

REPORT TO COUNTY COUNCIL

2024 Asset Management Plan

To: Warden and Members of County Council

From: Director of Corporate Services

RECOMMENDATIONS

1. That amendments to the Strategic Asset Management Policy 9.15, as attached to Report CS 2024-18, be adopted;
2. And further, that amendments to the Asset Management Governance Strategy 9.16, as attached to Report CS 2024-18, be adopted;
3. And further, that the “2024 Asset Management Plan” as attached to Report CS 2024-18 be adopted.

REPORT HIGHLIGHTS

- The Strategic Asset Management Policy has been updated to align with the 2023-2026 Strategic Plan.
- The Asset Management Governance Strategy update aligns with the maturity of the County’s asset management program.
- The 2024 plan update meets the requirements under Ontario Regulation 588/17.

IMPLEMENTATION POINTS

Upon Council approval, staff will proceed with publishing the 2024 Asset Management Plan (AMP) to the County’s website. The policies set out in this report will be updated on the County’s General Policy Manual and the County’s website; and will take effect upon Council’s adoption of the recommendations contained herein.

Staff will continue to work through the areas of improvement identified throughout the AMP appendices.

Financial Impact

Approval of the recommendations contained within this report will have no financial impact beyond what has been approved in the current year’s budget. Resource needs and financial requirements based on the strategies and recommendations identified in the AMP will be included in annual budget processes as applicable.

Communications

The draft water and wastewater system AMP appendices were shared with our local area municipalities for review and comment. The 2024 Asset Management Plan, and updated policies will be posted on the County’s website for public information. The AMP will be promoted through the County website and social media channels by the County’s Strategic Communication and Engagement team.




A public engagement campaign will be launched, in fall 2024, to receive feedback on proposed levels of service scenarios, to inform the 2025 Asset Management Plan.

2023-2026 STRATEGIC PLAN

Oxford County Council approved the **2023-2026 Strategic Plan** on September 13, 2023. The Plan outlines 39 goals across three strategic pillars that advance Council’s vision of “Working together for a healthy, vibrant, and sustainable future.” These pillars are: (1) *Promoting community vitality*, (2) *Enhancing environmental sustainability*, and (3) *Fostering progressive government*.

The recommendations in this report supports the following strategic goals.

Strategic Plan Pillars and Goals

PILLAR 1	PILLAR 2	PILLAR 3
		
Promoting community vitality	Enhancing environmental sustainability	Fostering progressive government
<p>Goal 1.2 – Sustainable infrastructure and development</p> <p>Goal 1.4 – Connected people and places</p>	<p>Goal 2.1 – Climate change mitigation and adaptation</p> <p>Goal 2.2 – Preserve and enhance our natural environment</p>	<p>Goal 3.1 – Continuous improvement and results-driven solutions</p> <p>Goal 3.2 – Collaborate with our partners and communities</p> <p>Goal 3.4 – Financial sustainability</p>

See: [Oxford County 2023-2026 Strategic Plan](#)

DISCUSSION

Background

The Infrastructure for Jobs and Prosperity Act, 2015 was created to establish mechanisms to encourage principled, evidence-based and strategic long-term infrastructure planning. The Act sets out principles for asset management planning for the broader public sector, including municipalities.

Ontario Regulation (O.Reg.) 588/17: Asset Management Planning for Municipal Infrastructure was filed on December 27, 2017 under the Infrastructure for Jobs and Prosperity Act, 2015. The purpose of the Regulation is to implement best practices throughout the municipal sector and provide a degree of consistency to support collaboration between municipalities and the Province. This regulation aims to help municipalities more clearly identify their asset management needs, thus, helping municipalities work toward a more sustainable position regarding the funding of their assets. In accordance with O.Reg. 588/17, an updated Asset Management Plan for all assets is required on or before July 1, 2024.

The regulation sets out the components that must be included within the AMP:

- Current levels of service provided;
- Current performance with respect to established performance measures;
- Summary of assets, replacement cost and average age;
- Asset conditions, including the approach used to assess the condition;
- Lifecycle activities required to maintain current levels of service;
- Population and employment forecasts, as set out in the Official Plan; and
- Identification of how the background information and report will be made available to the public.

The Regulation also requires updated AMPs to provide planning for growth assets, including estimated capital expenditures and significant operating costs related to new construction or upgrade of existing municipal assets.

On or before July 1, 2025, AMPs are required to include the following:

- The level of service proposed for each of the following 10 years;
- An explanation of why the proposed levels of service are appropriate;
- Proposed performance with respect to established performance measures;
- Lifecycle activities required to achieve proposed levels of service for the 10-year period;
- Estimated capital expenditures and significant operating expenses to achieve the proposed levels of service;
- The funding projected to be available, by source; and
- Overview of the risks associated with implementing the AMP.

Comments

Strategic Asset Management Policy

The Strategic Asset Management Policy sets out the strategic principles that guide future investments to support economic growth and respond to changing needs in a fiscally responsible manner. Under O.Reg. 588/17 the policy is required to be reviewed and updated, if necessary, at least every five years. Staff have reviewed the principles within the policy to ensure alignment with the values defined in the County's 2023 to 2026 Strategic Plan. This alignment helps demonstrate a clear line of sight from the County's overall objectives to the work execution at the front line.

Asset Management Governance Strategy

The governance strategy complements the Policy, identifying the roles and responsibilities of stakeholders involved in the management of County assets. The County's asset management program has evolved significantly since its inception. Roles and responsibilities have been updated to align with the responsibilities of the Capital Planning Division created in 2022, and to align with the County's long-term vision based on the current AMP program maturity.

Asset Management Plan

The replacement value of the County's assets (excluding natural assets) is \$3.73 billion as identified throughout the various AMP appendices. Of the replacement value, 27% is related to wastewater; 24% to water; 27% to the transportation network; 10% to bridges and structural culverts; 4% to the stormwater network; with the remaining 8% related to the County's other services including facilities, information technology, fleet and equipment, waste management, housing, long-term care, paramedic services and library.

A financial plan is a critical component of the AMP and brings the AMP into action. A sound financial plan demonstrates that the County has integrated the AMP into financial planning and budgets, and that it has utilized all available funding tools. Using the anticipated 10-year lifecycle needs, along with the current investment level, the County is able to determine if there is an anticipated funding deficit or surplus for each service area.

Table 1 summarizes the anticipated lifecycle and non-lifecycle needs over the 10-year (2024 to 2033) period along with the projected funding and the resulting anticipated funding deficit or surplus. This information is used as a primary source for setting water and wastewater rates and capital requirements on the tax levy at a sustainable level.

Table 1 – Summary of Anticipated Asset Needs 10-year (millions)

Asset Appendix	Anticipated Needs (10-year)	Projected Funding	Reserve Balance (Dec 31, 2023)	Funding Deficit (Surplus)
Wastewater - Woodstock	\$67.11	\$34.39	\$13.32	\$19.40
Wastewater - Tillsonburg	17.14	20.33	12.76	(15.95)
Wastewater - Ingersoll	28.66	26.75	9.61	(7.70)
Wastewater - Norwich	5.81	6.59	3.61	(4.39)
Wastewater - Tavistock	12.80	18.12	5.31	(10.63)
Wastewater - Plattsville	2.94	2.72	1.89	(1.67)
Wastewater - Thamesford	5.03	4.74	2.24	(1.95)
Wastewater - Drumbo	3.68	3.70	-	(0.02)
Wastewater – Mt. Elgin	2.25	3.50	0.35	(1.60)
Wastewater - Embro	0.76	2.19	1.09	(2.52)
Wastewater - Innerkip	6.27	1.85	1.15	3.27
Water – Woodstock	59.30	46.87	21.39	(8.96)
Water – Tillsonburg	25.91	20.00	5.32	0.59
Water – Ingersoll	21.55	17.28	2.17	2.10
Water – Townships	39.94	21.13	9.33	9.48
Subtotal – Rate Supported	\$299.15	\$230.16	\$89.54	\$(20.55)
Bridges and structural culverts	93.12	64.43	14.40	14.29
Transportation network	263.18	131.78	21.24	110.16
Stormwater network	30.72	35.58	-	(4.86)
Corporate facilities	8.84	12.86	1.10	(5.12)
Fleet and equipment	31.50	33.70	3.92	(6.12)
Information technology	3.84	2.44	1.02	0.38
Waste management	20.84	11.11	19.78	(10.05)
Community housing	21.90	16.16	2.20	3.54
Long-term care	27.22	16.95	0.30	9.97
Paramedic services	19.99	13.66	2.24	4.09
Library	5.38	4.31	0.69	0.38
Subtotal – Levy Supported	\$526.53	\$342.98	\$66.89	\$116.66
Overall Total	\$825.68	\$573.14	\$156.43	\$96.11

Although a number of appendices are projecting a funding surplus over the 2024 to 2033 period, the annual funding requirement is the basis for ensuring long-term financial sustainability well into the future. Table 2 compares the average annual funding requirement based on the asset lifecycle needs to the current average annual investment over the 2024 to 2033 horizon.

Table 2 – Summary of Annual Contribution Requirements

Asset Appendix	Average Annual Required Investment	Average Annual Current Investment	Average Annual Investment Deficit (Surplus)
Wastewater - Woodstock	\$6,437,000	\$3,439,000	\$2,998,000
Wastewater - Tillsonburg	2,598,000	2,033,000	565,000
Wastewater - Ingersoll	2,545,000	2,675,000	(130,000)
Wastewater - Norwich	718,000	659,000	59,000
Wastewater - Tavistock	1,208,000	1,812,000	(604,000)
Wastewater - Plattsville	501,000	272,000	229,000
Wastewater - Thamesford	681,000	474,000	207,000
Wastewater - Drumbo	422,000	370,000	52,000
Wastewater – Mt. Elgin	563,000	350,000	213,000
Wastewater - Embro	365,000	219,000	146,000
Wastewater - Innerkip	320,000	185,000	135,000
Water – Woodstock	5,537,000	4,687,000	850,000
Water – Tillsonburg	2,695,000	2,000,000	695,000
Water – Ingersoll	1,916,000	1,728,000	188,000
Water – Townships	3,933,000	2,113,000	1,820,000
Subtotal – Rate Supported	\$30,439,000	\$23,016,000	\$7,423,000
Bridges and structural culverts	6,331,000	6,443,000	(112,000)
Transportation network	25,786,000	13,178,000	12,608,000
Stormwater network	1,640,000	3,558,000	(1,918,000)
Corporate facilities	2,144,000	1,286,000	858,000
Fleet and equipment	3,237,000	3,370,000	(133,000)
Information technology	418,000	244,000	174,000
Waste management	680,000	1,111,000	(431,000)
Community housing	2,359,000	1,616,000	743,000
Long-term care	2,367,000	1,695,000	672,000
Paramedic services	1,743,000	1,366,000	377,000
Library	725,000	431,000	294,000
Subtotal – Levy Supported	\$47,430,000	\$34,298,000	\$13,132,000
Overall Total	\$77,869,000	\$57,314,000	\$20,555,000

Key improvement areas have been identified within each AMP appendix. These improvements include the following:

- Reducing asset data gaps to ensure that a high level of confidence is obtained for effective decision-making;

- Documenting lifecycle history on assets within the asset management systems, to ensure the asset lifecycle needs projected by the system are representative of where each asset is within its lifecycle;
- Refining the risk assessment approach at the component level to ensure that projects are prioritized based on the impacts the failure of the asset has to the delivery of the services that contribute to our community wellbeing; and
- Implementing and expanding upon physical condition assessment programs to ensure that the analysis is based on a true reflection of the actual state of the asset as opposed to a theoretical age-based condition.

There is a risk of lost opportunity for capital funding from federal and provincial governments if the County does not conform to O.Reg. 588/17. Grant programs, such as the Canada Community Building Fund and the Ontario Community Infrastructure Fund, require that municipalities demonstrate the projects selected for funding are required as per the outcomes of the AMP.

Utilization of existing staff from various divisions to reduce data gaps is a lengthy, time-consuming process, therefore, the addition of resources focused on asset management may be required for these data gaps to be reduced in a timely manner.

Natural Asset Management

County staff recently participated in a Natural Asset Management Roadmap Program geared towards local governments that are beginning to incorporate natural asset management into their asset management and financial planning processes. The roadmap outlines actionable steps that County staff can follow to advance towards a complete natural asset management initiative using a multi-disciplinary approach. While the County's roadmap is yet to be finalized, it recommends the development of a natural asset inventory for the 2025 Asset Management Plan. This inventory would include preliminary replacement costs and conditions for County owned natural assets, along with identifying gaps and further improvements.

County Website

A re-designed asset management plan section on the County's website will launch with the publishing of the updated AMP. The updates are intended to highlight key areas along with the County's progress in aligning funding with the requirements identified throughout the AMP, which also forms part of the annual review requirement identified in O.Reg. 588/17.

CONCLUSIONS

The 2024 Asset Management Plan meets the requirements as outlined in O.Reg. 588/17, encompassing all County asset areas, with the exception of natural assets. Asset management planning is vital to the long-term sustainability of assets. The AMP is intended to be a living

document and staff are committed to monitoring the industry and implementing best practices as they evolve.

SIGNATURES

Report author:

Original signed by

Jennifer Lavalley, CPA, CGA
Manager of Capital Planning

Departmental approval:

Original signed by

Lynn S. Buchner, CPA, CGA
Director of Corporate Services

Approved for submission:

Original signed by

Benjamin R. Addley
Chief Administrative Officer

ATTACHMENTS

[Attachment 1 – 2024 Asset Management Plan, dated June 2024 \(link only\)](#)

Attachment 2 – Strategic Asset Management Policy 9.15

Attachment 3 – Asset Management Governance Strategy 9.16