
Subject: 2024 Asset Management Plan – Non-Core Assets

Staff Report No. FI-008-24

Commission: Finance Services Commission

Date: June 19, 2024

Recommendation:

- 1) That Council approve the draft 2024 Asset Management Plan for current levels of service and the accompanying presentation.

1. Purpose:

The purpose of this report is to support the draft 2024 Asset Management Plan and presentation to Council.

2. Executive Summary:

In accordance with Ontario Regulation 588/17 “Asset Management Planning for Municipal Infrastructure” (O.Reg. 588/17), all municipalities are required to adopt an Asset Management Plan for non-core assets by July 1, 2024, where non-core assets infrastructure, equipment and facilities in the following service areas: Community Services, Fire & Emergency Services, Library Services and Information Technology. This report and accompanying draft 2024 Asset Management Plan meet the legislated requirements for July 1, 2024.

The draft 2024 Asset Management Plan includes \$297.2 million of assets that are used to deliver necessary services to the community. This valuation assumes that if we needed to replace all the Town’s assets in 2024 the cost would be \$297.2 million. 68% of these assets are in the range of Very Good to Fair condition and 32% are in the range of Poor to Very Poor condition. \$0.7 million are assessed as unknown condition.

Based on lifecycle estimation from the plan, the Town needs to invest an estimated \$6.8 million annually (in 2023 \$) to renew its current portfolio of non-core assets in these four service areas. Based on 2024 budget, the Town will commit \$10.0 million toward Repair and Rehabilitation and Fleet and Equipment reserves for all assets (core and non-core). Assuming that the annual reserve contribution is held at that amount, this leaves an

infrastructure gap of \$2.5 million for non-core assets. The gap is larger when the renewal needs of core service assets are considered as reported to Council in its 2022 Asset Management Plan. The overall infrastructure gap is \$8.3 million. Table 1 summarizes the total infrastructure gap:

Table 1: Infrastructure Gap (core and non core assets)

	Core Assets* (in millions)	Non Core Assets (in millions)	Total (in millions)
10 year Average Renewal Need	\$11.5	\$6.8	\$18.3
R&R and F&E Contributions	\$10.0 for core and non core		
Infrastructure Gap (10 years)	\$8.3 for core and non core		

*The 2022 Asset Management Report – core assets shows a 20-year average renewal need, this has been adjusted to a 10-year average to compare with the non-core assets.

3. Background:

The draft 2024 Asset Management Plan – non-core assets is the next phase to the Town’s approved 2022 Asset Management Plan – core assets. The current report is intended to meet the July 1, 2024, requirements of Ontario Regulation 588/17 under the Infrastructure for Jobs and Prosperity Act, 2015. Specifically, by July 2024, Ontario Regulation 588/17 requires municipalities to adopt an Asset Management Plan for non-core assets (facilities, equipment and infrastructure), reporting current levels of service, and lifecycle needs to sustain those levels of service.

The Town has entered into a consulting agreement with SLBC Inc. to prepare the 2024 Asset Management Plan and presentation to Council. SLBC Inc. has consulted extensively with Town staff to create the 2024 Asset Management Plan. It is a snapshot in time and must be a ‘living document’ that evolves annually to be effective for the Town and compliant with legislation.

4. Analysis and Options:

The draft 2024 Asset Management Plan describes the actions required to manage the portfolio of assets in a way that supports established service levels, while managing risks and costs.

There are five key components of the 2024 Asset Management Plan:

1. State of the Infrastructure
2. Levels of Service
3. Risk Management
4. Lifecycle Management

5. Financial Strategy

This report summarizes the above key components from the draft 2024 Asset Management Plan and presentation below.

The Town of Stouffville provides a range of services to its residents and businesses, including Facilities, Parks Land Improvements, Playgrounds & Pergolas, Fleet, Fire and Emergency Services, Library and Information Technology. To deliver these services, the Town relies on \$297.2 million of infrastructure assets that are broken up by service area as follows:

Table 2: Replacement value by service area

Service	Replacement Value (in 2023 \$, millions)
Community Services	251.6
Fire & Emergency Services	37.0
Library Services	3.7
Information Technology	4.9
Total	\$297.2

State of Infrastructure:

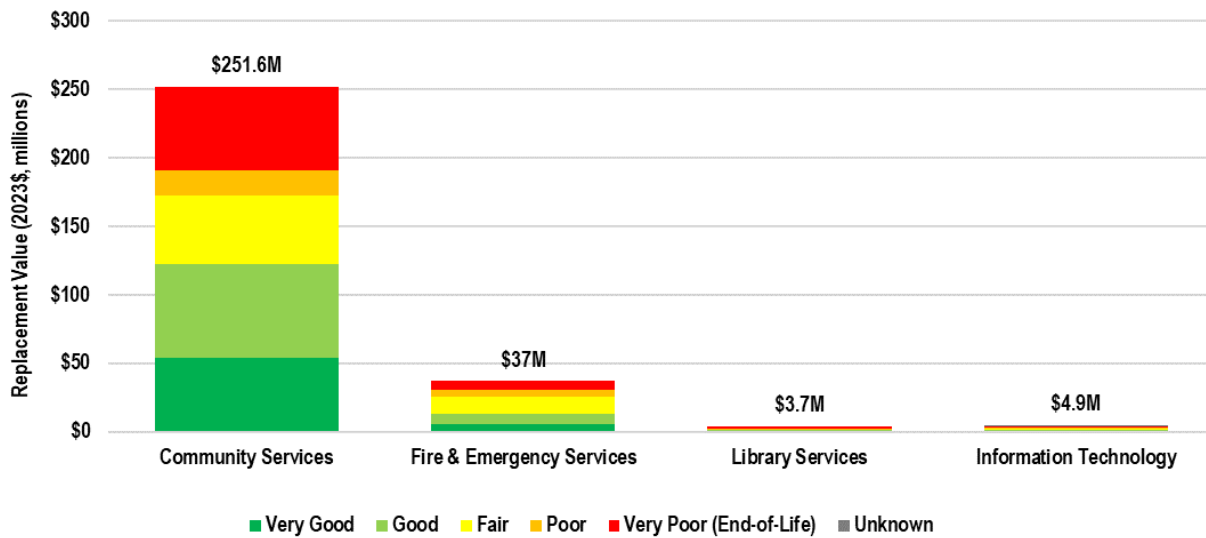
To adequately meet service levels, manage risk, and minimize lifecycle costs, most assets should be maintained in fair or better condition. According to the data, 68% of the Town’s assets are in fair or better condition based on weighted value.

Conversely, 32% of assets, totaling \$94 million, are in poor or very poor condition. These assets require increased attention and renewal investment, including funding and staff resources, to prevent higher maintenance costs and unexpected failures. Typically, assets in poor or very poor condition are included in 10-year capital renewal programs and budget forecasts, especially if they are considered critical by the Town. Examples of high-risk assets include a small portion of fire vehicles past their service life, Station 5-2, some servers and storage assets and older building components in critical facilities.

It is important to note that, unlike the condition evaluation of core assets typically performed through engineering studies and assessments, most of the Town’s non-core assets were assessed based on their age due to a lack of information. Assets evaluated by age may still function as intended despite being rated as in “very poor” condition.

The chart below illustrates the value of assets within each condition grade (very good or new, good, fair, poor, very poor, or end-of-life), categorized by program area. On top of each condition grade bar, the total replacement value of assets within each service area is displayed.

Chart 1: Condition Overview



Levels of Service:

Levels of Service describe the outputs and objectives the Town aims to deliver to its citizens, businesses, and stakeholders. Developing, monitoring, and reporting on levels of service are key to a performance management program that improves service delivery and ensures accountability. Guided by customer expectations, legislative requirements, and internal guidelines, Levels of service are often based on past service delivery, community expectations, and infrastructure design. Effective asset management formalizes levels of service with performance measures, targets, and timeframes, and ensures the associated costs are understood.

Community and Technical levels of service were established for each service area in alignment with the Town’s strategic priorities. Levels of service were grouped based on corresponding lifecycle activities being impacted: capacity influencing growth decisions, function influencing upgrade decisions, and reliability/quality influencing renewal, operations and maintenance decisions.

Within the reliability/quality levels of service, ensuring assets are fit for service—meaning within their service life or not in Very Poor condition—is crucial for renewal decisions.

Table 3 summarizes the assets not deemed fit for service in each area, calculated based on the condition values mentioned in the State of Infrastructure section of the report.

Table 3: Non-core assets not deemed fit for service by service area

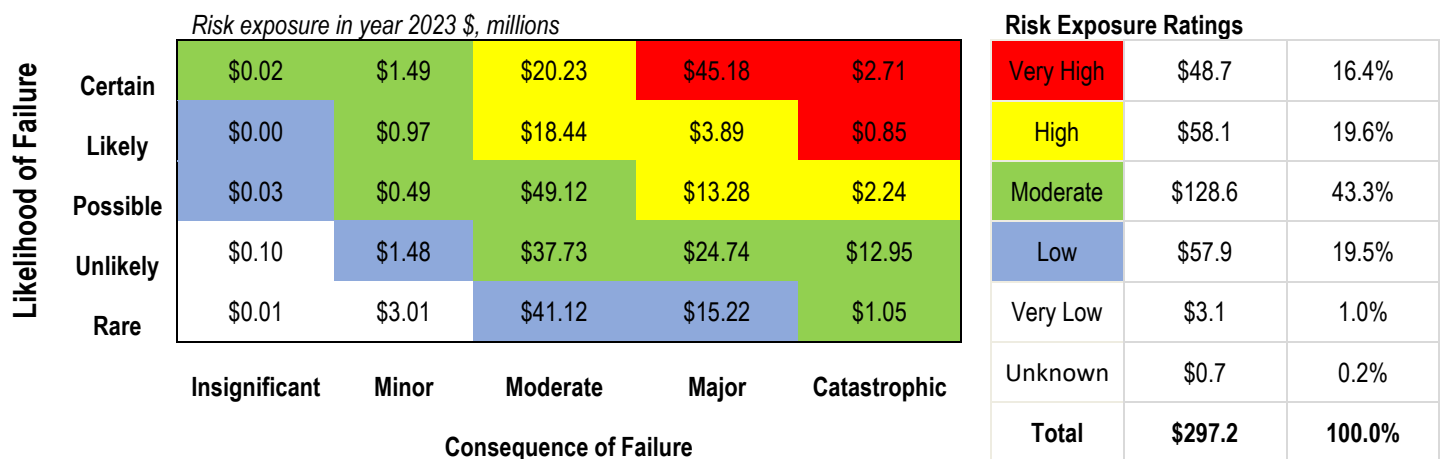
Service Area	Technical Level of Service	Current Performance (2023 \$, millions)	Current Performance (% of total Replacement Cost)
Community Services	% assets in Very Poor Condition (at or past service life) by Replacement Value	\$60.9	24.21%
Fire & Emergency Services		\$6.22	16.80%
Library Services		\$1.1	29.18%
Information Technology		\$1.4	34.09%
TOTAL		\$69.6	23% of total

Risk Management:

The Town's key asset management principle is to meet service levels and manage risk while minimizing lifecycle costs. Asset criticality, or the importance of assets to service delivery, guides strategy selection. Critical assets, which are essential, costly, and prone to deterioration, require frequent maintenance. Risk events, such as failures in capacity, function, or reliability, can compromise service delivery. Lifecycle activities manage these risks by reducing failure likelihood to acceptable levels, with their type and timing depending on the impact of potential failures on service delivery goals.

Chart 2 illustrates that, based on assets with known conditions, \$48.7 million of the Town's assets (16.4%) fall into the Very High-risk exposure category for providing reliable services. The Town addresses these risks through the planned lifecycle strategies detailed in the Lifecycle Management Strategy section of this Asset Management Plan.

Chart 2: Risk exposure of the Town's assets



Life Cycle Management:

The Town's ability to deliver the service levels outlined in the Asset Management Plan is influenced by several factors:

- Aging infrastructure requiring ongoing operations, maintenance, and renewal investments.
- Forecasted population growth necessitating additional infrastructure.
- Evolving functional, legislative, and sustainability requirements requiring asset upgrades.
- Available funding necessitating cost-effective asset provision for current and future customers.

To achieve its objectives, the Town builds new infrastructure to meet capacity needs, upgrades assets for new functional requirements, and manages existing assets for reliability—all within limited funds. Asset lifecycle management strategies are planned activities ensuring assets provide defined service levels sustainably and cost-effectively while managing risk.

The Town needs to put \$6.8 million per year toward asset renewal activities or reserves to meet the renewal needs of non-core services forecast for the next 10 years. The 2022 Asset Management Plan – core assets report stated that the Town needs \$11.5 million (adjusted for 2024 forecast). Therefore, a total of \$18.3 million in asset renewal needs is required.

In 2024, the Town budgeted a contribution of \$10.0 million to Repair and Rehabilitation and Fleet and Equipment Reserves for all assets (core and none-core). The total infrastructure gap is \$8.3 million (\$18.3 minus \$10.0 million).

The infrastructure gap can be closed by adhering to capital budget management principles some of which are already in place in the Town:

- Reduce near term renewal needs by deferring capital renewal projects on lower risk assets, thereby lengthening the period in which the backlog is addressed beyond the 10- and 20-year outlook, but likely increasing maintenance costs.
- Increase available funds through:
 - capital dedicated levies,
 - capital infrastructure fees for water and wastewater,
 - stormwater fees, and/or
 - leveraging third party grants.

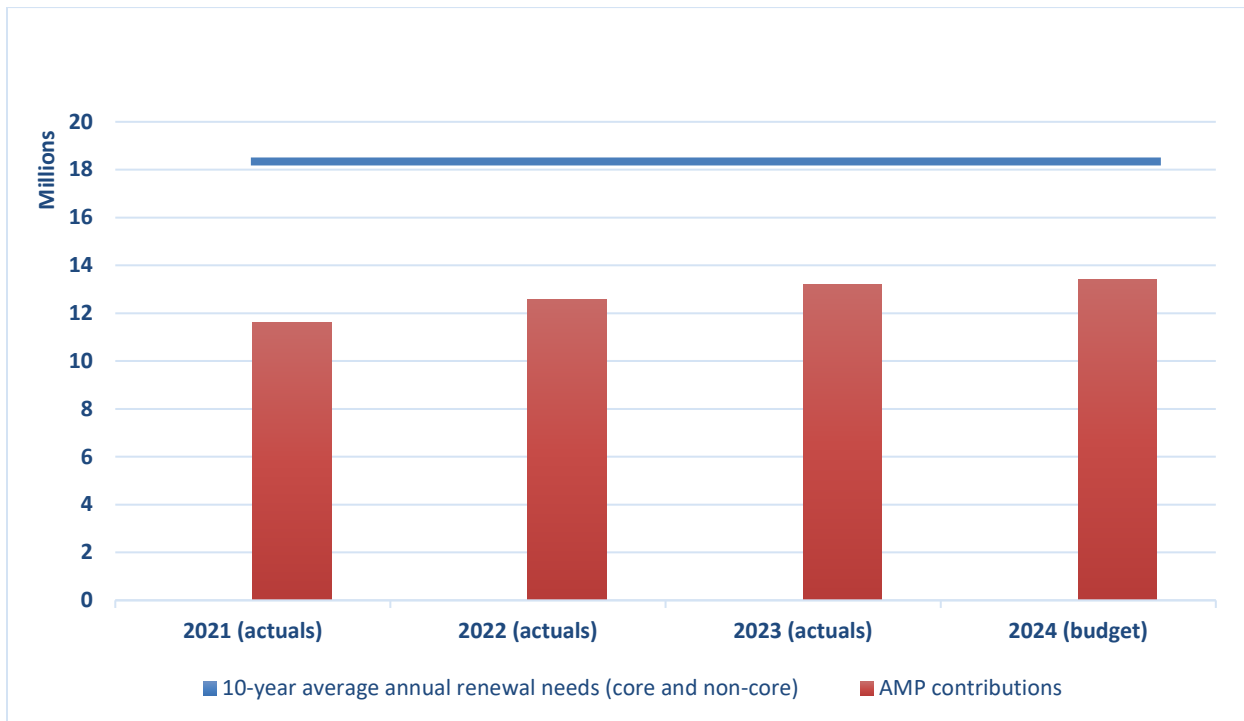
5. Financial Implications:

There are no financial implications arising directly from the report and from the Draft 2024 Asset Management Plan.

The plan does recommend that the Town invest an estimated \$18.3 million annually to renew assets (core and non-core). This exceeds the current estimate of available annual funding and requires that staff and Council apply a very focused determination of the projects to go forward in a year.

Chart 3 shows how the Town has moved in the direction of closing the infrastructure gap since reporting the 2022 Asset Management Plan:

Chart 3: Reserve contribution trends since 2021



Note: Actuals include grants. The 2024 budget will commit an additional \$3.4 million from grant contributions; however, this will be confirmed at the end of 2024.

6. Alignment with Strategic Plan:

1. A Town that Grows
A Town that grows in support of complete communities
2. A Healthy and Greener Town
Increase Offerings and Opportunities for Active Living
3. An Engaging Town
Increase Community Engagement & Outreach
4. Good Governance
Provide Good Governance
5. Organizational Effectiveness
To Elevate our Organizational Effectiveness

7. Attachments:

1. Attachment 1: Asset Management Plan – Current Levels of Service – Non-Core Infrastructure
2. Attachment 2: Town of Whitchurch-Stouffville Non-core Asset Management Plan

8. Related Reports:

June 15, 2022 – FTS-011-22 2022 Asset Management Plan – core assets

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