



# STAFF REPORT

## THE CORPORATION OF THE TOWN OF COBOURG

### Regular Council

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Report to: Mayor, Deputy Mayor, and Councillors

From: Laurie Wills, Director, Public Works

Report Number: PW-2024-016

Council Meeting Date: June 26, 2024

Subject: **Adoption of Asset Management Policy and Asset Management Plan for Non-Core Infrastructure**

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#### 1. Recommendation:

THAT Council recognize that every municipality shall prepare an asset management plan in respect of its non-core municipal infrastructure assets on or before July 1, 2024 in accordance with Ontario Regulation 588/17: *Asset Management Planning for Municipal Infrastructure*; and

FURTHER THAT Council's asset management policy as adopted on July 22, 2019 is required to be reviewed and updated every five (5) years, and

FURTHER THAT Council authorize the preparation of a resolution to adopt the updated 2024 Asset Management Policy, and

FURTHER THAT Council authorize the preparation of a resolution to adopt the Asset Management Plan for non-core infrastructure as prepared by Watson & Associates Economists Ltd.

#### 2. Executive Summary:

The Town has met all requirements for asset management planning up to July 1, 2024 in accordance with Ontario Regulation 588/17: *Asset Management Planning for Municipal Infrastructure*.

The July 1, 2024 milestone required an inventory of all assets other than core infrastructure as well as the average age, condition, current level of service and the costs associated with the delivery of the current level of service for 10 years.

The Regulation also requires Municipalities to review and update their Asset Management Policy every five (5) years. Since its adoption in 2019, the Town's policy has recently been reviewed and updated, as attached.

### **3. Background**

The objective of Asset Management is to have a long-term lifecycle management and financial strategy that intervenes at strategic points in an asset's normal life cycle to extend the expected service life and maintain its performance.

Ontario Regulation 588/17: *Asset Management Planning for Municipal Infrastructure* establishes the following key milestones for municipal compliance:

1. July 1, 2019 - Asset Management Policy
2. July 1, 2022 – For Core Assets: Inventory of Assets, Current Level of Service, Costs to maintain Level of Service
3. July 1, 2024 – For All Other Assets: Inventory of Assets, Current Level of Service, Costs to maintain Level of Service
4. July 1, 2025 – For All Assets: Proposed Level of Service, Lifecycle Management and Financial Strategy

Since completing the 2022 milestone for core assets, Staff have been collecting the required inventory and condition analysis for all other assets including Town facilities (buildings), fleet and equipment, parks and recreation, information technology, parking, and police services. Staff have also been participating in several Provincially funded asset management training and development programs such as the *Technical Assistance Program* provided by the Association of Municipalities of Ontario in collaboration with Asset Management Ontario (AMONTario) as well as *AMP It up 3.0* a program provided through the Municipal Finance Officer's Association (MFOA) and funded by the Ministry of Infrastructure, the latter allowing municipalities free access to consulting services (Watson & Associates) through group information sessions and 1:1 assistance with asset management planning.

The Town has now completed the first three (3) requirements of the Regulation as well as having completed all four steps with respect to stormwater assets.

The final step for the next year will be establishing a financing strategy comparing short and long-term asset needs to available revenues. The ultimate

goal of the AMP will be to establish and implement an equitable and sustainable funding strategy for all Town assets by July 1, 2025.

#### 4. Discussion:

The assets included in this iteration of the asset management plan are everything other than core (roads, bridges, water, wastewater, stormwater) municipal assets which fall into the following general asset classes:

- Fleet and equipment
- Facilities
- Parking
- Information Technology
- Parks and Recreation

The total replacement cost of the Town's non-core assets that are included in this asset management plan is estimated at \$302 million broken down as follows:

Asset Class	Replacement Cost (2024\$)
Buildings	\$227,400,000
Fleet	\$23,200,000
Parks & Recreation	\$37,000,000
Equipment	\$8,400,000
Parking	\$3,800,000
Information Technology	\$2,500,000
Total	\$302,300,000

O. Reg. 588/17 requires that for each asset class included in the asset management plan, the following information must be identified:

- Inventory of the assets;
- Replacement cost of the assets;
- Age of the assets;
- Condition of assets;
- Current level of service provided by the assets; and,
- The cost of providing the necessary lifecycle activities to maintain the current level of service for 10 years.

Asset management plans must identify the current levels of service being provided for each asset class. For non-core municipal infrastructure assets, both the qualitative descriptions pertaining to community levels of service and metrics

pertaining to technical levels of service are not prescribed by O. Reg. 588/17 and have therefore been established by the Staff with the specific knowledge and understanding of each asset class. Further details about level of service and metrics are included in the attached Asset Management Report for Non-Core Assets prepared by Watson & Associates.

## **5. Financial Impact and Budget**

A summary of the 10 year lifecycle expenditure forecasts for non-core assets has been included in the attached Asset Management Report for Non-Core Assets prepared by Watson & Associates.

The forecasted costs are associated with maintaining the Town's current level of service which is based on the current criteria that has been established for when replacement activities should occur for each asset. The next step of asset management for all assets is to establish a desired level of service that balances the cost of maintenance with lifecycle replacement. The Town could potentially reduce annual expenditures by lowering the standard of maintenance for some or all assets. In doing so, the same assets may also develop reduced lifecycles and therefore require replacement more frequently.

Upon completion of the final step of asset management in 2025, the Town will have a full picture and long-term financial plan for all assets across the town and for the desired level of service. The financial plan will also compare the annual financial needs against the actual financial expenditures in order to illustrate the gap that is to be filled by additional funding. The gap in funding is often filled or partially filled by establishing a pre-determined budget percentage allocation. There is also opportunity for reserve funds to be dedicated to asset management such as the Parking Reserve Fund (by-law pending) where a portion of revenues could be dedicated to road infrastructure improvements as justified by on-street parking spaces being part of the road structure.

A fully completed asset management plan for the Town's stormwater infrastructure has been prepared under separate cover, as part of the stormwater funding assessment (Stormwater Asset Management Plan and Funding Assessment, April 2022). The results of that plan are ultimately what lead to the establishment of a reserve fund and full cost recovery rate program for stormwater assets similar to the Town's water and wastewater funding strategy.

Further evaluation of the required budget allocation for all assets will be illustrated in the 2025 financial strategy.

## **6. Relationship to Council's Strategic Plan Priorities 2023 to 2027 and beyond:**

☒ Thriving Community

Having an up to date asset management plan fosters a community wellbeing by being able to accurately identify infrastructure maintenance and replacement needs

☒ Service Excellence

Asset management is about establishing measurable targets to achieve the community's expected levels of service for all service areas

☒ Sustainability

Enhance our Financial and Asset Management Plans to provide appropriate levels of services and ensure long-term sustainability

**7. Public Engagement:**

N/A

**8. Attachments:**

- i. 2024 Asset Management Policy
- ii. 2024 Asset Management Plan for Non-Core Infrastructure (Watson & Associates)

**9. Report Not Considered by Standing Committee Because:**

☒ Time Sensitive Issue (information received too late for Standing Committee consideration)

☐ Urgent Matter (issue arose after this month's Standing Committee Meeting)

☐ Other: Click or tap here to enter text.

## Report Approval Details

Document Title:	Asset Management Planning (2024) Compliance.docx
Attachments:	- Asset Management Policy.docx
Final Approval Date:	Jun 19, 2024

This report and all of its attachments were approved and signed as outlined below:

**Tracey Vaughan, Chief Administrative Officer - Jun 19, 2024 - 3:26 PM**