

Report CSD 7-2022

2021 Corporate Asset Management Plan

June 15, 2022

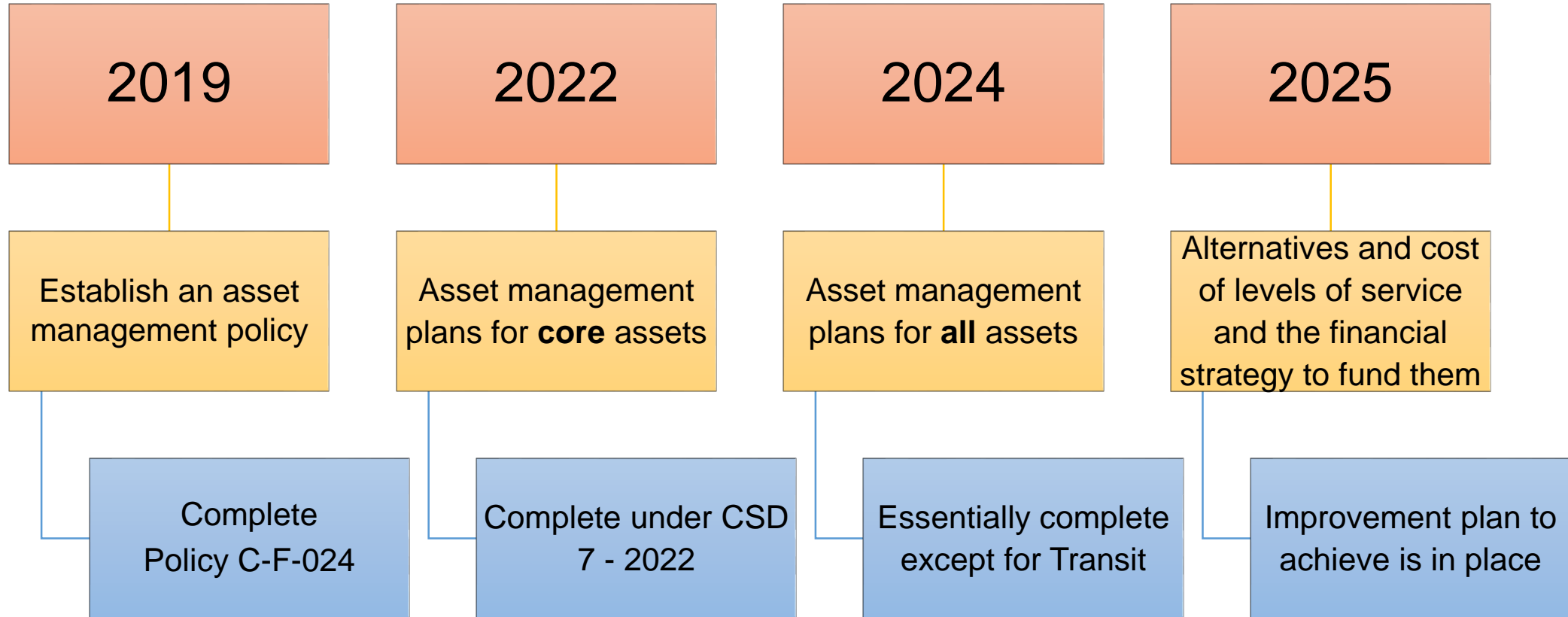
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2021 Corporate Asset Management Plan

Three key points from the 2021 Corporate Asset Management Plan (CAMP)

1. Legislative compliance requires approval of this report and maintains eligibility for grants and funding
2. This report identifies change to current funding level strategies that will be required by 2025
3. It highlights improvements since 2016 and outlines needed improvements

The 2021 CAMP fully complies with asset management legislation O. Reg 588/17

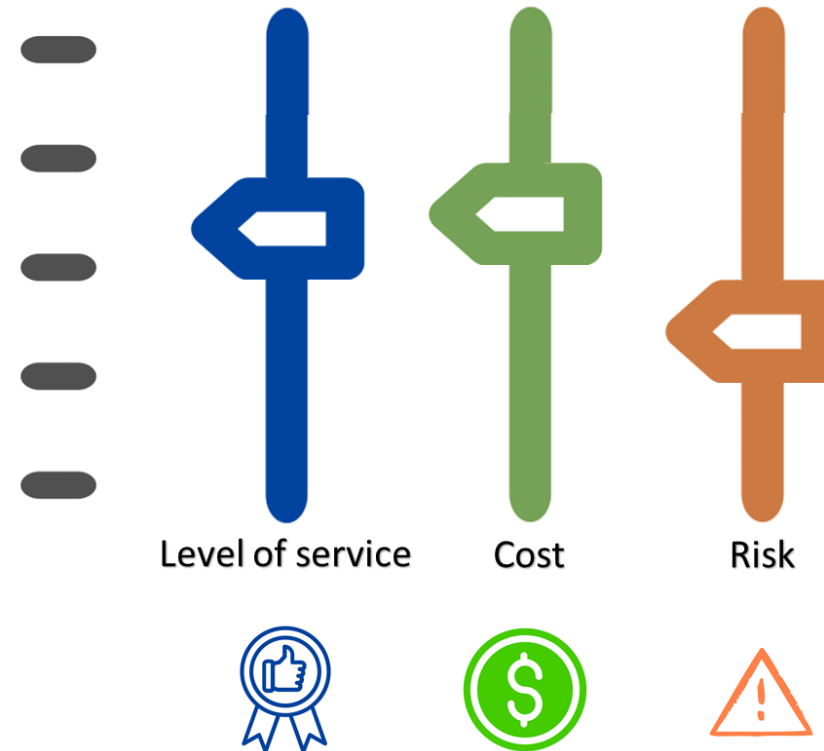


Asset management is a process used in decision-making

It helps inform Council so they may set direction in a way that:

- Considers customer needs
- Uses resources wisely
- Manages risk and opportunity

Figure1. Relationship between level of service, cost of investment and risk



The 2021 Corporate Asset Management Plan (CAMP) reports on 16 services

The majority of the Region's assets are in fair or better condition.

However, there is still over 30% of assets in poor or very poor condition.

Wastewater

Seniors Services

Public Health

Court Services

Water

Community Housing

Emergency Medical services

Transit

Waste Management

Children's Services

Information Technology

Transportation

Fleet

Social Assistance and Employment Opportunities

Facilities

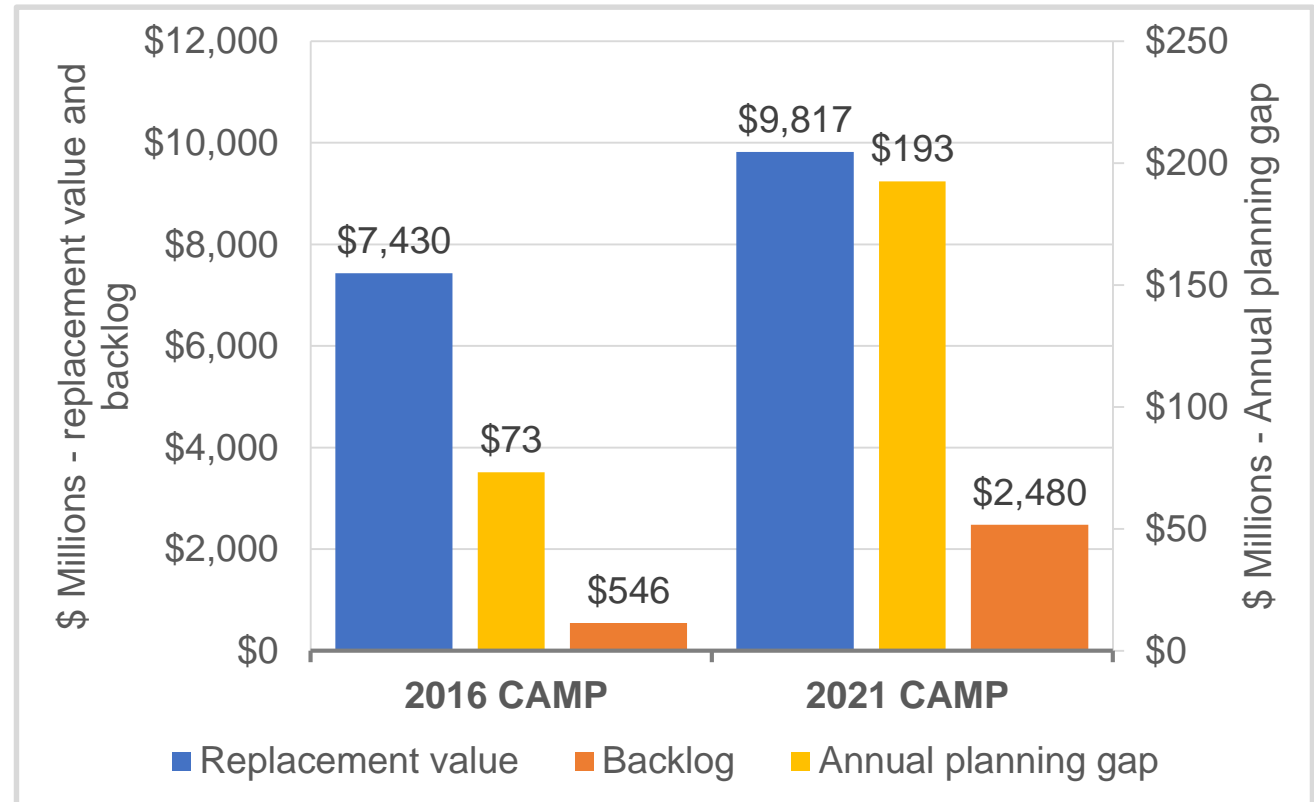
Niagara Regional Police Services

There is a significant increase in financial measures between 2016 and 2021 corporate asset management plans

The three financial measures are:

- Current replacement value of assets
- Backlog of investment in capital renewal projects
- Difference between annual investment need and the current capital budget

Chart 1. Comparison between replacement value, backlog and annual investment planning gap with values in millions of dollars

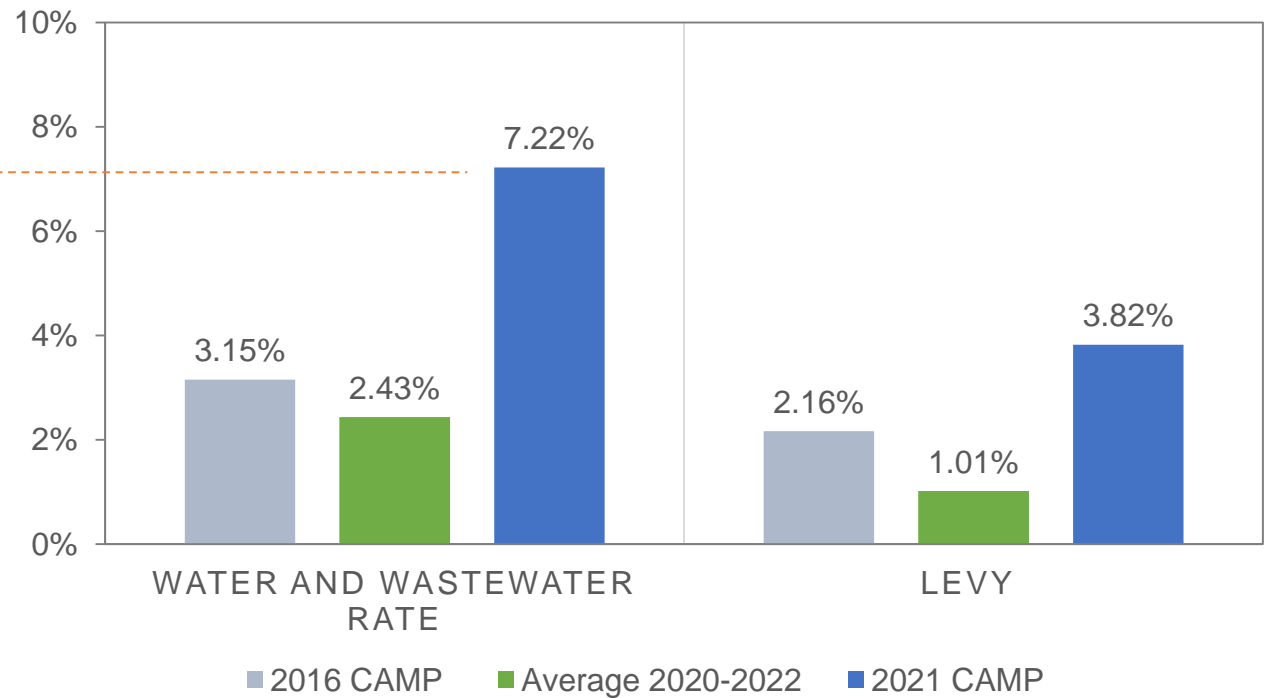


The change in financial measures results in a need for additional increase to rates and levy

The required increase (in blue) is where funding levels should be

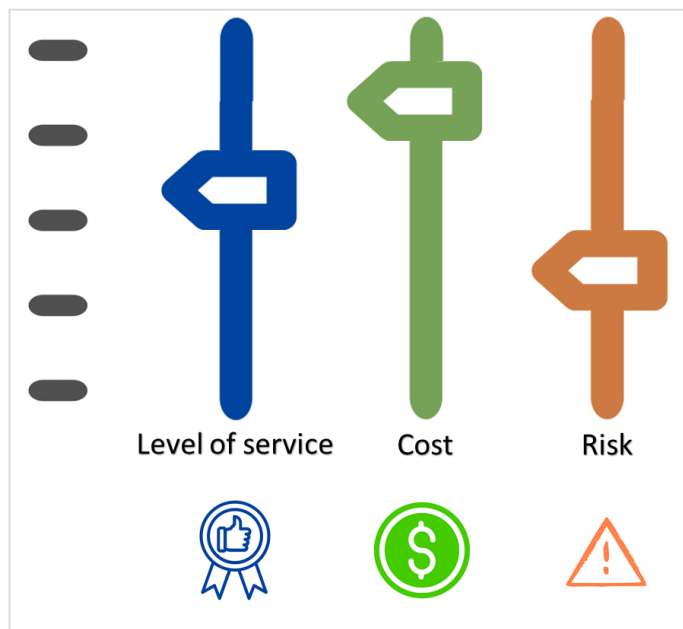
Chart 2. Comparison of recommended revenue increases in the asset management plans and with the average increases over the last three years

COMPARISON OF RATE AND LEVY

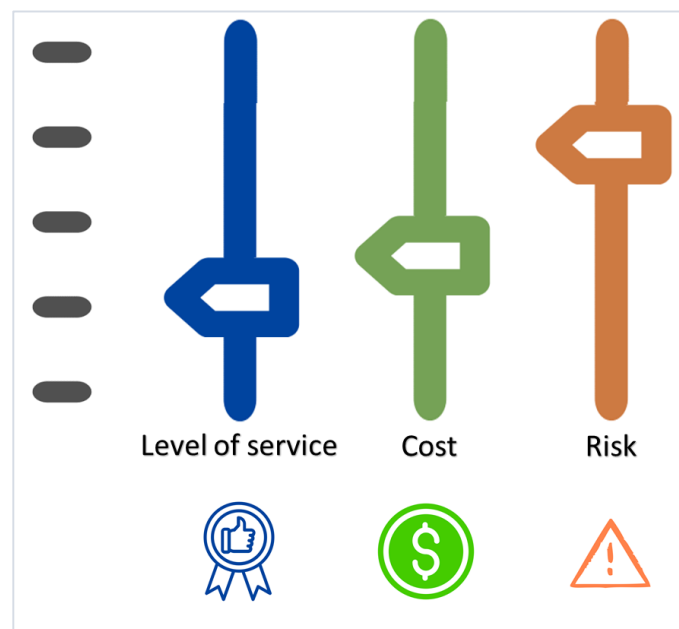


Alternatives for service delivery

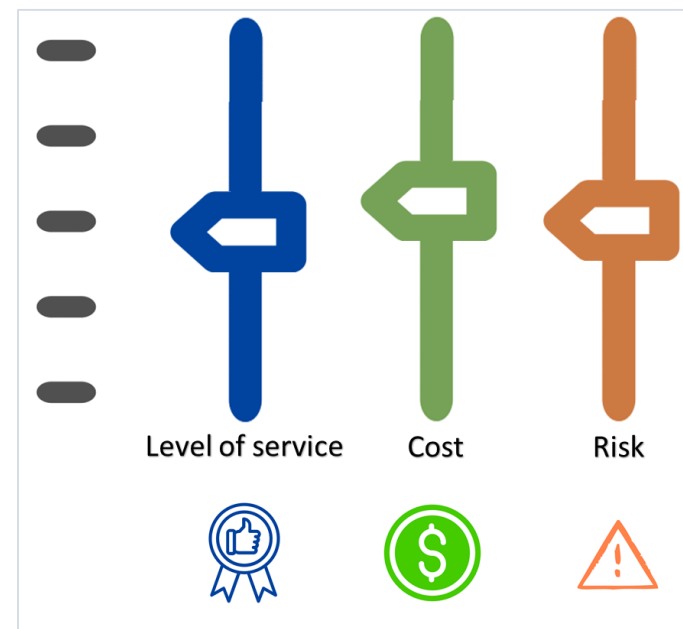
Increase rate and levy with no change in level of service or risk



Maintain funding with reduced level of service and increased risk



Balance funding increases with level of service reduction and increase in risk



Highlights of improvements since 2016

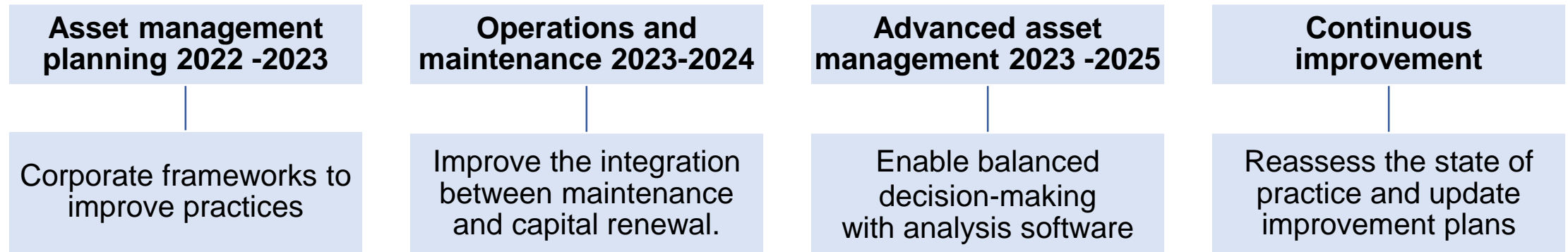
Key foundational components that have advanced the Region's asset management planning capabilities include:

- An improvement plan for asset management developed as part of the 2016 Asset Management Plan outlining specific business processes and practice improvements required to achieve objectives
- Asset Management Governance Framework adopted by Council in January 2019.
- Asset Management Policy adopted by Council in May 2019.
- Asset Management Focused Action Plan delivered in November 2021 outlining specific business processes and practice improvements to meet 2025 legislative requirements

Practice improvements since 2016 include:

- Developed a risk model to assess asset failure and incorporating this as part of the annual capital budget process
- Refining lifecycle activities to accurately reflect practice including the major change to the lifecycle replacement cycle of roads from 66 years to 45 years
- Updated unit replacement costs to reflect current construction costs for the long-term care homes, transportation assets and for Regional facilities
- Introduced risk measurement as part of the investment forecast to facilitate future risk-based optimization decisions
- Incorporated asset rehabilitation and growth projects within the forecast of investment needs

Planned improvements will inform and enable Council's decisions



Following from the 2021 asset management plan, the Region's asset management practices need more work to:

- Comply with requirements of Ontario Regulation 588/17 for future asset management plans.
- Meet the Region's Asset Management Policy C-F-024.
- Enable Council to set direction to balance level of service, cost and risk.

Questions

