



## REPORT

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**TO:** Mayor Lawlor and Members of Council

**FROM:** Imad Alvi, Asset Management Analyst

**DATE:** June 17, 2024

**REPORT NO.:** CSE-2024-004

**SUBJECT:** Corporate Asset Management Program Update and Non-Core Infrastructure Asset Management Plan

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### RECOMMENDATION:

THAT Report No. CSE-2024-004, dated June 17 2024, regarding the Town of Halton Hills Corporate Asset Management Program Update and Non-Core Infrastructure Asset Management Plan, be received;

AND FURTHER THAT Council approve the Non-Core Infrastructure Asset Management Plan in compliance with Ontario Regulation 588/17 Municipal Asset Management Planning;

AND FURTHER THAT Council approve the Town's updated Corporate Asset Management Policy (Appendix 4), as required by Ontario Regulation 588/17 Municipal Asset Management Planning;

AND FURTHER THAT Council direct the Climate Change and Asset Management Division to proceed with the implementation and operationalization of the Non-Core Infrastructure Asset Management Plan and Corporate Asset Management Policy;

AND FURTHER THAT staff revise the estimated core and non-core infrastructure deficit of \$17.4 million and \$12.7 million per year, respectively, to reflect updates to the capital forecast, the long-range financial planning process and to account for increasing construction costs;

AND FURTHER THAT staff report back to Council with updates on the core and non-core asset management plans and implementation progress of the Town's Corporate Asset Management Program in 2025.

## **KEY POINTS:**

The following are key points for consideration with respect to this report:

- Asset management is critical to the effective and efficient management of the Town's core and non-core assets, which are in turn fundamental to the Town's ability to deliver quality and reliable services to residents, businesses and visitors, and to supporting a high quality of life;
- The Town continues implementation of its Corporate Asset Management (CAM) Program to manage its existing assets and develop new infrastructure to deliver municipal services. One of the key objectives of the CAM program is to meet the requirements of Ontario Regulation 588/17 for Municipal Asset Management Planning.
- A key requirement of the regulation is that by July 1, 2022, all municipalities in Ontario needed to submit an asset management plan for core infrastructure assets (roads, bridges, culverts, stormwater management systems).
- Another requirement of the regulation is that by July 1, 2024, all municipalities in Ontario need to submit an updated asset management plan for their non-core infrastructure assets. The Town has completed the preparation of its Non-Core Infrastructure Asset Management Plan for facilities, parks, open spaces, cemeteries, fleet, parking lots, information technology assets, machinery and equipment assets, as outlined in this report (Appendix 5).
- Another requirement of the regulation is the periodic review and/or update of the Town's Corporate Asset Management Policy. The Town has completed the review and update of its Corporate Asset Management Policy, as outlined in this report (Appendix 4).
- With a continuous improvement mindset, staff continue to improve the Town's asset management planning process to enhance the asset management information gathered and enhance asset management practices. Key updates and accomplishments are outlined in this staff report.

## **BACKGROUND AND DISCUSSION:**

The Town of Halton Hills is progressing well with its Corporate Asset Management (CAM) Program and continues to remain in compliance with the requirements of Ontario Regulation 588/17 for Municipal Asset Management Planning. To champion and support the Town's CAM Program, a Governance Structure has been established, consisting of a Steering Committee and a Network Team.

Additionally, a Corporate Asset Management Framework (Appendix 1), including a roadmap, has been in place to provide alignment and to measure progress in the development and implementation of asset management practices for core and non-core assets across different service areas.

In 2018, the Town developed its Corporate Asset Management Policy, which was endorsed by Council through Report No. PLCY-2018-0003. This policy established guiding principles for the Town to commit to for improved asset management planning. This policy is subject to periodic review and updates, as required by Ontario Regulation 588/17. The policy update outlined in this report satisfies the first mandate for the policy to be reviewed and updated in 2024.

The 2018 policy is available on the Town's website: [2018 Corporate Asset Management Policy](#)

In 2022, the Town developed its Core Infrastructure Asset Management Plan, approved by Council via Report No. ADMIN-2022-0014. This plan covered core infrastructure, complying with the second mandate of Ontario Regulation 588/17, which required municipalities to develop an asset management plan for core infrastructure assets, specifically:

- Roadway Network
- Traffic Services
- Transportation Structures (bridges and culverts)
- Sidewalks and Pathways
- Storm Sewer Systems
- Stormwater Management Ponds
- Low Impact Development

The [2022 Core Infrastructure Asset Management Plan](#) is available on the Town's website. This asset management plan outlined that the core asset infrastructure deficit was estimated to be \$17.4 million per year.

This staff report also satisfies the third mandate of Ontario Regulation 588/17, which requires municipalities to develop an asset management plan for non-core infrastructure assets, and to update its Corporate Asset Management Policy.

In addition, the Town is engaged in a multi-year and complex project to implement an Asset Management Information System (AMIS). This system will integrate various asset management processes, improve operational efficiency, data accuracy and reliability, and provide advanced tools for managing assets, for informed investment decision-making and budget forecasting and planning.

The following sections provide an update on the three key elements:

- Corporate Asset Management Program Update
- Corporate Asset Management Policy Update

- Non-Core Asset Infrastructure Management Plan

## 1. Corporate Asset Management Program Update

Since 2018, the Corporate Asset Management Program has evolved, and many projects and initiatives have been completed.

Appendix 2 outlines the Town's Corporate Asset Management Program journey, the progress made so far as well as upcoming projects and initiatives.

### Key Accomplishments:

- Levels of Service Framework

The Town has developed technical Levels of Service for different asset classes.

Levels of Service (LOS) measure how well an asset meets functional or user requirements and consist of statements describing the outputs and objectives the Town intends to deliver to the community. Effective asset management planning requires that LOS be formalized through a framework that consists of standardized service attributes, LOS statements, key performance indicators (KPIs), eventual targets and timeframes, with an understanding of the costs to deliver the documented LOS.

The LOS framework enables the Town's strategic priorities, along with legislated LOS to guide the Community and Technical LOS. These LOS can typically be categorized to one of the following service attributes:

- **Scope and Function:** Services have capacity to meet community needs while limiting impacts and with assets that perform their intended function.
- **Quality and Reliability:** Services are reliable and supported by well-maintained assets.
- **Safety and Accessibility:** Services are safe and accessible to everyone, with assets that meet regulatory requirements.
- **Financial Sustainability:** Services are affordable and efficient, with assets that are adequately funded.
- **Environmental Resiliency and Stewardship:** Services are resilient to climate volatility and committed to environmental stewardship, with assets managed for enhanced sustainability.

- Asset Management Information System (AMIS) Project

Significant progress continues to be made towards implementing the Town's first-ever Asset Management Information System (AMIS).

AMIS integrates processes, data, software and hardware to provide essential outputs for effective asset management. As a multi-year, complex and cross-departmental initiative, this system is a critical component of the CAM Program, and consists of the following primary components:

- **Geographic Information System (GIS):** Stores the standardized asset inventory for all Town-owned assets, enabling spatial analysis and visualization of asset data.
- **Maintenance Management Software (Cityworks):** Digitizes service requests, work orders, and inspections, streamlining maintenance activities and enhancing the operational side of asset management.
- **Asset Management Planning Software (Brightly):** Supports lifecycle management, long-term planning, and alignment with financial reporting data to optimize asset performance and sustainable long-range financial planning.

The AMIS project is anticipated to be completed as early as the end of 2024.

## 2. Corporate Asset Management Policy Update

As part of the review and update process mandated by Ontario Regulation 588/17, the Town's Corporate Asset Management Policy (Appendix 4) has been revised and a number of updates have been made to ensure currency and better alignment, including:

- **Integration of Natural Assets and Green Infrastructure:** The policy now formally integrates natural assets and green infrastructure, ensuring these assets are to be managed with the same principles and framework as other municipal infrastructure.
- **Alignment with Council's new Strategic Plan:** Policy revisions include alignment with the Town's updated Strategic Plan (2023 – 2026), ensuring that asset management practices support broader Town objectives and reflect current priorities, including resiliency, keeping pace with growth, and maintenance and renewal of green infrastructure.
- **Enabling Value-Based Decision-Making:** The policy update includes how the implementation of AMIS, coupled with refining asset management processes across the Town, will facilitate value-based decision-making. It involves assessing and prioritizing actions based on their potential to improve

outcomes, reduce costs, and mitigate risks, thereby ensuring that the most beneficial and cost-effective decisions are made for asset maintenance, renewal and replacement.

### **3. Non-Core Infrastructure Asset Management Plan**

As prescribed in Ontario Regulation 588/17 Municipal Asset Management Planning (Appendix 3), all Ontario municipalities are required to develop an updated asset management plan for non-core infrastructure assets by July 1, 2024.

Non-core infrastructure assets consist of facilities, parks, open spaces, cemeteries, fleet, parking lots, information technology assets, machinery, and equipment. The plan also highlights the significance of natural assets and green infrastructure, reaffirming the Town's commitment to integrating natural assets and green infrastructure into existing asset management practices (Appendix 5).

#### **3.1 Plan Overview**

The Asset Management Plan (AMP) provides a prioritized investment plan to meet the level of service requirements of the community, at an acceptable level of risk. The plan (Appendix 5) should be read in conjunction with this staff report.

The Non-Core Asset Management Plan has been organized into the following eight (8) sections:

- **Introduction**

This section outlines both the context and organization of the asset management plan. It describes the purpose of the plan, how it meets regulatory requirements, and how it aligns with and supports the Town's vision, mission and key strategic objectives - including growth and climate change response.

The introduction identifies the following non-core asset categories in scope of the AM Plan and supports the provision of municipal services to the Town's 63,000 residents and its, commercial, industrial and institutional customers:

- Facilities
- Parks and Open Spaces
- Cemeteries
- Fleet
- Parking Lots
- Machinery and Equipment
- Information Technology Assets

- **State of the Infrastructure**

Understanding the state of Town-owned assets is critical to the development of a plan to best manage them. This section of the plan answers three fundamental questions:

- What assets does the Town own?
- How much are they worth?
- What condition are they in?

Overall, the Town owns non-core assets with a replacement value of \$328.2 million. Of this, Facilities make up a substantial portion. This amount does not include the valuation of natural assets and green infrastructure.

The condition of the non-core assets has been estimated as:

- 62% in Good or Better Condition
- 12% in Fair Condition
- 26% in Poor or Worse Condition

The condition estimates presented in this asset management plan have been derived from age-based condition data due to the limited assessed condition data available for non-core infrastructure assets.

In such instances, asset condition is estimated solely based on the age of the asset. However, age as an indicator may not accurately reflect the true condition of assets. It is probable that the actual physical state of these assets is better than what age-based estimates suggest, enabling them to continue performing their intended functions effectively.

- **Levels of Service**

Levels of Service (LOS) are statements that describe the outputs the Town intends to deliver to its residents, businesses and other stakeholders. Developing, monitoring, and reporting on LOS are all integral parts of an overall performance management program aimed at improving service delivery and demonstrating accountability to the Town's stakeholders.

Section 3 of the Non-core Infrastructure AM Plan outlines the Levels of Service Framework that has been developed along with the specific LOS statements, Key Performance Indicators (KPIs) and associated metrics that are currently being collected. These elements have been developed to meet the requirements of Ontario Regulation 588/17 for non-core assets by July 1<sup>st</sup>, 2024.

- **Future Demand**

Future demand examines the Town's ability to meet the changing needs of its residential and business customers over time. Drivers affecting demand include changes in population, demographics, technology, regulatory requirements, environmental awareness, consumer preferences and expectations, economic factors, seasonal factors such as climate change impacts – among other factors. These external

trends and drivers may affect LOS or the Town's ability to meet the proposed LOS in the future.

Section 4 of the Non-core Infrastructure AM Plan includes a demand management plan that identifies the demand drivers faced by the Town and provides options that can be explored to help manage LOS.

- **Risk Management Strategy**

The Town's key asset management principle is to meet service level requirements and manage risk, while minimizing lifecycle costs. The Town's risk management framework quantifies the risk exposure related to assets which in turn facilitates the prioritization of investment needs across asset categories and services.

The relative importance of assets to support service delivery, referred to as asset criticality, is a key factor in risk management, driving the selection of the most appropriate asset management strategy for each asset. Criticality is evaluated as an asset's impact upon service delivery, health and safety, the environment, financial position, and reputation.

Section 5 of the Non-core Infrastructure AM Plan outlines the Town's risk management approach where consistency is key to the identification, assessment, and management of risk for all assets and infrastructure.

- **Whole Lifecycle Management**

Lifecycle management strategies, such as maintenance and renewal activities, are the planned lifecycle-based activities that the Town needs to undertake to maintain assets in a state of good repair and to meet its service levels:

- To maintain reliable service levels and provide quality programs, the Town conducts thousands of inspections and maintenance activities and undertakes asset rehabilitation and replacement on its existing assets and infrastructure.
- To meet future demand for services and functional requirements of stakeholders, the Town adds, expands, and upgrades assets and infrastructure through new developments or donations.

Based on the asset lifecycle management strategies necessary to maintain current service levels, the Town's requirements to operate, maintain, renew, upgrade, and grow its \$328.2 million worth of non-core assets are outlined in Section 6 of the Non-Core Infrastructure AM Plan.

The total financial needs (including both capital and operational activities) required to maintain non-core assets in a state of good repair is forecasted to be an average of \$83.8M over the next 10 years.



- **Financial Strategy**

When the current budget (including capital and operating) is compared to the forecasted lifecycle needs, the Non-Core Infrastructure AM Plan has identified an infrastructure deficit of \$12.7 million per year over the next 10 years. The combined deficit of core and non-infrastructure assets amounts to an estimated \$30.1 million per year. Changes or enhancements to lifecycle management activities as well as rising construction costs will have an impact on this deficit. This will need to be considered from a risk versus affordability factor in the short- and long-term financial planning horizons.

Managing an infrastructure gap as part of municipal asset management planning is not uncommon. What is important, however, is that the size of the gap and the strategy that is in place to manage it over time ensure that risk to the municipality is minimized.

Section 7 of the Non-Core Infrastructure AM Plan outlines the financial sustainability and projection. Opportunities to address the existing non-core infrastructure gap include:

- A review of near-term renewal needs by deferring capital renewal projects on lower risk assets. This will extend the capital backlog beyond the current 10-year forecast, however, will likely incur higher maintenance costs in the short term, which will require an increase to base operating budgets.
- A review of current levels of service with a comparison to industry standards and LOS provided by other municipalities.
- Increase available funds through capital reserves, leveraging third-party grants, issuing debt to mitigate cash flow challenges or establishing a special tax levy. This option is subject to the on-going affordability challenges and competing corporate priorities and cannot be accommodated within the current fiscal planning period.

- **Continuous Improvement**

The Non-Core Infrastructure AM Plan, as presented, is compliant with Ontario Regulation 588/17 for the current levels of service as it relates to the Town's non-core infrastructure assets.

Section 8 of the Non-Core Infrastructure AM Plan recommends several action items to enable the Town to continue to improve its current asset management planning and programming, and to meet future requirements of Ontario Regulation 588/17. This will require resources in the future to continually improve the quality and accuracy of asset information, validate asset data gaps and maintain up-to-date asset information.

Data quality is a critical factor in the asset management planning process and can significantly influence its success. The development of asset management plans is iterative, focusing on addressing data gaps and enhancing the quality of business

processes, systems, and staff competencies. These improvements are essential for building increasing confidence in the accuracy and reliability of the information used.

Additionally, while green infrastructure assets have been acknowledged in the Non-Core Infrastructure AM Plan, a more comprehensive Natural Asset Management Plan will be required and is planned for 2025, subject to the budget process. While work has already been done to inventory and value natural assets, further improvements will be made to this data to increase data quality and availability for analysis. This effort is crucial to the integration of natural assets and green infrastructure into the Town's asset management framework.

Implementation of continuous improvement activities will require additional financial and staff resources.

### **Pending Regulatory Requirements**

Looking ahead, by 2025, the Town will enhance and combine the stand-alone core and non-core asset management plans into a single asset management plan for all assets to comply with the fourth mandate of Ontario Regulation 588/17, including an overview of the state of the infrastructure, a robust lifecycle management strategy, a comprehensive financial strategy, current and future levels of service, and the associated lifecycle costs to meet those levels of service.

### **STRATEGIC PLAN ALIGNMENT:**

This report identifies infrastructure and asset management as one of the Town's Strategic priorities.

Continued implementation of the Town's Corporate Asset Management Program is not only required by legislation, but it is critical to the Town's ability to effectively and efficiently manage its assets, ensure their resiliency and to keep pace with growth. In turn, these assets are fundamental to the Town's ability to deliver quality services to residents, businesses and visitors, and to supporting a high quality of life.

### **RELATIONSHIP TO CLIMATE CHANGE:**

This report is administrative in nature and does not directly impact or address climate change and the Town's Net Zero target.

Although the Non-Core Infrastructure Asset Management Plan itself is required by regulation, and its completion is therefore of an administrative nature, elements of the plan do relate to and support climate-related actions and considerations.

### **PUBLIC ENGAGEMENT:**

Public Engagement was not needed as this report is administrative in nature.

## **INTERNAL CONSULTATION:**

In the preparation of this report, various elements/deliverables have been reviewed with Town staff from Transportation and Public Works, Community Services, Corporate Services, the Asset Management Network Team, and/or the CAM Steering Committee.

## **FINANCIAL IMPLICATIONS:**

The Town's asset management planning activities (including the Core and Non-Core Infrastructure Asset Management Plans) play an important role as an input to inform the Town's Long Range Financial Plan (LRFP).

The information contained in the Core and Non-Core Infrastructure AM Plans, including the estimated annual infrastructure deficit of \$30.1 million, will provide comprehensive guidance for staff by providing the following:

- Any lifecycle management needs, and infrastructure funding gaps identified through the Asset Management Plans will be incorporated into the preparation of the Town's long term capital plan.
- Present and future costs to operationalize the CAM program can be easily identified and scoped.
- The resulting operating and capital budget requirements will subsequently be incorporated into the LRFP and annual budget process for Council's consideration and action.
- Any significant updates to the LRFP and capital forecast, as part of the 2025 budget process, will need to be reflected in future asset management plans and accounted for in the estimated infrastructure deficit.

Moving forward, a comprehensive financing strategy will be developed based on affordability, sustainability, and corporate priorities to ensure compliance with Ontario Regulation 588/17 by July 1<sup>st</sup>, 2025.

Reviewed and approved by,

Joseph Vandermeer, Deputy Treasurer

Dharmen Dhaliah, Director of Climate Change and Asset Management

Damian Szybalski, Commissioner of Community Services

Chris Mills, Chief Administrative Officer