



"Spending the right money, on the right asset or activity, at the right time"



PART 1:

ASSET MANAGEMENT IN

SOUTH HURON

Asset Management in South Huron

- Managing infrastructure in a coordinated, integrated way to maximize its value in providing a given service.
- Key resources used to provide services to the public. All of these resources contribute to the local economy and improve the quality of life for residents.

Examples of Assets at Work:

- The delivery of a safe and efficient road network, that includes bridges, culverts, sidewalks and street lighting
- Safe drinking water
- Environmentally sound wastewater treatment
- Efficient storm water management
- Safe recreational facilities and playgrounds
- Managing safe, reliable and right sized municipal fleet

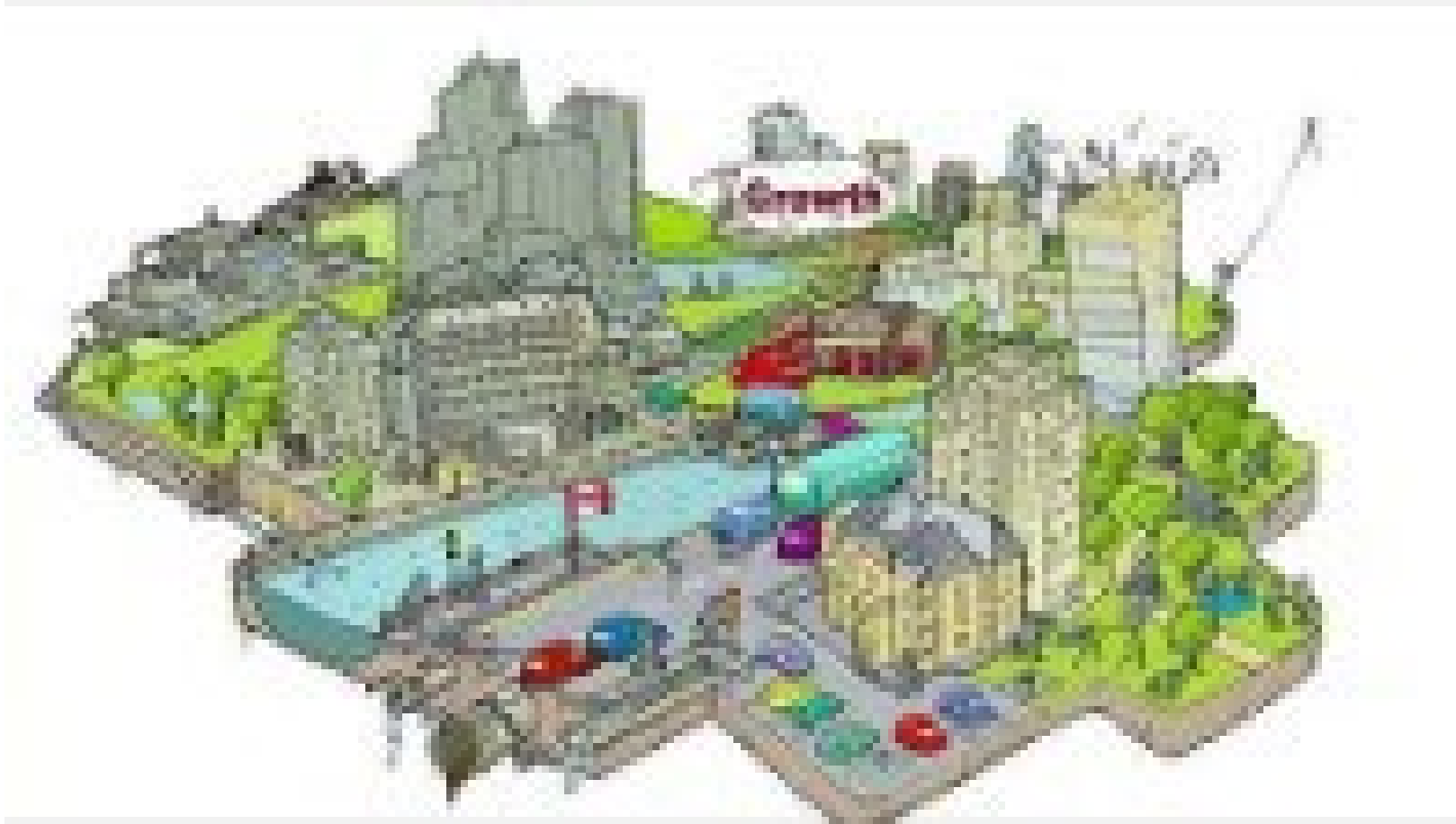


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MFOA Asset Management Planning Video

<https://www.youtube.com/watch?v=deiyyRp9pEo&list=UU9Ch5CPpa1NYq1VBe9glgrw>



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O. Reg. 588/17 Requirements and Timelines

Requirement	Deadline	South Huron Progress
Strategic Asset Management Policy	July 1, 2019	Completed March 4, 2019
Asset Management Plan – Core Assets	July 1, 2022	Completed April 6, 2021
Asset Management Plan – All Municipal Assets	July 1, 2024	Not Completed
Proposed Levels of Services/Financial Strategy	July 1, 2025	Not Completed

Core Assets vs. Non-Core Assets

What's the Difference?

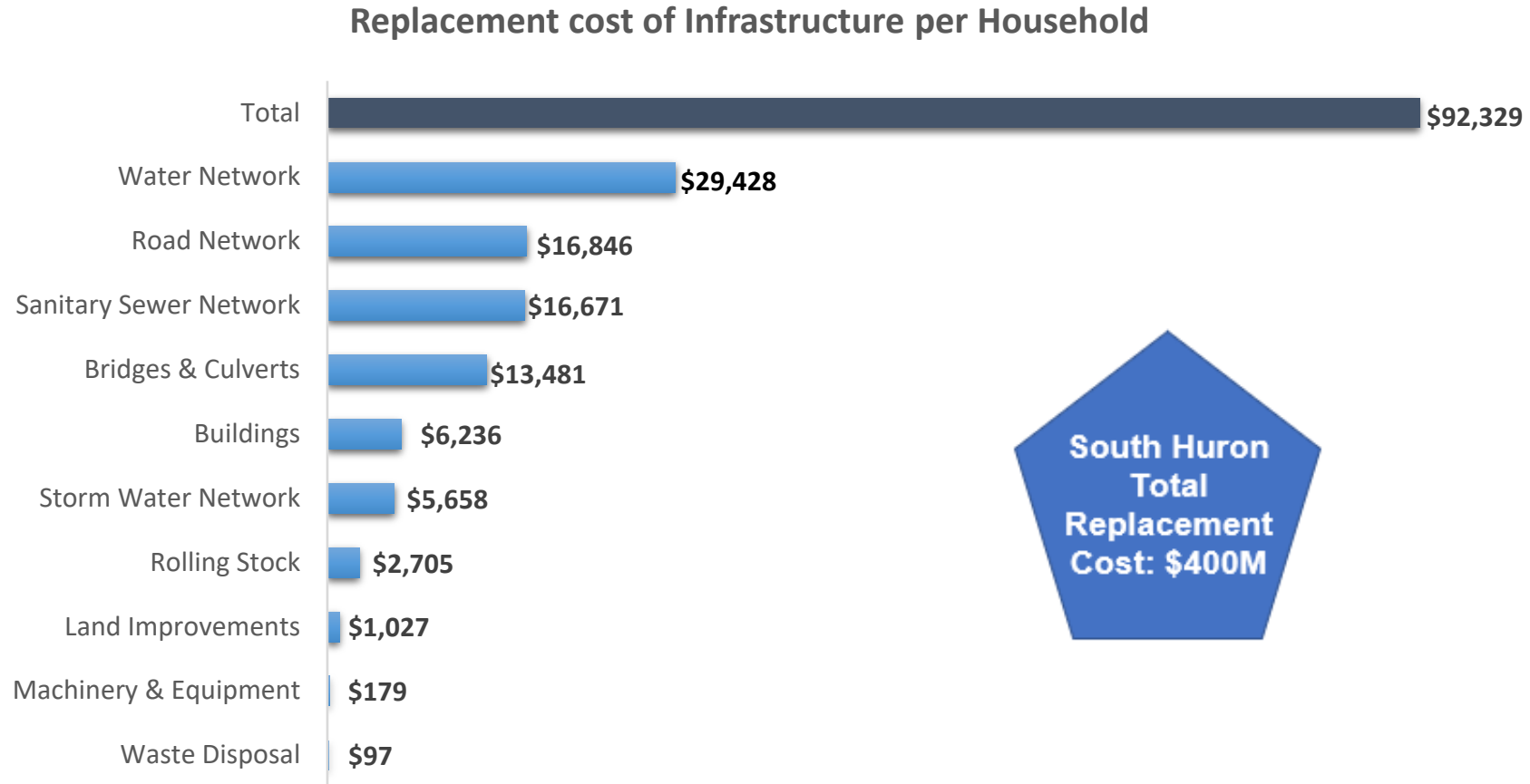
Core Assets Include:

- **Road Network:** Paved Roads, Sidewalks, Streetlights, Traffic Signals
- **Bridges & Culverts** (over 3 meters in span)
- **Storm Water Network:** Retention Ponds & Storm Mains
- **Water Network:** Booster Stations, Reservoirs, Water Towers, Watermains, Control Chambers, Facilities, Equipment & Rolling Stock (funded through water rates)
- **Sanitary Sewer Network:** Waste Water Treatment Facilities & Lagoons, Pumping Stations, Sewer Mains, Facilities, Equipment & Rolling Stock (funded through sewer rates)

Non-Core Assets Include:

- **Buildings:** Fire Halls, Work Sheds, Town Hall, Community Centres, Recreation Facilities, Cemetery Buildings, Pools, Public Washrooms
- **Machinery & Equipment:** Generators, Snow Blowers, Firefighter PPE, Telephone systems, Servers
- **Rolling Stock:** Graders, Backhoes, Tractors, Trucks, Plows, Pumper/Tankers, Trailers
- **Land Improvements:** Parking Lots, Playgrounds, Splash Pad, Sports Fields, Pavilions
- **Waste Disposal:** Landfill Scale House & Scale

South Huron's Assets



2023 Asset Management Budget

Budget will include recommendations on the following;

- Continuation of dedicated asset management budget
 - 2023 Budget to be allocated across both Core and Non-Core
- Condition assessments for the completion of CCTV inspections on Storm and Sewer mains
- Updated Asset Management Plan to meet next O.Reg. 588/17 deadline
- Annual investment in capital infrastructure
- Continued commitment to annual capital replacement reserves
- Dedicated capital levy

Council Questions?





PART 2:

ASSET MANAGEMENT

FINANCIAL STRATEGY

The Beginning

2009 Adoption of Public Sector Accounting Standard PS3150

Inventory of municipal assets

Establishing historical and replacement costs

Calculate amortization

Disclosure on financial statements

2009 Capital Funding Strategy

- Recognized need to
 - Enhance capital funding plans
 - Set funds aside for future replacement of assets
- Established financial strategy
 - Annual contribution to capital replacement reserve
 - Annual increases to the reserve (dependent on budget pressures)

Next 10 plus years

- Commencing in 2009 – Levy funded programs

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Dedicated capital levy												44,650	44,650	90,869
General Admin	8,150	10,600	12,900	48,666	3,319	15,621	19,620	40,424	44,287	47,566	47,566	47,566	47,566	47,566
Emergency	67,820	77,500	90,900	104,549	60,000	93,842	137,963	138,645	169,686	172,231	172,231	172,231	172,231	172,231
Transportation	165,538	235,057	294,630	338,176	150,000	497,480	566,056	630,108	690,497	700,854	700,854	700,854	700,854	700,854
Recreation	13,980	17,700	24,900	25,070	26,592	43,752	60,527	79,433	104,204	133,173	133,173	133,173	133,173	133,173
Cemetery	6,072	6,900	6,052	6,052	1,000	4,400	5,035	5,000	6,580	6,679	6,679	6,679	6,679	6,679
Streetlights	4,620	6,451	6,451	6,451	6,500	6,362	20,210	23,119	23,118	23,119	26,519	28,519	28,519	28,519
	266,180	354,208	435,833	528,964	247,411	661,457	809,411	916,729	1,038,372	1,083,622	1,087,022	1,133,672	1,133,672	1,179,891
		33%	23%	21%	-53%	167%	22%	13%	13%	4%	0%	4%	0%	4%

- 2011 established guideline allowing use 25% of the previous year's contribution

Next 10 plus years

- Commencing in 2009 – Rate funded programs

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Building	1,716	1,951	2,340	2,588	2,589	3,102	3,229	3,279	3,231	3,279	3,279	2,459	2,459	2,459
Water	231,000	460,392	486,100	486,348	614,016	469,600	800,000	800,000	800,000	816,000	816,000	1,210,253	1,687,021	1,838,534
Sewer	278,463	400,380	551,936	553,511	564,462	408,388	571,591	391,281	468,584	475,613	428,678	524,711	704,054	964,472
Landfill	108,900	61,000	15,400	17,866	17,915	62,220	15,708	19,012	19,012	19,297	19,297	19,297	19,297	19,297
	620,079	923,723	1,055,776	1,060,313	1,198,982	943,309	1,390,528	1,213,572	1,290,827	1,314,189	1,267,254	1,756,720	2,412,831	2,824,762
		49%	14%	0%	13%	-21%	47%	-13%	6%	2%	-4%	39%	37%	17%

- Commencing 2019 allocations per Watson Rate study

In Addition to Capital Replacement Reserve

10 year capital plan

Dedicated asset management budget

Dedicated capital levy

OCIF and CCBF (gas tax) grants funding roads asset category

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Asset Management Plan

- 2021 AMP recommendations – Levy Funded programs
 - 1.8% tax revenue increase each year for 15 years for infrastructure deficit - \$180,208
 - Annual inflation index increase (2022 at 6.9%)- \$206,936
 - Sufficient contribution to reserves –
 - \$2,822,723 based on 2% of Replacement Value
 - \$821,916 based on 1% of Replacement Value
 - Retired debt amounts reallocated to infrastructure deficit
 - Government transfer revenues (OCIF and CCBF)

Feasibility



Financial resources



Staff/Contractor resources



Business practice

Capital funding today

Levy funded programs

Levy Funded	Replacement Cost	Annual Requirement	2022 Contribution to Reserve for future replacement of assets	Annual Capital Expenditure (4 year avg used)	Total annual contribution to asset sustainability	Annual Capital Funding Surplus(Deficit)
Cemetery	238,689.00	17,740.36	6,679	3,500	10,179	(7,561)
Fire	7,950,425.00	350,265.27	172,231	278,592	450,823	100,558
General	6,644,792.00	213,568.14	47,566	9,158	56,724	(156,844)
Recreation	21,252,738.01	627,228.48	133,173	310,416	443,589	(183,640)
Roads, Bridges, Sidewalks, SL	164,013,160.75	3,325,373.97	820,242	2,397,413	3,217,655	(107,719)
	200,180,695.76	4,534,176.00	1,179,891	2,999,079	4,178,970	(355,206)

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- \$355,206 = 3.5% levy increase
- Dedicated levy reserve applied to Roads (the Core asset with the largest shortfall)

Options

1. Increase levy by amount required
 - \$355,206 = 3.5% levy increase
2. Phase in increase – X% per year over next 4 years
3. Maintain existing levels



Council Direction

