



Staff Report

Report Title: Asset Management Plan Update

Prepared By: Jodi MacArthur, Treasurer

Department: Treasury

Date: Jul. 17, 2023

Report Number: TR-2023-07-51

File Number: C11 TRE 23

Attachments:

Recommendation:

That Township of Huron-Kinloss Council hereby receives for information Report Number TR-2023-07-51 prepared by Jodi MacArthur, Treasurer;

AND FURTHER approves the Township of Huron-Kinloss Asset Management Plan 2022 and authorizes the appropriate by-law coming forward at tonight's meeting.

Background:

Ontario Regulation 588/17 sets out the specific requirements for municipal asset management plans. To meet the requirements and support evidence-based decision making, an updated Asset Management Plan (AMP) has been developed that will be publicly posted on the website and viewed [here](#).

This AMP includes an inventory analysis of all assets including replacement costs, age, condition, current levels of service, lifecycle activities to maintain levels of service, and population and employment forecasts and discussion of growth impacts as of January 1, 2022.

The next AMP, due July 1, 2025 will include an updated inventory analysis, plus proposed levels of service for at least 10 years, lifecycle management and financial strategy for at least 10 years and a discussion of growth assumptions on the lifecycle and financial strategies.

We have funds in the budget to engage a consultant to assist with the next phase of work. This could also include condition assessments to improve the quality of the data which helps to ensure the accuracy and completeness of the AMP and our overall asset management program.

Discussion:

Effective asset management continues to be a high priority and the AMP is a tool to measure our progress and identify areas for continued improvement. The last plan update was completed in 2018 and the table below offers some comparison of the key statistical data.

Description	2018 AMP	2022 AMP
Total Asset Replacement Cost	\$185 million	\$251 million
Annual Requirement Tax Funded Assets	\$3,894,000	\$4,700,350
Deficit Tax Funded Assets	\$1,174,000	\$1,095,755
Annual Requirement Rate Funded Assets	\$1,381,000	\$1,902,404
Deficit Rate Funded Assets	\$514,000	\$556,253
Percentage of Assets in Good to Very Good Condition	61%	68%
Percentage of Assets in Poor to Very Poor Condition	23%	21%

The resulting increase in total replacement and annual requirement is not unexpected considering the rising costs of capital projects and replacements. It is encouraging however to see that the funding deficit has not increased at the same rate which demonstrates that implementing the recommendations from the previous AMP are having some impact. The overall condition of the total assets has also improved which indicates that assets are being replaced and not further deteriorating. Of the rate funded assets, the deficit is less than 1% attributed to water; the majority is in the sanitary sewer category. Another important item to note is that the single highest risk asset in the AMP is the Lucknow Standpipe, which is currently being replaced, with a significant amount of grant funding. When this asset is updated in the inventory, this will improve the category totals.

Financial Impacts:

The specific recommendations from the 2018 AMP were:

- tax increase of 0.9% for 15 years,
- water rate increase of 0.8% for 5 years, and
- sewer rate increase of 5.6% for 20 years

These are reviewed annually each year with the annual budget and capital forecast. Efforts will continue to improve data quality and develop condition assessments that help ensure the accuracy of the financial forecasting as work begins to develop the

targets for the 2025 plan. The timing of the next milestone will coincide with the review of the development charges background study and water and wastewater system financial plan so these plans will work in tandem.

Strategic Alignment / Link:

The information provided in this report is consistent with and in keeping with the municipality's Vision & Mission.

We are a prosperous community that continues to grow in a sustainable manner by investing in infrastructure,

We are an accessible community that offers opportunities for everyone by having amenities and services nearby and being open and transparent; and

We are an environmentally conscious community that are good stewards of our natural environment by protecting our natural assets, using our resources wisely and being aware and taking responsibility.

Respectfully Submitted By:

Jodi MacArthur, Treasurer

Report Approved By:

Mary Rose Walden, Chief Administrative Officer