

2025 Asset Management Plan Committee of the Whole Meeting

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Agenda

- What is Asset Management?
 - Service Management
 - Levels of Service
- Ontario Regulation 588/17
 - Timeline
 - Legislative Requirements
 - A Practical Look
- 2025 Asset Management Plan
 - Project Background
 - Process
- Proposed Levels of Service Methodology
 - Financial Sustainability
 - Proposed Metrics
- Takeaways & Next Steps



What is Asset Management?

Service Management

- Infrastructure provides services that bring our communities to life
 - Roads provide a transportation service
 - Pipes provide a clean drinking water service
 - Community centers provide various benefits; education, recreation, etc.





Levels of Service (LOS)

- LOS: is a measure of the extent, quality, and performance of the service provided to users, reflecting how well the asset meets community needs and expectations
- How is it defined?
 - Community LOS (CLOS): What the customer experiences at a service level
 - Technical LOS (TLOS): What is observed at an asset or operational level
- When establishing LOS (especially proposed) it's a balance between cost, risk, and performance

Levels of Service (LOS) – Visualized

What the customer experiences



CLOS - Complaints due to rideability

Asset level indicator

What is observed at the asset or operational level



TLOS-% of paved roads
below PCI of X
(50,70,85, etc.)

Operational level indicator



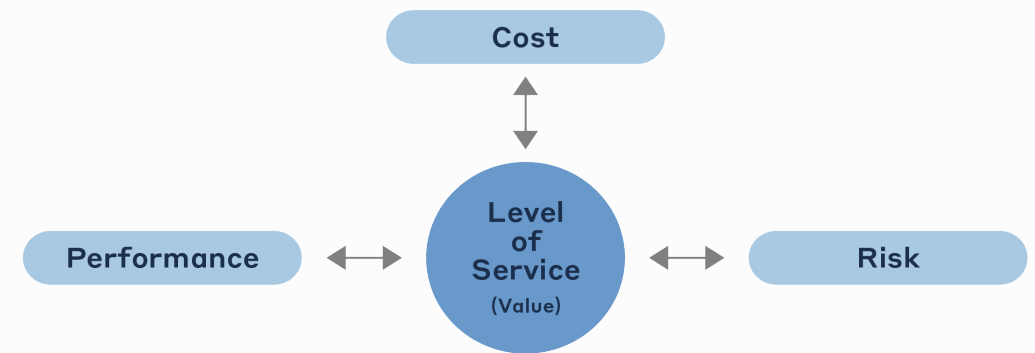
TLOS-km of paved
roads receiving
crack sealing

LOS – Defined

- International Organization for Standardization (ISO 55000)
- Example: Paved Roads
 - Cost
 - Operations & Maintenance (O&M)
 - Rehab/Renewal
 - Replacement
 - Performance
 - Good/bad/safe/unsafe
 - Pavement Condition Index (PCI)

- Risks
 - Health & safety
 - Regulatory (legal)
 - Sustainability (financial)

Establishing Levels of Service





LOS – Core Values

- As a guide to developing and measuring levels of service, it is useful to understand what the public values in the provision of municipal services. The following table provides an overview of the values that the Municipality should consider when delivering services to the public:



LOS – Core Values

Value	Description
Accessible	Services are available and accessible for customers who require them.
Reliable	Services are provided with minimal service disruption and are available to customers in line with needs and expectations.
Safe	Services are delivered such that they minimize health, safety, and security risks.
Regulatory	Services meet regulatory requirements of all levels of government.
Affordable	Services are delivered at an affordable cost for both the organization and customer.
Sustainable	Services are designed to be used efficiently. Long-term plans are in place to ensure that they are available to all customers into the future.

LOS – Strategic Alignment

Review of Strategic Documents/Staff Input

Strategic Documents

Infrastructure Plans

Staff Input

Identification of Infrastructure Priorities

Accessibility



Safety



Affordability



Sustainability



Regulatory



Mapping of Infrastructure Priorities against LOS Values

**Performance/
Reliability**

Identification of LOS Statements and LOS Indicators that can support infrastructure Priorities

Corporate LOS

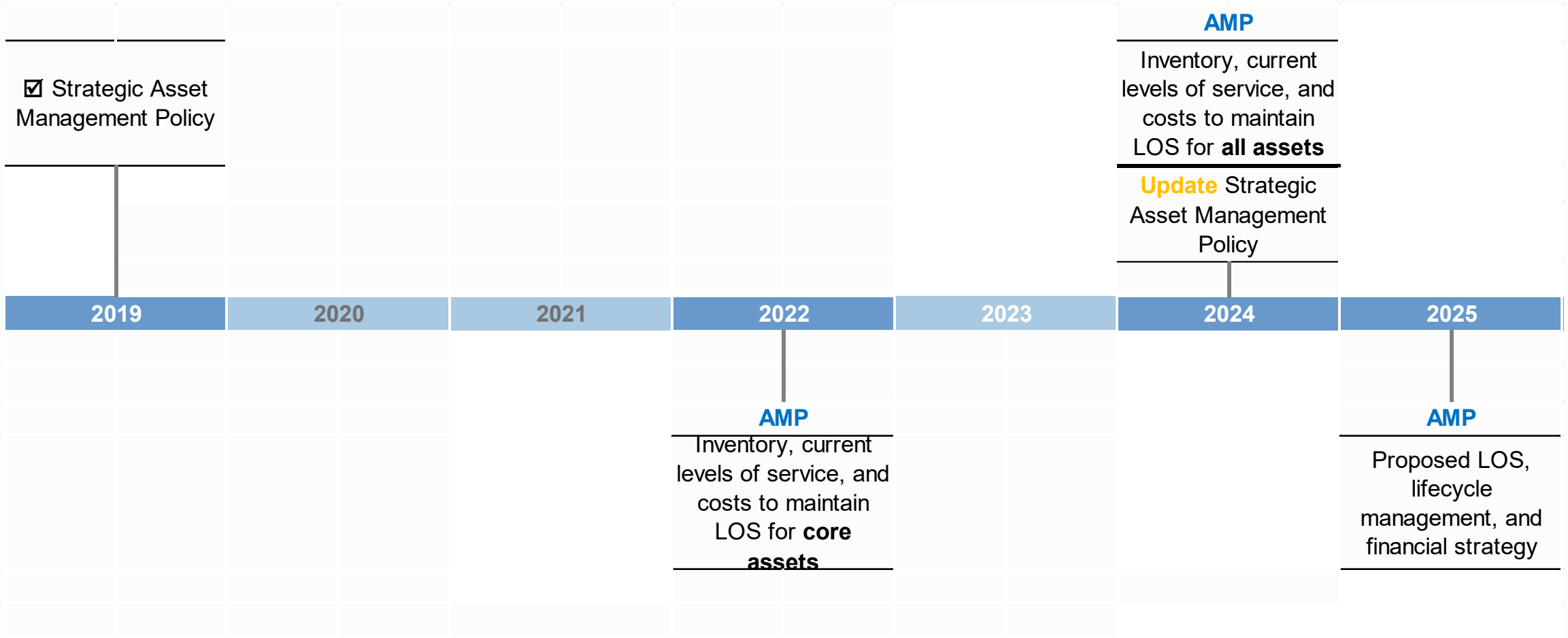
Customer LOS

Technical LOS



Ontario Regulation. 588/17: ASSET MANAGEMENT PLANNING FOR MUNICIPAL INFRASTRUCTURE

Timeline





2025 Legislative Requirements

- Annual reporting of identified LOS metrics for the next 10 years.
- Explanation on why the proposed level of service is appropriate:
 - Risks associated with proposed LOS and impact on long term sustainability
 - How they differ from current LOS
 - Are proposed LOS achievable?
 - Ability to afford the proposed LOS target
- Key Performance Indicators (KPIs) over the next 10 years
- Updated lifecycle management strategy and financial strategy
- Growth assumptions: future changes in population and economic activity.

Official plan, growth studies, etc.



Example: Core Infrastructure (Roads)

- Current PCI for the Municipality's paved road surfaces is 75 (PCI)
- Levels of Service (LOS) statement: Over the next 10 years, the Municipality wants to increase its condition by 5
- The Municipality must indicate why this proposed level of service is appropriate.
 - Are citizens unhappy with the current LOS being provided?
 - Are there various reports/studies (economic development plan, growth studies, strategic plan, etc.) that have indicated to us that we should invest more in our roads?
 - Or, has council indicated that the improvement of the road network is a priority going forward?



Example: Core Infrastructure (Roads)

- Once the justification for this metric is determined:
 - Discuss risks associated with the target LOS metric
 - How it differs from our current LOS metric
 - Achievable?
 - How will the Municipality will afford it?



Example: Non-Core Infrastructure (Vehicles)

- Current assessed condition for our vehicles is 40 (Fair)
- Levels of Service (LOS) statement: Over the next 10 years, the Municipality wants to ensure that its vehicles are kept in adequate condition
- The Municipality must indicate why this proposed level of service is appropriate. It must also define what is meant by 'kept in adequate condition'.
 - Minimize service disruptions (winter control)
 - High maintenance costs (O&M)
 - Are there various reports/studies? Yes → fleet policy

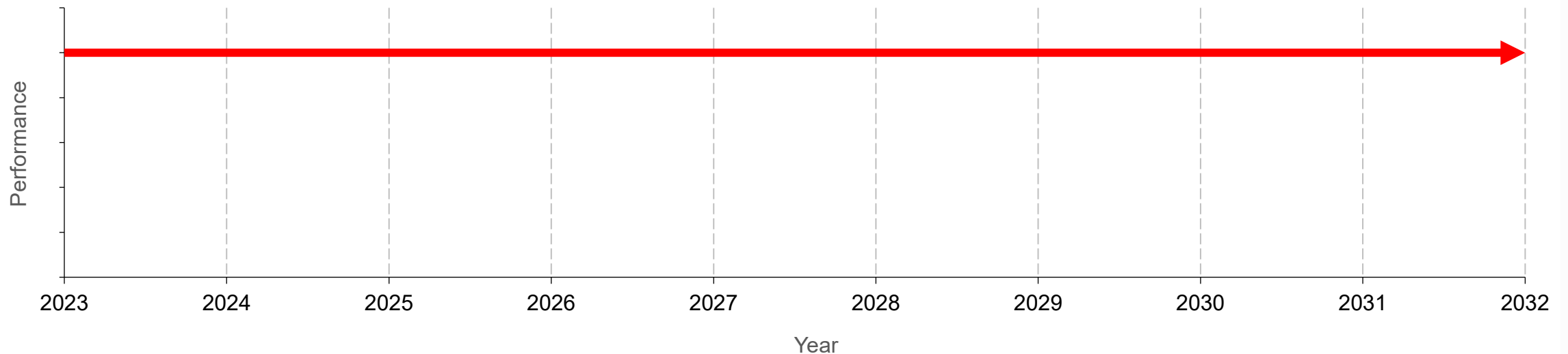


Example: Non-Core Infrastructure (Vehicles)

- Once the justification for this metric is determined:
 - Discuss risks associated with the target LOS metric
 - How it differs from our current LOS metric
 - Achievable?
 - How will the Municipality will afford it?

A Practical Look at O. Reg 588/17

- No requirement that you increase or decrease levels of service
- For all compliance intents and purposes, 'proposed' levels of service can simply be equal to current levels of service. In some cases, this may be appropriate
- However, in other cases, this approach may lead to a missed opportunity to improve long-range financial planning





A Practical Look at O. Reg 588/17: Adjusting LOS

- Once again, O. Reg 588/17 does not require you to make any adjustments. However, compliance with O. Reg presents a timely opportunity to discuss increasing or decreasing service levels for infrastructure programs.
- Adjusting levels of service is a big decision.
 - Customer and technical LOS KPIs can be adjusted with new targets to reflect evolving priorities and goals.
 - Resident feedback can be used to identify priorities and tradeoffs.
 - Adjustments may mean higher or lower levels of service, which impacts lifecycle programs.
 - **The goal is to balance cost, performance, and risk.**



2025 Asset Management Plan Project Overview



Project Background

- Primary objective
 - Creation of a 2025 asset management plan, in compliance with Ontario Regulation 588/17
 - *Proposed levels of service for the next 10 years*
- Secondary objective
 - Consolidation and further refinement of municipal asset data
- Timeline
 - July 2024 – July 2025



Project Process

- Refinement of centralized asset register (CityWide)
 - Amalgamation of various data streams
 - Data gap analysis
- Workshops & Supporting Documentation
 - Leveraging subject matter expertise at the municipality to understand and document how assets are managed
 - Operations & maintenance, rehabilitation, & replacement
 - Documenting risk & LOS
- Financial Strategy
 - Annual requirements vs. funding available
 - Bridging the gap



Proposed LOS Methodology



General Approach

- Workshops with municipal subject matter experts
 - January – March
- Align with corporate strategies and goals
- Understand the municipality's *current* financial picture



Proposed LOS – Revisiting Legislative Requirements

- Annual reporting of identified LOS metrics for the next 10 years.
- Explanation on why the proposed level of service is appropriate:
 - Risks associated with proposed LOS and impact on long term sustainability
 - How they differ from current LOS
 - Are proposed LOS achievable?
 - Ability to afford the proposed LOS target
- KPIs over the next 10 years
- Updated lifecycle management strategy and financial strategy
- Growth assumptions: future changes in population and economic activity. Official plan, growth studies, etc.

Selecting PLOS & Sustainability – *Current* Public Facing AMP – Based on 2022 financial data

- The Municipality is committing approximately \$6,834,000 towards capital projects per year from sustainable revenue sources
- Given the annual capital requirement of \$14,321,000, there is currently a funding gap of \$7,487,000 annually

Annual capital
infrastructure deficit

\$7.5 million

Recommended timeframe
for eliminating annual
infrastructure deficit

20 Years

Target reinvestment
rate

2.14%

Actual reinvestment
rate

1.02%

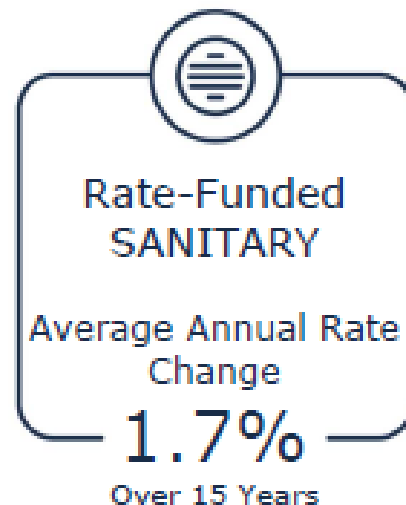
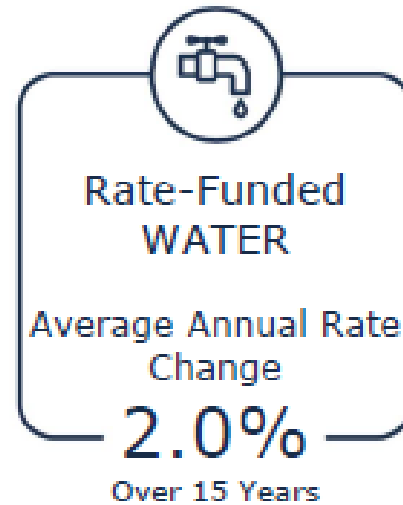
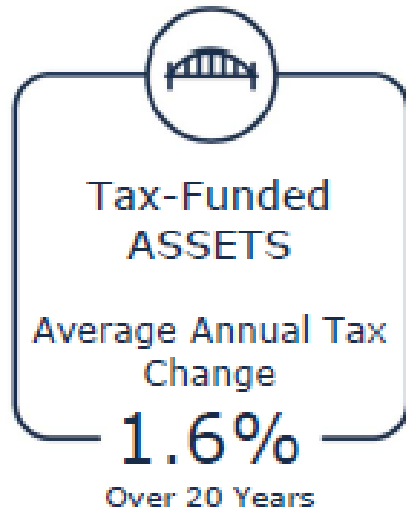
Selecting PLOS & Sustainability – Current Public Facing AMP

Asset Category	Avg. Annual Requirement	Annual Funding Available				Annual Deficit
		Taxes	CCBF	OCIF	Total Available	
Road Network	\$4,228,000	\$921,000	\$276,000	\$186,000	\$1,383,000	\$2,844,000
Bridges & Culverts	\$1,024,000	\$420,000	\$276,000	\$186,000	\$882,000	\$141,000
Facilities	\$788,000	\$672,000			\$672,000	\$116,000
Land Improvements	\$154,000	\$15,000			\$15,000	\$139,000
Equipment	\$163,000	\$163,000			\$163,000	-
Rolling Stock	\$848,000	\$416,000			\$416,000	\$432,000
Storm Sewer System	\$434,000				-	\$434,000
	\$7,639,000	\$2,607,000	\$553,000	\$372,000	\$3,532,000	\$4,107,000

Selecting PLOS & Sustainability – Current Public Facing AMP

Asset Category	Avg. Annual Requirement	Annual Funding Available			Annual Deficit
		Rates Allocated to Capital	OCIF	Total Available	
Water System	\$4,127,000	\$2,020,000		\$2,020,000	\$2,107,000
Sanitary Sewer System	\$2,538,000	\$1,217,000		\$1,217,000	\$1,321,000
Waste Disposal	\$18,000	\$65,000		\$65,000	- -
	\$6,683,000	\$3,302,000		\$3,302,000	\$3,381,000

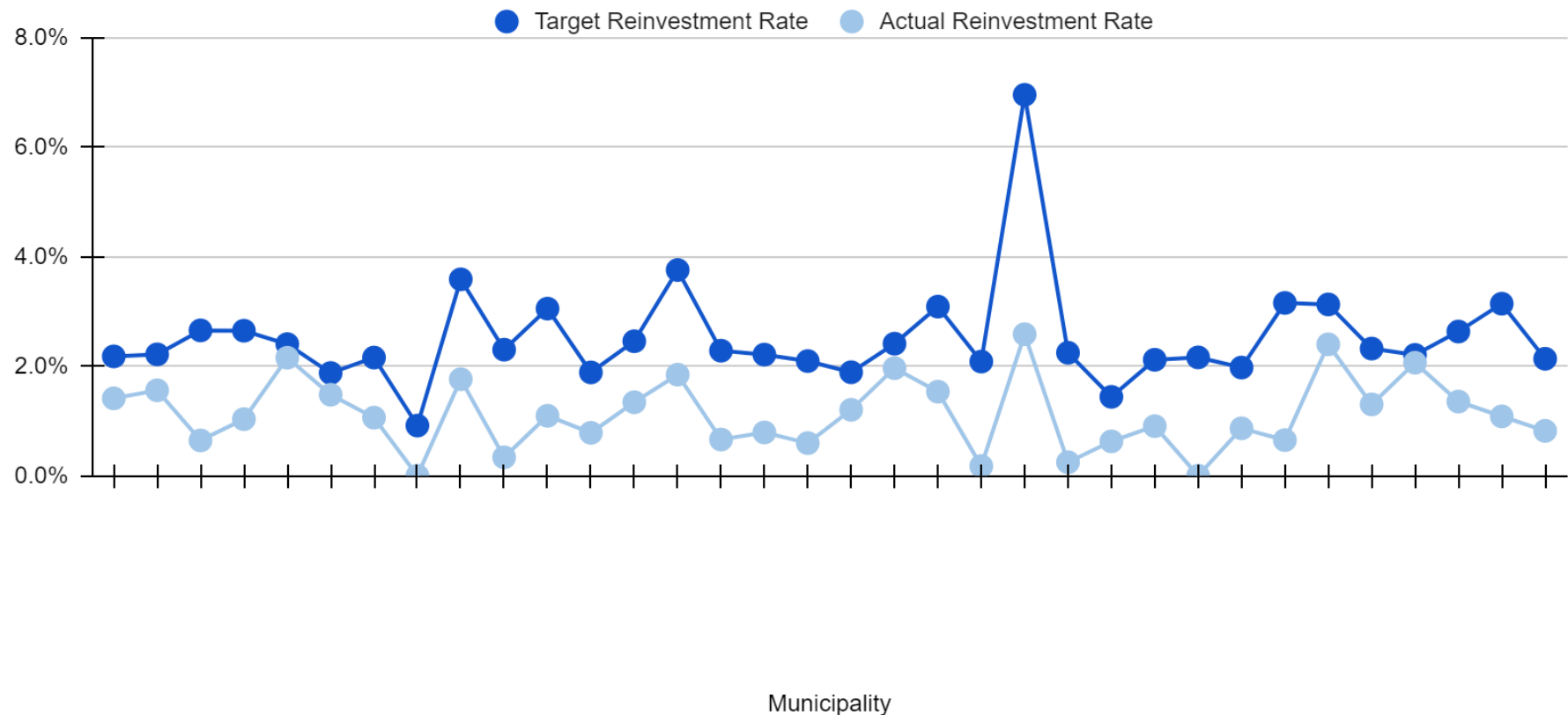
Selecting PLOS & Sustainability – Current Public Facing AMP



Benchmark Sidebar

Most municipalities are underinvesting in their infrastructure programs

Target vs. Actual Reinvestment Rates



Average reinvestment rate is about 1%, compared to a target reinvestment of about 2.1%

On average, municipalities are funding about 44% of their annual capital requirements



Sustainability

- ‘Sustainable’, in the context of infrastructure, means:
 - You rely mostly on your direct, own-source revenues, such as property taxes, utility rates, and user fees, to maintain service levels and or adjust them if needed.
 - You minimize reliance on grants and senior government programs for managing common, ongoing lifecycle programs.
 - There is a balance between ability-to-pay and willingness-to-tax



Going Beyond O. Reg

- Levels of service are all about **balancing** the cost-of-service delivery, with the performance of the assets and the risks associated with infrastructure programs.
 - Avoid over- or under-maintaining an asset
- This requires tradeoffs:
 - Between cost, performance, and risk
 - Between infrastructure programs
 - More of one means less of the other(s)
 - Between tax rates and program quality
- Ultimately, infrastructure programs should be financially sustainable



Proposed LOS metrics

Category	Proposed LOS KPI	Comments
Road Network	Upgrade of all LCB roads to HCB	As part of the Municipality's initiative to upgrade all LCB roads
	Less than 10% of roads being in poor/very poor condition	
	Less than 10% of sidewalks being in poor/very poor condition	
	Avg. risk rating	Quantitative metric that provides a 0-25 score



Proposed LOS metrics

Category	Proposed LOS KPI	Comments
Bridges & Structural Culverts	Bridge Condition Index (BCI) = XX	Currently in the process of finalizing the asset register. Target to be determined in coming weeks
	Zero loading & dimensional restrictions	Aligned with OSIM and institutional O&M and rehabilitation recommendations
	Avg. risk rating	Quantitative metric that provides a 0-25 score



Proposed LOS metrics

Category	Proposed LOS KPI	Comments
Storm Network	Less than xx% of network in poor or very poor condition	Currently in the process of finalizing the asset register. Target to be determined in coming weeks
Water Network		
Sanitary Network	Avg. risk rating	Quantitative metric that provides a 0-25 score
Sanitary Network	Zero bypasses at pumping station per year	



Proposed LOS metrics

Category	Proposed LOS KPI	Comments
Rolling Stock	Assets replacement as per the Municipality's 2024 fleet policy (Y/N)	Assets which have a quantitative score of 28 or higher are replaced. Refer to fleet policy for further details
Machinery & Equipment	Avg. risk rating	Quantitative metric that provides a 0-25 score



Proposed LOS metrics

Category	Proposed LOS KPI	Comments
Land Improvements	All playgrounds are inspected annually and maintained in a safe condition	Demonstrates best practices (CAN/CSA Z614)
	Avg. risk rating	Quantitative metric that provides a 0-25 score



Proposed LOS metrics

Category	Proposed LOS KPI	Comments
Facilities	20% of facilities in fair or better condition	
	Avg. risk rating	Quantitative metric that provides a 0-25 score



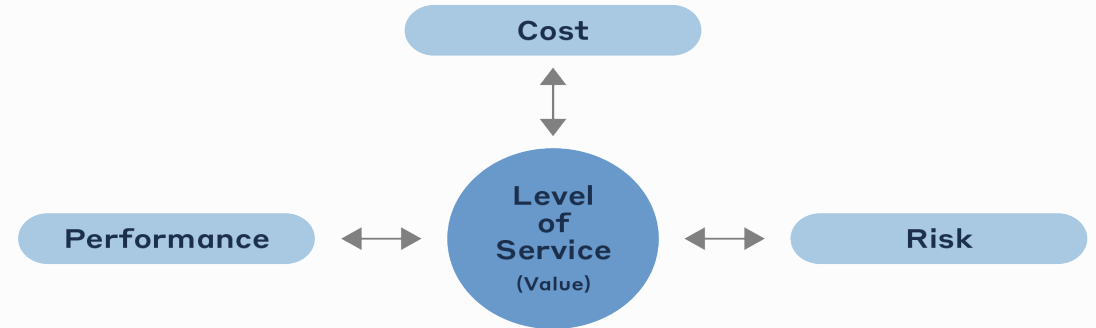
Takeaways & Next Steps

- Asset management is evolving
 - Good data is the backbone of setting, recording, and adjusting metrics
 - Start small, then expand (2030 and beyond)
 - PLOS metric projections are required for the next 10 years, however, they must be revisited in 5 years (2030)
- As updated data, reports, studies become available, it is crucial to integrate them into the Municipality's AM practices and asset register
- LOS metrics need to be:
 - Relevant, measurable, actionable → Valuable

Takeaways & Next Steps

- Municipal staff have selected KPIs which are relevant, measurable, actionable, while considering best AM practices (cost, performance, risk)
- Recommendation
 - Public open house in early May
 - Staff engage with the public on the Municipality's proposed levels of service for the next 10 years

Establishing Levels of Service





Takeaways & Next Steps

- The AMP will be brought forth to Council for review in May, at which point PSD and staff will recommend that it be adopted by council
 - Provincial deadline: July 1, 2025