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Corporate Asset Management Office Year End Update 2020

Information Report to Council

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In accordance with the Procedure By-law, any member of Council may make a request to the Town Clerk that this Report be placed on an upcoming Committee of the Whole agenda for discussion.

Purpose

The purpose of this report is to update Council on the progress of Asset Management during 2020 and provide details on upcoming work. As directed by O. Reg. 588/17 Section 9, every municipal council shall conduct an annual review of its asset management progress. The annual review must address the municipality's progress in implementing its asset management plan, any factors impeding the municipality's ability to implement its asset management plan, and a strategy to address these impeding factors.

Background

The Town's Asset Management (AM) policy directs staff "to develop an integrated approach to planning, financial services, engineering, maintenance and operations that is geared towards effectively managing existing and new infrastructure to maximize benefits, reduce risk and provide safe and reliable levels of service to the community".

In 2014, the Town completed its first Asset Management Plan. The plan proposed 10 recommendations to improve asset management activities that are aligned with the current asset management policy. This report will update Council on the progress made to date for each of the recommendations as well as additional work completed by the Corporate Asset Management Office during 2020.

Discussion

Recommendations from the 2014 Asset Management Plan (AMP) are described individually below for clarity:

1a. Move to condition-based asset management

Within the Town, these programs fall into an organizational “grey zone” as they are not exactly renewal, which would typically fall to Engineering Services; or rehabilitation and/or maintenance, which would fall to Public Works Services to perform. From an AM perspective, these programs provide valuable insights into the performance of the assets and result in a high return on investment. The organization has made significant investments to expand condition information for sanitary sewers, the road network and most recently Storm water infrastructure. Plans for expanding condition assessments for Facilities will be required to support the development of the 2023 AMP’s for Facilities.

Staff are currently working to improve the inspection and condition assessment programs and to ensure that the oversight of these programs improves the economies of scale that can be recognized by proper oversight as well as taking advantage of existing contracts to perform the necessary duties. This is just one example of the benefits of AM that were identified in the 2019 REV It Up study.

1b. Create asset management report cards

The Infrastructure report cards were intended as a prologue to the updated AMP’s that will be delivered in accordance with regulatory requirements before July 1, 2021. Projects like the Infrastructure Report Card demonstrate the value of asset management and the Town’s commitment to financial sustainability. The reports cards were shared with Council during the October 19, 2020 Committee of the Whole electronic session. As indicated during this session staff will expand the Infrastructure report cards to the remaining assets in 2021/2022; these will be shared with Council as they become available.

1c. Review and update the Town’s Corporate Debt Policy

The purpose of this policy is to set out the parameters for issuing debt and managing the debt portfolio and provide guidance to decision makers. This Policy enhances the quality of decisions, rationalizes the decision-making process, identifies objectives for staff to implement and ensures compliance with statutory requirements and long-term financial flexibility and sustainability. The policy was updated and approved by Council on April 30, 2018. Since that time, Financial Services has provided annual reports to Council to update so they are aware of the Town’s debt position. A further update to the policy is anticipated for 2022.

2. Communicate the Asset Management Plan to the community

The Community can access the Town’s AM Policy, Strategy, Asset Management Plans, Level of Service and Infrastructure report card documents via the Town’s website. For 2021, the Corporate Asset Management Office (CAMO)

recommends that these documents be referenced as part of the Community Report.

3. Consolidate infrastructure inventory databases

As indicated within the 2014 AMP data related to infrastructure assets is collected in a variety of databases. The first step identified in the AMP was to reduce the number of databases to two; an excel database for roads, bridges, and culverts; and a GIS database for the water and wastewater systems. During 2020, CAMO in collaboration with GIS, Public Works Services and Financial Services consolidated all available data for core assets into one GIS database for core assets. This leads nicely into recommendation #4.

4. Update the accounting for Tangible Capital Assets (TCA) on the Financial Statements.

As a result of the work reported in item #3 above, there is the possibility that discrepancies exist between the Tangible Capital Asset records and the GIS data. Therefore, CAMO recommends that Financial Services perform a review of the TCA information and update the TCA records as they deem appropriate.

5. Schedule annual updates of the plan

Ontario Regulation 588/17 mandates reviewing and if necessary updating the plans at least every 5 years. The intention of the recommendation from 2014 was to instill a sense of ownership for these plans at the operational level of the organization. CAMO is currently leading the development of the asset plans to meet O.Reg. 588/17 requirements for 2021 and 2023 in collaboration with the operational areas and with the aid of a consultant to identify and improve lifecycle, operational and maintenance and financial practices.

CAMO recommends that operational users review the AMP's on an annual basis to ensure the inputs and work plans identified within the AMP's are being executed. If there are challenges with the execution of these plans, the AMP's will need to be updated by CAMO and the operational areas to reflect the practices that are actually being used.

CAMO recommends that AMP updates be made at least every 4 years and that these updates should coincide with the first year of the new term of Council to ensure that Service Levels identified within the Plans are meeting Council's expectations.

6. Schedule a re-examination of the plan with each term of Council

As identified in item 5 above CAMO commits to reviewing all current Asset Management Plans with each new term of Council. This will begin in Q1 2023.

7. Consult with Council and the Community to further develop Desired Levels of Service

CAMO has retained the services of WSP to assist with expanding the Level of Service project from 2017. We have requested a roadmap from WSP to ensure

that the Town complies with O.Reg 588/17 levels of service expectations by July 1, 2024.

8. Expand the Asset Management Plan to other asset classes, beyond 10 years, and align more with operational and maintenance data

Per O.Reg 588/17 core asset AMP's are required by 2021 and non-core assets by 2023. CAMO recommends that these plans meet the legislative requirements of a 10-year plan. The 10-year plan will include proposed levels of service while accounting for growth. The plans will also address lifecycle management and the financial strategies to meet these expectations going forward while discussion the risks associated with the options being considered.

9. Create an Asset Management function and determine where it fits in the organizational structure.

The Corporate Asset Management Office was created in 2018 reporting to the Commissioner, Development and Infrastructure Services. Beginning January 1, 2021 CAMO will report to the Director Financial Services to strengthen the connection between infrastructure needs, the funding required and financial capacity a municipality has to meet those needs.

10. Investigate, purchase and implement Asset Management software.

The Town's AM Strategy recommended the selection and configuration of a CMMS after the development of lifecycle data such as an asset registry, asset performance, data standards and asset renewal activities. By defining these needs first, the Town would be in a better position to define our practices and identify the information needs that a CMMS would meet. CAMO recognizes that software is needed to help staff make informed decisions and anticipates that a review of software needs could be accommodated in 2022 with potential for a system implementation in 2023/2024 dependent on budget approval.

During 2020 CAMO also worked with Public Works Services and Engineering to improve AM practices for operational and maintenance activities, lifecycle planning, risk analysis and data improvement initiatives. The outputs created as a result of this work include:

- Supporting the development of the Fiscal Strategy
- Leading improvements to asset inventories for core assets (Water, Wastewater, Roads, Bridges, Stormwater)
- Guiding Facilities in the creation of a location hierarchy that will better position them to undertake facility condition assessments in the future.
- Developing 5 year programs for cathodic protection, CCTV and road resurfacing; these now based on a consequence and likelihood of failure model taking into consideration the triple bottom line approach.

- Leveraging information gathered as part of the I&I program and using this information to improve maintenance and Engineering activities.
- Reviewed software opportunities for decision support software identifying opportunities for improved investments in infrastructure.
- Performed a Fleet Management System review to identify needs and gather system requirements.
- Supported the Stormwater Financial plan by assisting with reviewing operational and maintenance needs.

Conclusion

The focus of CAMO for 2021 will be development of the AMP's for core assets as well as determining data needs to support the development of the non-core AMP's for 2023. These will include but are not limited to road side assets, parks, playgrounds and facilities as well as natural assets. CAMO will continue to work the areas we support to improve their asset management maturity as laid out within the AM Strategy from 2016 while building on the direction provided by the AM Policy. CAMO also anticipates furthering the implementation of a decision support tool in 2021 in support of Council's Strategic Priority of Fiscal Responsibility.

Business Plan and Strategic Plan Linkages

This report provides an update on the success of the organization towards Council's Strategic Priorities of maintaining long-term financial sustainability while ensuring a thriving community. It also supports the REV It Up and Fiscal Strategy initiatives by identifying operational efficiencies that will be realized as a result of building the Asset Management program into the various areas of the organization.

Consultation

The content of this report was shared with the Asset Management Steering Committee composed of senior staff from Engineering, Public Works, Finance, Information Technology, Strategic Initiatives & Innovation.

Human Resource Considerations

No human resource considerations required with this report.

Budget Impact

No budget impact associated with this report.

Attachments

None.

Contact

Please contact Lisa Ellis, Manager Corporate Asset Management Ext 2511 or lellis@newmarket.ca for any questions.

Approval

Mike Mayes, Director Financial Services/Treasurer

Peter Noehammer, Commissioner Development & Infrastructure Services.