, current and proposed

levels of service and a comprehensive long-term financing strategy. A summary table on the timeline and components of the new legislation as well as the plan to address the requirements can be found in *Appendix A*.

Staff have created an Asset Management Working Group to ensure our policies and strategies align with the Provincial objectives of the regulation and the core values of the Municipality. The working group will ensure key deadlines are met as well as coordinate the data and processes to ensure an efficient and effective asset management strategy.

Currently there are some information data gaps that need to be addressed to ensure more detailed information is feeding into the plan. Updated condition data is required as well to ensure appropriate lifecycle management. All of these are critical in ensuring municipal infrastructure will be well maintained and provide the current levels of service for our residents.

#### FCM Grant – Eligibility

FCM's Municipal Asset Management Program (MAMP) grant funding is available to Canadian municipalities to help fund strategies to develop sound asset management practices. The grant can be used to fund 80% of eligible expenditures up to a maximum of \$50,000.

Eligible expenditures include the following:

- Condition data for assets
- Direct cost of staff time spent engaged in eligible activities
- Lifecycle costing activities including data modelling
- Policy implementation to integrate asset management practices into daily routines
- Training elected officials and staff on asset management approaches
- Software related to asset management

#### FCM Grant – Application Process

The following are the components of the application:

- Application form
- Completed workplan and budget including up to 3 activities required to achieve asset management goals
- Resolution from Council
- AM Self Assessment using the Asset Management Readiness Scale

The review can take up to 2 months after submitting the application.

## **Operational Considerations:**

The funds from FCM are required to be used on the identified activities within 11 months of receipt. The following activities have been identified as the most critical in order to meet the specified timelines:

1. Identify and Fill Data Gaps – this will be completed for the core assets and ensure accurate, complete data in order to develop an effective asset management plan.
2. Undertake Condition Assessments for Linear Infrastructure – these assessments will assist staff in determining the priority or risks associated with the current state of the infrastructure. From these assessments it will make it possible to model lifecycle events and strategies to maximize the useful lives of the assets.

## **South Huron's Strategic Plan:**

Section 6.2.1 identifies Strategic Directions for the Municipality that all require adequate infrastructure.

Section 6.2.2 includes strategic objectives that recommend initiatives reflecting the collective perspectives of the strategic planning process. Asset Management supports the following objectives:

- Improved recreation and community wellbeing through infrastructure and facilities
- Administrative Efficiency and Fiscal Responsibility by ensuring the right amount is invested in the right assets at the right time to optimize their useful lives and reduce annual replacement costs.
- Increased communications through more frequent reporting, as per the new legislation.
- Transparent, Accountable, and Collaborative Governance through the use of data analysis to remove the subjectivity of the operational and capital budgeting processes.

## **Financial Impact:**

The current 2018 budget includes a municipal financial commitment of \$200,000. (overall expenses of \$250,000 net of FCM grant of \$50,000.)

The cost of the proposed activities for 2018 are as follows:

- |                                |           |
|--------------------------------|-----------|
| 1. Identify and Fill Data Gaps | \$140,000 |
| 2. Condition Assessments       | \$110,000 |

Therefore, the anticipated cost for this phase of the asset management program is expected to be within the budgeted amount.

## **Legal Impact:**

There are no legal implications for the Corporation resulting from the proposed recommendation.

## **Staffing Impact:**

Staff resources will be used to assist in reviewing data, identifying gaps and updating our asset database. Staff will work with consultant(s) to prioritize and coordinate condition assessments ensuring data acquired is compiled in a format which can be uploaded to existing database. The compilation of this data will assist in developing lifecycle events and strategies to maximize the useful lives of our assets and assist in providing data for prioritizing infrastructure needs.

## **Policies/Legislation:**

O.Reg.588/17: Asset Management Planning for Municipal Infrastructure

## **Consultation:**

This report was based on working plans set forth by the Asset Management Working Group consisting of:

- Dan Best, CAO
- Don Giberson, Director of Infrastructure and Operations
- Sandy Becker, Director of Finance/Treasurer
- Angela Shipway, Financial Services Supervisor

## **Related Documents:**

Appendix A – Asset Management Regulation and Proposed Workplan

Prepared by,

\_\_\_\_\_  
**Angela Shipway, Financial Services Supervisor**

Respectfully submitted,

\_\_\_\_\_  
**Sandy Becker, Director of Financial Services**

## Appendix A – Asset Management Regulation and Proposed Workplan

| Deadline     | O.Reg. 588/17   | Workplan   |
|--------------|---|--|
| July 1, 2019 | <p>Strategic Asset Management Policy</p> <ul style="list-style-type: none"> <li>• Outlines how it will be incorporated into the daily operations of the Municipality including plans for continuous management and updating</li> </ul>  | <p>MFOA releasing a toolkit for policy development</p> <p>Consultation with other Municipalities</p> <p>Internal policy development</p>  |
| July 1, 2021 | <p>Asset Management Plan – Core Assets</p> <ul style="list-style-type: none"> <li>• Includes inventory and condition data for roads, water, sewer, storm and bridges/culverts</li> <li>• Current levels of service identified and costed</li> <li>• Growth Assumptions</li> <li>• Lifecycle Activities to Maintain current levels of service</li> </ul> | <p>Verification of current data to determine any missing assets</p> <p>Condition assessments for Water, Sewer and Storm assets (Road Needs Study and OSIM Bridge completed)</p> <p>Staff will analyze and determine current levels of service and associated costs</p> |

|                     |  |   |
|---------------------|--|---|
|                     |  | <p>Determine a condition assessment strategy</p>  |
| <p>July 1, 2023</p> | <p>Asset Management Plan – All Assets</p> <ul style="list-style-type: none"> <li>• Same as above with the addition of all other asset classes (ex. Facilities, parks, etc.)</li> </ul>   | <p>Obtain condition data on remaining asset classes</p> <p>Define current levels of service for those asset classes and the costs associated</p> <p>Determine a condition assessment strategy</p>   |
| <p>July 1, 2024</p> | <p>Proposed Levels of Service</p> <ul style="list-style-type: none"> <li>• Proposed levels of service for the following 10 years including energy/operating efficiencies</li> </ul> <p>Financing Strategy</p> <ul style="list-style-type: none"> <li>• Detailed financing strategy for funding the lifecycle activities and the capital replacement costs</li> </ul> | <p>Through a service delivery review the Municipality will have a starting point for determining which levels of service are sufficient and which need to increase or decrease</p> <p>Once the lifecycle activities are costed and included Staff will be able to determine a financial strategy to manage the assets effectively and efficiently</p> |

|  |  |  |
|--|--|--|
| <p>Ongoing/<br/>Reporting<br/>Requirements</p> | <p>Update the plan every 5 years</p> <p>Annual AMP review and reporting (not yet defined)</p> <p>Endorsed by Council and executed by Staff</p> | <p>Continual review by those charged with the task</p> |
|--|--|--|