

Asset Management Program

Background

The City is responsible for the maintenance and operation of assets valuing \$2.8 billion. These assets are critical for the delivery of service levels expected by the residents of the City of Greater Sudbury.

The City, like most Canadian municipalities, must overcome multiple challenges in managing assets including aging infrastructure; expectations of higher levels of service with minimal financial impact; increasingly demanding and complicated legislation with environmental requirements; and mitigation of the increased risk involved with the execution of service delivery. Due to these increasing pressures, the City will need to implement a focused and calculated approach to address these challenges through the development of a detailed asset management plan.

Asset management is the systematic and coordinated activities and practices of an organization to optimally and sustainably deliver on its objectives through cost-effective life-cycle management of assets. In June 2011, the province of Ontario released a long-term infrastructure plan for Ontario entitled *Building Together*. *Building Together* laid out a standardized and calculated approach to asset management planning. *Building Together* in conjunction with the *Infrastructure for Jobs and Prosperity Act, 2015* established a criteria and timeline for all municipalities to have an Asset Management Plan in place by December 31, 2016. An asset management plan was required by this date in order to be eligible for Federal and Provincial Government Funding. The City of Greater Sudbury's Asset Management Plan (2016), was produced by KPMG in conjunction with City staff. The plan reflects an approximate level of the financial requirements associated with maintaining City assets in a good state of repair.

On May 25, 2017 the Government of Ontario released a proposed Asset Management Regulation which they requested feedback from municipalities. Feedback was received, taken under consideration and on December 13, 2017 the province approved *O. Reg. 588/17: Asset Management Planning for Municipal Infrastructure* under the *Infrastructure for Jobs and Prosperities Act, 2015*. The effective date of *O. Reg. 588/17* is January 1, 2018, however there are no requirements to be met for this date. The new Provincial Regulation alters the proposed phasing period reported to Finance and Administration on October 24, 2017.

The purpose of this report is to present the state of the City's Asset Management Program to Council by outlining the major steps and milestones to develop and implement the City's Asset Management Plan in accordance with the new provincial regulations. This report is a follow-up to the Asset Management Strategy report provided to Council in October 2017.

Asset Management Program Status Report

The next steps in the progression of the City's asset management plan are summarized in Table 1. Additional information for these milestones is also provided below Table 1.

Table 1: Steps and Milestones			
	Milestone	Date Required (Legislation)	Status
1	Asset Management Policy	July 1, 2019	Complete
2	Capital Prioritization Tool	-	In Progress
3	Asset Management Plan (Phase 1) for core infrastructure assets (roads, bridges and culverts, water, wastewater and stormwater management) that discusses current levels of service and the cost of maintaining those services.	July 1, 2021	In Progress
4	Asset Management Plan (Phase 2) for all municipal infrastructure assets that discusses current levels of service and the cost of maintaining those services.	July 1, 2023	Data collection underway; Phase 2 plan to commence following Phase 1 implementation
5	Asset Management Plan (Phase 3) for all municipal infrastructure assets that builds upon the requirements achieved in 2023. Additional requirements include proposed levels of service, the activities required to achieve the proposed levels of service and a financial plan to fund the activities.	July 1, 2024	Phase 3 plan to commence following Phase 2 implementation
6	Annual review of Asset Management Progress following implementation of the Phase 3 asset management plan.	July 1 (annually)	July 1 (annually)
7	Asset Management Policy and Plan updates.	Every 5 years	Every 5 years
8	Internal and External Transparency - Policies and Plans shall be provided to the ministry or any persons as requested and will be posted to the City's website.	Once Completed	Once Completed.

1. Attached as Appendix A is the City's Enterprise Asset Management Policy which has been created to meet the legislative requirements which are discussed below.
 - The purpose of the policy is to outline the City's municipal goals and plans for continuous improvement and adoption of best practices regarding asset management planning.
 - The policy provides a framework to achieve the City's goals and plans with the introduction of critical asset management guiding principles.
 - A citywide commitment and collaboration is required for the successful implementation of the asset management program. The asset management policy defines the roles and responsibilities of different groups such as Council, the City's Executive Leadership Team, the City's Asset Management Coordinator, Divisional and Sectional Leaders, Financial Services and Asset Users and Operators.
2. Currently in development is the Capital Prioritization Tool. This tool will provide a link to the Capital Budget Policy which will be provided under a separate report. The Capital Prioritization Tool is being developed in accordance with the asset management guiding principles outlined within the Enterprise Asset Management Policy with the objective of achieving the following:
 - The purpose of the Capital Prioritization Tool is to ensure a clear and calculated approach to capital funding allocation by assisting decision makers with strategically prioritizing what needs are most important and in understanding how they can be addressed.
 - The Capital Prioritization Tool will consider legislative requirements such as the Accessibility for Ontarians with Disabilities Act.
 - Risk management is a major component to support the life-cycle of an asset. The City's risk management goals involve identifying, understanding and mitigating the risks involved with owning and operating infrastructure assets. A risk exposure assessment will be incorporated into the Capital Prioritization Tool to ensure the City takes the best approach to manage and maintain assets within an acceptable level of risk.
3. The primary milestone of the asset management program is the Asset Management Plan. As a minimum the first iteration of the City's Asset Management Plan will include core infrastructure assets as per legislation.
4. Following the completion of the asset management plan for core infrastructure, the City will continue working on the asset management plan to incorporate all municipal infrastructure assets such as Fleet and Buildings and Facilities.

5. The Phase 3 asset management plan will include additional clarity on proposed levels of service, inventory/lifecycle management, as well as a financial strategy which incorporates solutions to address any funding shortfall, a financial strategy to service growth (ex. development changes) and a risk analysis.

Next Steps

1. The City is in the process of implementing an enterprise-wide method for capital prioritization. The prioritization process will differ from the envelop system from previous years and will support the key principles outlined in the Enterprise Asset Management Policy.

The proposed capital prioritization process will provide Council the opportunity to establish capital priorities through categories such as Public Safety, Environment, Transportation, Recreation, Land Use Planning, Corporate Support, Health and Economic Development. This process will be presented to the Finance and Administration Committee as a part of the Budget direction report scheduled for the May 15, 2018 meeting.

Technical experts within City departments will prioritize projects using an enterprise-wide tool being developed by City staff. The tool will be distributed with the 2019 Budget Call. A committee of peers will rank the projects using this tool and ELT will prepare the capital budget on the basis of this prioritization.

2. The Capital Budget Policy is being refined to reference the Long Term Financial Plan and consider the priorities outlined by the proposed capital prioritization process. The revised Capital Budget Policy will be provided in June.
3. Capital Budget Deliberations and Approval will occur in Early 2019.

Conclusion

This report provides information on the steps staff will be taking to implement an enterprise wide approach to evolving the City's asset management program and prioritizing capital investment.

The timeline for development and implementation of the City's asset management program has been outlined by the Province under the *Ontario Regulation 588/17*. The success of the City's asset management program relies on the collaboration of all City departments. Staff within Corporate Services will work with individual departments to ensure the City meets and achieves the steps and milestones as outlined.

Asset management will continue to provide the City with a framework for consistent, calculated, reliable and transparent decision making. Staff will update Council regularly on the status of the City's asset management plan.

References

1. Ministry of Infrastructure Ontario (2011) Building Together – Guide for municipal asset management plans. (Online: <https://www.ontario.ca/page/building-together-guide-municipal-asset-management-plans>). Queen's Printer for Ontario 2012.
2. Infrastructure for Jobs and Prosperity Act, 2015. (Online: <https://www.ontario.ca/laws/statute/15i15>). Queen's Printer for Ontario 2015.
3. Ontario Regulation 588/17. (Online: <https://www.ontario.ca/laws/regulation/r17588>). Queen's Printer for Ontario 2018.
4. KPMG (2016) City of Greater Sudbury Municipal Asset Management Plan. KPMG, Sudbury, Ontario. (Online: <http://agendasonline.greatersudbury.ca/index.cfm?comid=58&year=2016&lang=en&browse=Search#browsebycommittee>). November 28th, 2016.