

Asset Management Plan

Update 2022







Regulation Update

- Phase 1 – AMP for core infrastructure assets (i.e. roads, bridges, culverts, wastewater, water, and stormwater) - July 1st, 2022 – **we are 90% complete – last item to update is the Levels of Service, to be brought to next Council Meeting.**
- Phase 2 – AMP for all assets - July 1, 2023 – still collecting inventory - plan is to be completed in Q4 of 2022.
- Phase 3 – build on Phase 1 and 2 by adding – July 1, 2024: Proposed Levels of Service; and Lifecycle management and Financial Strategy.










Regulation Update Cont'd

Within each of the phases the Town is following the Asset Management Framework that was developed to assist municipalities through the process:

1. A complete asset inventory; 
2. Refining the asset data – include detailed components listing, asset age and condition; 
3. Replacement values of the assets; 
4. Current Levels of Service (qualitative and technical metrics) of each asset – through assessments and inspections and set assessment parameters; 

Regulation Update Cont'd

5. Deterioration curves by asset type (and sub-types if necessary) which predict when and how quickly the assets will deteriorate, which often accelerates as assets age; 
6. The available treatments (such as maintenance activities, renewal/rehabilitation activities and replacement activities) and how each will increase the Level of Service (LOS) and/or decrease the speed of deterioration; 
7. Set Levels of Service (LOS) targets – understanding community expectations and understanding the costs to meet these targets; 
8. Determine optimized set of treatments over one or more lifecycles of each asset to minimize investment and maximize LOS, while not going below any minimum LOS that is set; and  
9. Development of multi-year Financing Strategy to meet investment needs or trade off to reduced target achievement.  

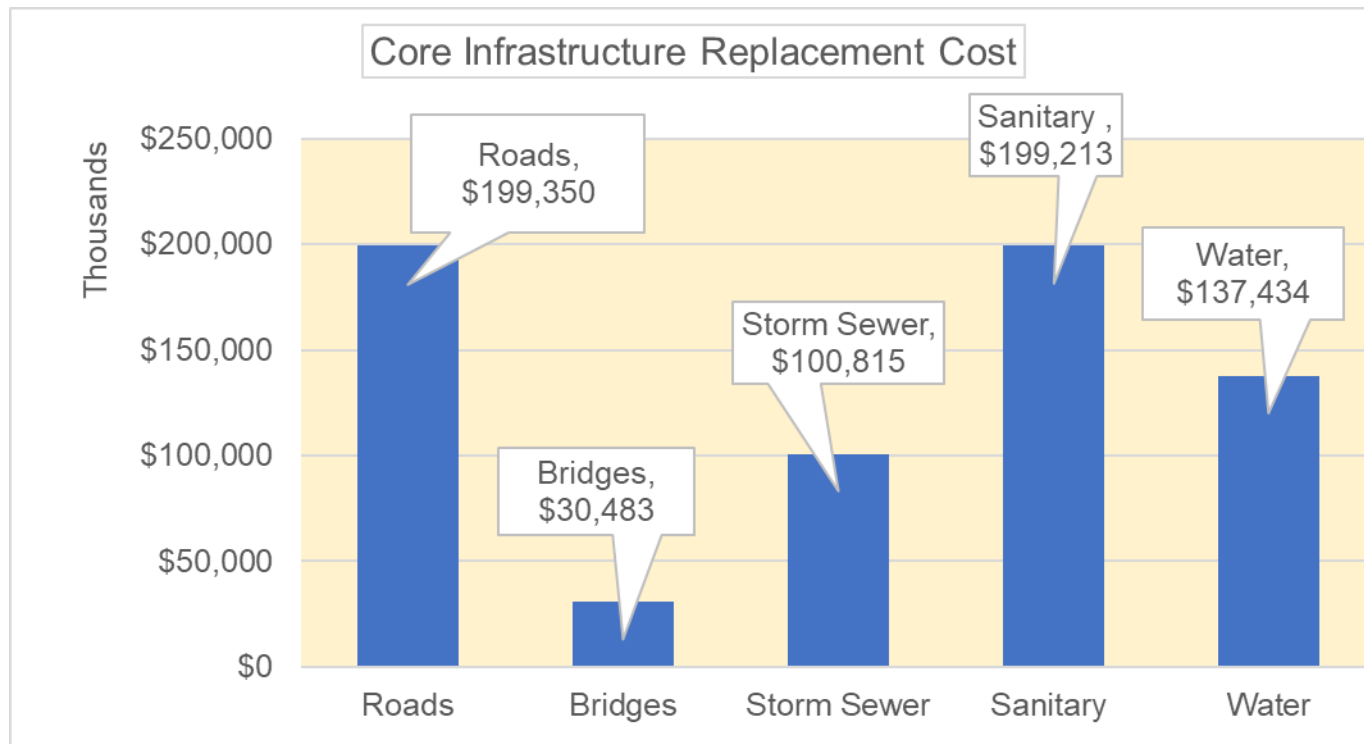
Current Status TOC AMP

- In the Fall of 2021 we were waiting for the Facilities Condition Assessments to be completed and that has now been included in the updated plan (previously based on age).

Components of AMP	Town of Collingwood AMP Completion to Date		
	Phase I (Core Assets)	Phase II (All Assets)	Phase III (All Assets) + (Full LOS / Strat for 10 yrs)
Asset Inventory	100.0%	70.0%	70.0%
Levels of Service	90.0%	15.0%	0.0%
Asset Management Strategy	98.0%	20.0%	0.0%
Financial Strategy	95.0%	0.0%	0.0%

State of Local Infrastructure – Core Linear Assets

- Extensively reviewed and updated over the last 15 months, including new condition assessments (Roads, Bridges, Water) and updated inventory sets (Sanitary and Storms).
- Total \$667.3 Million in Core Infrastructure Assets:



Updated Funding Gap Oct-21 vs May-22

- As part of the current regulations the Town must calculate the gap based on a 10-Year outlook.
- The tax supported assets funding gap decreased by nearly \$550k. This is a result of the annual lifecycle amount reducing most notably in roads (due mainly to refinements) and a slight increase in OCIF funding (Late in 2021, the Province announced that OCIF would be doubled over the next five years.)

Tax-Supported (Roads/Bridges/Stormwater)	Amount Oct-2021	Amount Mar-2022	Difference
Annual Lifecycle Amount - 2021\$	\$ 4,694,467	\$ 4,198,558	-\$ 495,909
Less:			
Reserve Contribution per year	2,200,000	2,200,000	-
OCIF Funding	900,000	952,007	52,007
CCBF (FGT) (50%)	315,000	315,000	-
Amounts in Operational Budget	356,785	356,785	-
Financing Gap	\$ 922,682	\$ 374,766	-\$ 547,916

Updated Funding Gap Oct-21 vs May-22 Cont'd

- The user-fee supported assets funding gap decreased by nearly \$320k. This is largely due to the updated funding received from OCIF.

Water/Sanitary Assets	Amount Oct-2021	Amount Mar-2022	Difference
Annual Lifecycle Amount - 2021\$	\$ 5,251,645	\$ 5,884,536	\$ 632,891
Less:			
Reserve Contribution per year	4,184,682	4,184,682	-
OCIF Funding*	-	952,007	952,007
CCBF (FGT) (50%)	<u>315,000</u>	<u>315,000</u>	<u>-</u>
Financing Gap	<u>\$ 751,963</u>	<u>\$ 432,847</u>	<u>-\$ 319,116</u>

Summary of the Data

- The AMP model estimates of what we should be spending roughly correspond to what we are in fact spending (note on core assets only – other asset categories are still to be determined);
- The overall average condition ratings of our asset classes are good (above 70); and
- The internal reserves for asset replacement and rehabilitation are reasonable.

We are doing the right things but there is still more work to do.

Financing the Funding Gap Cont'd

2. As old debt expires use the tax levy component to create a future **Debt Reserve** (to assist in Asset Management). More details will come forward as the Debt Policy is reviewed however to provide some context – the current debt levy requirement is approximately \$1.5M over time this will deteriorate by about 15% per year which would mean the following:

	2021	2022	2023	2024	2025	2026	2027	Difference from 2021
Amount \$	\$1,500,000	\$1,275,000	\$1,083,750	\$ 921,188	\$ 783,009	\$ 665,558	\$ 565,724	
Estimated Change Amount \$		(\$225,000)	(\$191,250)	(\$162,563)	(\$138,178)	(\$117,451)	(\$99,834)	(\$934,276)


** This assumes that no new debt is issued however, even if 50% was available it would bring the Town to approximately \$500K available for Asset Management. Moreover, given that the internal debt requirements have been completed through the Asset Sale Proceeds this frees up an additional \$150K per year previously included in the tax levy.

Financing the Funding Gap Cont'd

3. Slowly raise the **contribution to Reserve Funds** over time. Today 1% point increase of the tax rate equates to approximately \$350K, if we exclude growth and we increase the reserve contribution by 5% over the next 6 years this would mean a total tax rate impact of approximately 2%. However, if we include growth as part of the contribution, it is possible that the tax rate is not impacted. Note that for User-Fee supported assets this would mean an increase to their rate. The example below is based on tax-supported assets.

	2021	2022	2023	2024	2025	2026	2027	Difference from 2021
Amount \$	\$ 2,000,000	\$ 2,100,000	\$ 2,205,000	\$ 2,315,250	\$ 2,431,013	\$ 2,552,563	\$ 2,680,191	
Change Amount \$	\$ -	\$ 100,000	\$ 105,000	\$ 110,250	\$ 115,763	\$ 121,551	\$ 127,628	\$ 680,191
Est. Impact on Tax Rate (excl. Growth)		0.28%	0.30%	0.31%	0.33%	0.35%	0.36%	1.94%

Next Steps

- 1) Continued refinement of Levels of Service (LOS) for each category of asset:
 - a) current state; 
 - b) set targets; and
 - c) review costs to maintain these targets.
- 2) Continued work towards timing of replacement for corresponding assets to ensure they align; and
- 3) Bring back the updated LOS to Council on May 16th.