



"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



# O. Reg. 588/17 Requirements and Timelines

| Requirement                                    | Deadline     | South Huron Progress       |
|--|--------------|----------------------------|
| Strategic Asset Management Policy              | July 1, 2019 | Completed<br>March 4, 2019 |
| Asset Management Plan – Core Assets            | July 1, 2022 | Completed<br>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:

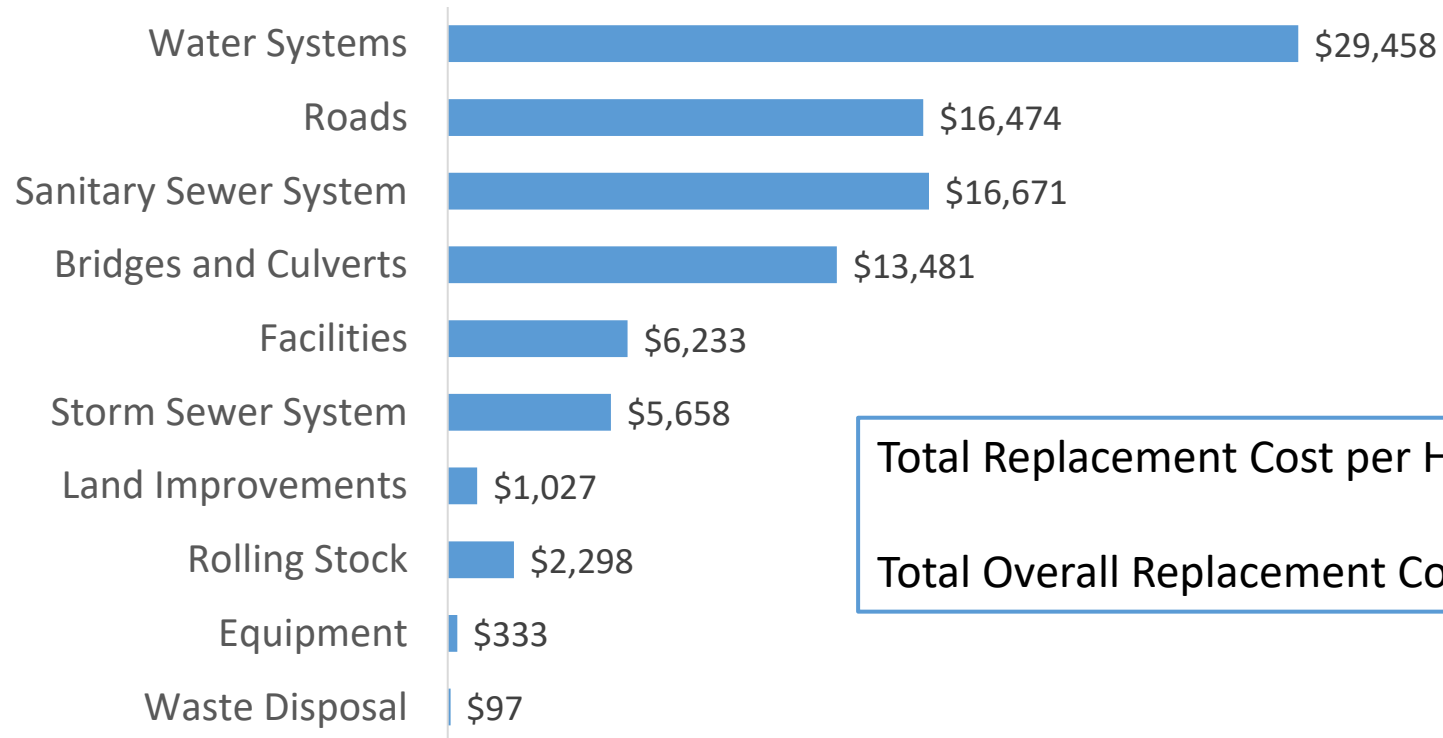
- **Road Network:** Paved Roads, Sidewalks, Streetlights, Traffic Signals
- **Bridges & Culverts** (over 3 meters in span)
- **Storm Water Network:** Retention Ponds & Storm Mains
- **Water Network:** Booster Stations, Reservoirs, Water Towers, Watermains, Control Chambers, Facilities, Equipment & Rolling 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

## Replacement Cost per Household



Total Replacement Cost per Household = \$91,729

Total Overall Replacement Cost = \$398 million

# 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

# 2024 Asset Management Budget

Budget will include recommendations on the following;

- Continuation of dedicated asset management budget
  - Beginning in 2023 Budget was 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
- Asset Management Levy increases

# 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      | 2023      |
|------------------------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 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    | 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   | 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   | 816,752   |
| 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   | 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     | 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    | 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 | 1,204,920 |
|                        |         | 33%     | 23%     | 21%     | -53%    | 167%    | 22%     | 13%     | 13%       | 4%        | 0%        | 4%        | 0%        | 4%        | 2%        |

- 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      | 2023      |
|----------|---------|---------|-----------|-----------|-----------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 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     | 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 | 2,007,292 |
| 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   | 1,573,230 |
| 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    | 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 | 3,602,278 |
|          |         | 49%     | 14%       | 0%        | 13%       | -21%    | 47%       | -13%      | 6%        | 2%        | -4%       | 39%       | 37%       | 17%       | 28%       |

- Commencing 2019 allocations per Watson Rate study

# In Addition to Capital Replacement Reserve

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10-year capital plan

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Dedicated asset management budget

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Dedicated capital levy

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

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Asset management levy

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# Asset Management Plan

- 2021 AMP recommendations – Levy Funded programs
  - Government transfer revenues (OCIF and CCBF) allocated to road network, storm sewer system, and bridges & culverts asset categories
  - Annual increase to tax rate for infrastructure deficit
    - 2023 budget proposed an asset management levy increase for each of the following four years. The proposed 2024 budget will follow the established strategy of a 0.25% asset management levy increase – resulting in an additional \$25,977 towards the asset management levy



## **PART 3:**

# **Future Considerations**

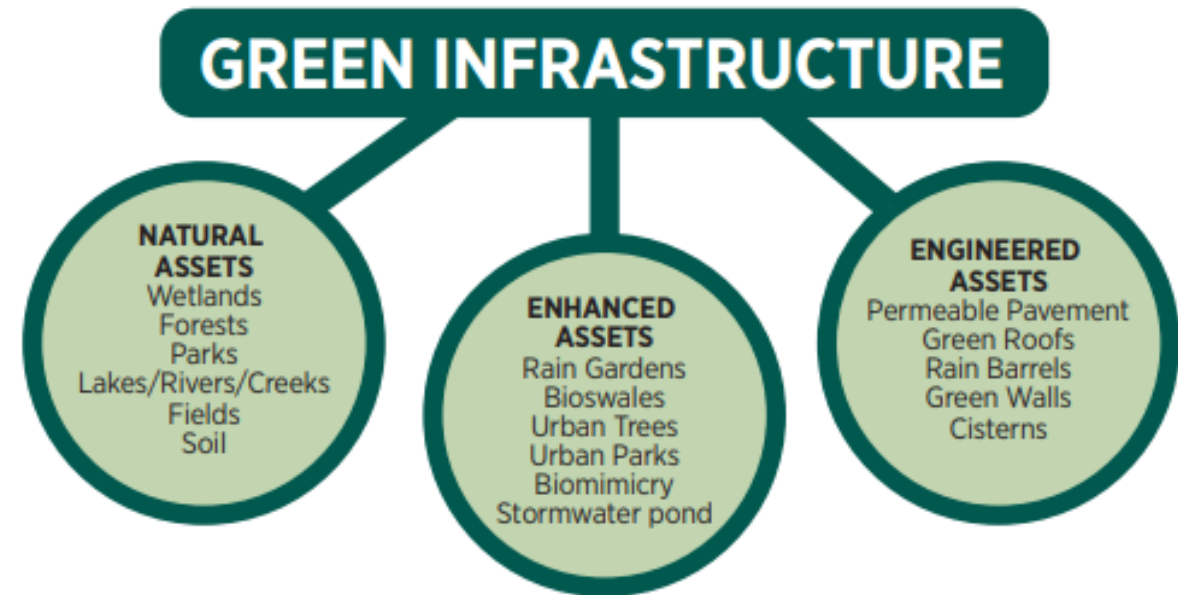


# Proposed Levels of Service

- July 1, 2025 O. Reg. Requirement: Desired levels of service over next 10 years, including:
  - Cost to deliver level of service
  - Lifecycle and Financial Strategy required to deliver level of service
  - Comparison of current level of service to desired level of service:
    - If different, why is the level of service different
    - If different, what are the risks of not achieving the desired level of service

# Green Infrastructure

- Most AMPs do not include Green Infrastructure
- However, they provide important services
  - Ecosystem services: filtration, climate regulation, habitat maintenance
  - Community Services: Urban trees improve property value and enhance parks
- Valuation is different (and more complicated) than grey assets
- Consideration for future AMP



# Council Questions/Comments

