

November 29, 2016

Report To: Mayor & Council

From: Doug Brown, Manager Operations & Facilities

SUBJECT: Updating Asset Management Plan (AMP)

What is Asset Management Planning? In a nutshell, it is the process of making the best possible decisions regarding the building, operating, maintaining, renewing, replacing and disposing of infrastructure assets. The main objective is to maximize benefits, manage risk and provide satisfactory levels of service to the public in a sustainable manner. See attached an overview of Asset Management Plan & Asset Management.

Background Information

Back in February of 2016, Administration applied and received funding under the MFOA assistance program for Asset Management Planning review whereby an AMP expert was engaged to review the Town's AMP. This AMP expert assessed the state of the Town's current Asset Management Plan (dated December 2013) & the Asset Management Planning process, to identify gaps in the existing AMP and develop a "next steps" work plan to make improvements to the plan. Dan Wilson of CN Watson & Associates was tasked with the Town's file. During the month of June, Travis Rob completed all of the requisite self-assessment tool forms for all the Town's assets. Please find attached the scoring report prepared by Dan Wilson, which is posted on the MFOA webpage.

The Town received an overall score of 32%, which was not a surprise to administration. Back in 2013, the Town retained Public Sector Digest (PSD), purchasing their computer software package (at an approximate cost of \$48,000) to complete the AMP requirements as outlined in the "*Building together Guide for Municipal Asset Management Plans*" (5 main assets; Roads, Bridges, Water, Wastewater & Social Housing). Since that time the Town has been unable to free up the appropriate manpower resources necessary to dedicate to the

maintenance of the plan. Basically we have a 2013 AMP in place in 2016. However, the Town since 2013 has been in a position to continue to apply and receive funding for capital projects because an AMP has been in place. Kenora is in a similar situation and has recently retained Public Sector Digest to update their AMP under a “roadmap” initiative.

Recently under the *Infrastructure for Jobs and Prosperity Act, 2015*, the provincial government has prepared a draft regulation on Municipal Asset Management Planning. The draft regulation, which was circulated in the summer of 2016 allows Municipalities an opportunity to provide feedback and receive clarification on the draft document. In July of 2016, Travis Rob and Dawn Galusha attended a session in Dryden on the draft AMP regulations. Attached is a copy of this draft regulation provided for your review. It is the Town’s understanding that the AMP regulation will become law sometime prior to March 31, 2017, whereby the Town’s AMP must be up-dated to meet the new regulation by March 31, 2018.

On another front, the Town currently receives \$463,000 in funding from the Federal Gas Tax (FGT) revenue program where one of the requirements for receiving this annual funding is that ***all*** assets (not just the 5 main assets outlined above) must be incorporated in the AMP. The funding under the FGT revenue program can be utilized to up-date the AMP to meet the new regulations and our obligations. See attached the last email dated May 18, 2016 from Judy Dezell of AMO in regards to FGT funding and municipal obligations.

Updating and maintaining the AMP is a corporate wide initiative, as a result a small AMP taskforce group, which was formed to review the present state of the AMP, review the MFOA report and highlight the challenges going forward. The AMP taskforce group consists of Travis Rob, Laurie Lindberg, Dawn Galusha, Trisha Law, Jason Kabel and myself. The taskforce has met several times over the course of the summer and fall to discuss the current state of our AMP, how it is presently being managed (or lack of) and what is the best method to manage the AMP going forward with all the new changes. Members of the taskforce group talked to Kenora staff on how they were moving their AMP forward to meet the new regulations and also received overview training on the existing PSD software programs.

The following challenges were identified;

- 1) Currently limited manpower resources available to be dedicated to maintaining and updating the AMP on a continuous basis.
- 2) Two asset registers being maintained – GIS (ERSI) and USTI – ASSIT – Fixed assets – not linked and no interaction with PSD software computer programs.
- 3) Implementation of the new financial software by January of 2017.
- 4) AMP not being incorporated into the budget process.
- 5) No policies in place in regards to the level of services for assets.
- 6) Missing Assets in current AMP such as; Cemeteries, Street lighting, Memorial Sports Centre, Parks, Fleet etc...
- 7) Will need an up-dated AMP in place by March 31, 2018

Once the MFOA report was received, and as a result all these recent regulatory changes to the AMP program in Ontario, and through discussions with Kenora's administration, the AMP taskforce has obtained a similar quotation from Public Sector Digest to complete a "road map" AMP initiative, whereby the Town's AMP will be overhauled in accordance with all applicable regulations; staff will be properly trained to maintain and keep current the AMP; one or two asset registers will be maintained throughout the corporation; and going forward the AMP will be incorporated into the budget process and the level of services for each asset be established by the Council.

The PSD road map proposal will be completed over a two year, (2017 & 2018) period. In addition, the Town will be applying for funding for a recent engineering graduate under the NOHFC internship program to assist with this AMP updating process. The Town is eligible to receive \$ 31,500 per year to go towards funding for this p/t internship position. This is the same funding program by which Trish Law & Travis Rob were initially retained.

Presently, the task of providing locates for the Town's water distribution system, sanitary sewer collection network and storm sewer infrastructure under the Ontario -1-Call program has been assigned to the Engineering area of the O & F Division primarily handled by the GIS expert & GIS Summer student positions. Going forward this task will be reassigned to the water and waste water dept.

once a vacant OIT position is filled in order to free up time for the GIS expert position (Trisha Law) to update the PSD database. For example, over the previous 4 years approximately 24,000 meters of sanitary sewer piping has been CCTV inspected wherein the new condition data has not been transferred into the PSD database. Presently this task is not being completed.

The AMP taskforce is of the opinion that purchasing the PSD computer city wide suite back in 2013 was an appropriate solution, however the Town has never been in a position to fully manage it going forward. At this time, external assistance is required to achieve full compliance, and to ensure that existing staff are fully trained to maintain the AMP so that it is always current. In 2017 these expenditures will not be included in the operating budget and will be funded using a portion of the FGT revenue.

The Administration & Finance Executive Committee recommends the following;

- 1) That updating of the existing AMP will commence in January of 2017 where this expenditure will be budgeted as a capital item and funded using Federal Gas Tax revenue.
- 2) That the Town retained Public Sector Digest as outlined in their proposal dated November 30, 2016 over a two year period, (2017 & 2018) at a total estimated cost of \$ 182,659.20 which includes the town's portion of the HST. The 2017 expenditure is estimated to be \$ 136,358.40.
- 3) Administration will make application under the NOHFC internship program where the temporary position of an engineering graduate would commence on May 1st, 2017 and work for a two year period to assist with updating the AMP. The Town's 2017 net cost for this temporary position is estimated at \$18,588.34 and the Town can utilize FGT revenue funds to support this position.
- 4) That the GIS expert be utilized to update the current asset register and ensure that ongoing condition rating information is up-loaded into the PSD computer software programs.

Respectfully submitted,



Doug Brown, CAO

Council approval of this report will ensure the following:

- 1) That updating of the existing AMP will commence in January of 2017 where this expenditure will be budgeted as a capital item and funded using Federal Gas Tax revenue;
- 2) That the Town retained Public Sector Digest as outlined in their proposal dated November 30, 2016 over a two year period, (2017 & 2018) at a total estimated cost of \$ 182,659.20 which includes the town's portion of the HST. The 2017 expenditure is estimated to be \$ 136,358.40.
- 3) Administration will make application under the NOHFC internship program where the temporary position of an engineering graduate would commence on May 1st, 2017 and work for a two year period to assist with updating the AMP. The Town's 2017 net cost for this temporary position is estimated at \$18,588.34 and the Town can utilize FGT revenue funds to support this position.
- 4) That the GIS expert be utilized to update the current asset register and ensure that ongoing condition rating information is up-loaded into the PSD computer software programs.