

STAFF REPORT: Finance and IT Services



REPORT TO: Council
MEETING DATE: October 10, 2012
REPORT NO.: FIT.12.59
SUBJECT: Municipal Infrastructure
Investment Initiative Funding
Darcy Chapman, Capital
Accountant
PREPARED BY: Ruth Prince, Manager of
Revenue

A. Recommendations

THAT Council receive Staff Report FIT.12.59 “Municipal Infrastructure Investment Initiative Funding” for information purposes;

AND THAT the Council of The Blue Mountains hereby declares that the information in the Expression of Interest for the “Municipal Infrastructure Investment Initiative Funding for Asset Management” is factually accurate and the development of an Asset Management Plan is a priority and will include all of the information and analysis described in “Building Together: Guide for Municipal Asset Management Plans”.

B. Background

In June of 2011, the Province of Ontario released “Building Together”, a long-term infrastructure plan for Ontario. The plan sets out a strategic framework that will guide future investments in ways that support economic growth, are fiscally responsible, and respond to changing needs.

Through the first phase of the municipal infrastructure strategy, the new Municipal Infrastructure Investment Initiative (MIII) will provide \$60 million over 3 years.

A key component to the strategy and the MIII funding is a new requirement for long-term asset management planning by municipalities. Municipalities seeking provincial capital funding will now be required to submit a detailed asset management plan.

The province is making \$8.25 million in funding available under the MIII for Asset Management to small municipalities (populations less than 20,000) to undertake asset management planning. Eligible costs include hiring a consultant, purchasing asset planning software, conducting building audits and creating tools to identify long-term capital needs. Individual municipal allocations will be calculated using a formula that combines a minimum base amount along with an increment reflecting the value of the community’s roads, bridges, and water and wastewater systems as reported in the 2011 Financial Information Return. Eligible applicants are required to submit an Expression of Interest (EOI) by October 22, 2012.

On September 19, 2012 at a Special Meeting of Council staff provided information on the MIII for Asset Management and the following motion was carried:

Moved by: Joe Halos

Seconded by: John McKean

THAT Council of the Town of The Blue Mountains direct staff to prepare an application to the Municipal Infrastructure Investment Initiative Funding Program for asset management funding to enhance asset management software,
Carried.

Town staff has since been in contact with the software vendor to obtain budget pricing on software enhancements. Preliminary discussions with Direct IT would suggest that depending on the final direction of Council and SMT on implementation, the costs could be in the magnitude of \$20,000 to \$35,000.

It has been estimated that each eligible applicant could receive anywhere from possibly \$20,000 to upwards of \$60,000. Understanding our software options, staff now believe that the EOI should also include the other options discussed at the September 19th meeting that being the use of funding for storm water management system mapping and facility condition index consulting. The reasoning being that staff have no guarantee of available funding and would want to ensure that the EOI would scope out enough work to make full use of any grant monies.

With this in mind the Municipal Infrastructure Investment Initiative Funding for Asset Management Expression of Interest has been completed to reflect Council's motion as a top priority with the inclusion of additional projects in the event the Town is successful in getting a more substantial grant.

C. The Blue Mountains' Strategic Plan

Strategic Goal #2

Addressing the Town's municipal infrastructure needs

2.1 Identifying existing deficiencies in the current municipal infrastructure.

Strategic Goal #5

Ensuring long-term financial sustainability

5.4 Develop a capital asset management plan

D. Financial Impact

Although the MIII grant will provide monies to help with the enhancement of software, the ongoing costs of the additional modules will result in an annual subscription cost of between \$10,000 and \$13,000. This fee will include support services and software updates.

Completing the required Asset Management Plan will require Senior Management to prioritize staff resources to ensure the initial report is completed in 2013. Secondary to

this, the annual staff resources needed to ensure the information remains fresh and useable will be substantial. Subsequently, generating new policies and completing condition ratings on all Town assets will ultimately place pressure on both operating and capital budgets in to the future.

With that being said, a fully integrated Asset Management Plan will provide a clear road map for Council to make informed decisions ensuring that the Town's financial resources are used in the most effective manner for both capital replacement and refurbishment along with annual operations and maintenance program costs.

E. In Consultation With

Robert Cummings, Director of Finance
Troy Speck, CAO
Reg Russwurm, Director of Engineering
Shawn Everitt, Director of Recreation
David Finbow, Director of Planning & Building

F Attached

1. Municipal Infrastructure Investment Initiative Funding for Asset Management – Expression of Interest.

Respectfully submitted,

Darcy Chapman, Capital Accountant

Ruth Prince, Manager of Revenue

Robert Cummings, CMA
Director of Finance & IT Services

For more information, please contact:

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Municipal Infrastructure Investment Initiative
Funding for Asset Management
Expression of Interest

Expressions of Interests must be received by 5 p.m. Eastern Standard Time on October 22, 2012. For any questions please call 1 888 688-4111 or email miii@ontario.ca

On August 16, 2012, the Government of Ontario launched the Municipal Infrastructure Investment Initiative. As part of the initiative, funding is being made available to improve asset management planning in small municipalities and Local Services Boards (LSBs).

Eligible applicants include:

- Lower-tier municipalities with infrastructure assets and populations under 20,000;
Upper- and single-tier municipalities with infrastructure assets and populations under 50,000; and
LSBs with water and/or wastewater systems.

In addition, municipalities have to submit their 2011 Financial Information Return to the Ministry of Municipal Affairs and Housing by October 22, 2012 to be eligible for this program. Population information will be taken from the Financial Information Return. Municipalities that fail to submit their return by this time will not be eligible for funding.

For more information, see the Municipal Infrastructure Investment Initiative - Asset Management program manual and Building Together: Guide for Municipal Asset Management Plans.

If submitting by email please save the completed form to your desktop and send as an attachment to miii@ontario.ca

If submitting by mail please print the completed form and send to:

Municipal Infrastructure Investment Initiative Secretariat
c/o Rural Programs Branch
Ontario Ministry of Agriculture, Food and Rural Affairs
1 Stone Road West, 4th Floor
Guelph ON N1G 4Y2

http://www.ontario.ca/municipalinfrastructure

Please fill in all fields on this form that apply to your municipality or LSB.

Section 1 - Municipality/LSB Contact Information

Municipality/LSB Name

The Corporation of the Town of The Blue Mountains

Authorized Contact

Table with 3 columns: Last Name (Cummings), First Name (Robert), Middle Initial (W), Position (Director of Finance), Telephone Number (519 599-3131), Email Address (rcummings@thebluemountains.ca)

Mailing Address

Table with 4 columns: Unit Number, Street Number (32), Street Name (Mill Street), PO Box (310), City/Town (Thornbury), Province (Ontario), Postal Code (N0H 2P0)

Section 2 - Current Asset Management Practices

Please describe your current asset management practices, what is needed to improve these practices and any plans to improve them. Attach relevant supporting documentation if applicable.

In April 2011 Council passed a long term Asset Management Plan (as attached). The document provides for over arching direction, outlining the need for long term planning and establishing procedures and policy, to guide staff in the creation of department/asset type specific AMP's. To date, the Town has created a 100 year forecast with a specific 20 year plan for the Water Division as a requirement under the DWQMS legislation. The Town has also created a similar 25 year plan for the Emergency Services department which was passed in early 2012. Work has been ongoing to complete a long range plan for the Wastewater division as well. The Town has been maintaining and updating the database (Great Plains Asset Module) that was originally established in 2008 to meet PSAB requirements. The Town also regularly reviews asset condition using information in the most current roads needs

studies, bridge assessment reports and staff reports which assess various non linear assets. As well, staff routinely assess assets under their control to determine necessity for replacement or improvement. All of these processes are then meshed into a five year capital replacement and improvement plan.

Although PSAB 3150 was the catalyst for the Town to start thinking about AMP's, further work needs to be completed in specific areas. Most importantly, a central database is required that not only assists the Town with understanding historical costs, depreciation and FIR reporting but also in assembling and presenting information on the assets current value, future replacement costs, condition rating, GPS locations and other related information. As well, a regular process for determining Facility Condition Indexing (FCI) is desired. Lastly, the Town's storm sewer system needs to be fully catalogued with GPS and GIS data sets.

In order to improve the Town's Asset Management practices, the following will need to be considered;

- acquisition of Asset Management software including work order, purchasing, costing, fleet management and budgeting functionality and related training
- training of all user groups on the software
- integration of Town assets and third party assets (ie, gas, phone, cable) within road corridors to ensure overall project management
- integration of all systems including GPS, GIS, General Ledger and Asset Management software) wherever possible to improve efficiency in tracking, generating condition index and developing asset usage to facilitate service level requirements.
- staff training to assist in developing a formal asset management plan
- consulting and subsequent staff training on completing biannual FCI's on all Town owned structures
- engineering & consulting to determine complete storm sewer system and related component sizing, costing, location, etc.

Section 3 – Use of Funding

Please identify and briefly explain the component(s) of an asset management plan that your municipality/LSB intends to develop with the funding provided.

Note: Your municipality/LSB may choose to focus on one or several components. See Section 3 of the **Building Together: Guide for Municipal Asset Management Plans** for more information.

Identifying the State of Infrastructure

Is the funding intended to contribute to identifying the state of infrastructure in your municipality or LSB? Yes No

If "Yes", please explain how the funding would support the development of an asset management plan that includes the elements described in Section 3.3 of the **Building Together: Guide for Municipal Asset Management Plans**.

If The Blue Mountains were provided with funding, we would utilize these funds to assist us in developing an asset management plan that would include the following components:

- enhancing the Town's existing asset database to include relevant information on age, current replacement value and future replacement value (inflation factors).
- enhancing the Town's existing asset database to include asset condition ratings utilizing existing bridge assessments, roads needs studies and other engineering documents.
- training staff on completing Facility Condition Indexing of all Town owned structures including water, wastewater, transportation, parks, recreation and emergency services.
- hiring a consultant to complete an analysis of the Town's storm water management system and to create a data base which includes all size, type, location, condition and value of such assets.

Identifying the Desired Levels of Service

Is the funding intended to help your municipality or LSB define its desired levels of service? Yes No

If "Yes", please explain how the funding would support the development of an asset management plan that includes the elements described in Section 3.4 of the **Building Together: Guide for Municipal Asset Management Plans**.

Developing an Asset Management Strategy

Is the funding intended to help your municipality or LSB develop an asset management strategy? Yes No

If "Yes", please explain how the funding would support the development of an asset management plan that includes the elements described in Section 3.5 of the **Building Together: Guide for Municipal Asset Management Plans**.

If funding were obtained, the Town would develop an asset management strategy as follows:

- the asset management plan would include planned actions to ensure cost effective decision making. This could be through preventative actions (i.e. regular maintenance, repairs) that would extend an asset's useful life, as opposed to deferring action until the end of an asset's useful life which may prove to be more costly
- the asset management plan would identify any qualitative and quantitative risks and possible actions to mitigate these risks
- the plan would include an options analysis strategy that would measure the future cost of infrastructure using life cycle costing (adjusted for inflation) and would include all direct and indirect costs associated for each option. This would allow for optimal decision making.
- the plan will include relevant options for all required replacements and disposals
- the strategy would also incorporate all necessary expansion activities as described in the Town's Development Charges Background Studies and relevant Environmental Assessments on growth or servicing needs relating to water, wastewater and solid waste requirements.

Developing a Financing Strategy

Is the funding intended to help your municipality or LSB develop a financing strategy for an asset management plan? Yes No

If "Yes", please explain how the funding would support the development of an asset management plan that includes the elements described in Section 3.6 of the **Building Together: Guide for Municipal Asset Management Plans**.

If funding were obtained, the Town's asset management plan would include a financing strategy that would incorporate:

- detailed annual expenditure forecasts for maintenance, replacement and disposal activities with prior year actual comparisons
- a long term asset management strategy that integrates financial planning and budgeting and covers all infrastructure assets under the Town's responsibility
- developing a forward looking approach that assists us in achieving long-term financial sustainability through the use of taxation, user rates, reserves and long term debt
- establishing policies and minimum thresholds for debt financing and reserves in order to ensure sufficient levels of funding are in place for future capital outlays.
- detailed revenue forecasts from confirmed sources
- identification of funding shortfalls
- developing a plan that covers a minimum of 10 years, with the anticipation of a 40 year to 100 year forecast depending on asset life cycle
- incorporation of life cycle costing

Section 4 – Declaration

Each Expression of Interest must be accompanied by a declaration certifying that the information in the Expression of Interest is factually accurate and that the development of an asset management plan that includes all of the information and analysis described in **Building Together: Guide for Municipal Asset Management Plans** is a priority, if one is currently not in place. If a plan is already in place the declaration must commit to reviewing the existing plan to make sure it is consistent with direction outlined in **Building Together: Guide for Municipal Asset Management Plans**.

For a municipality, the declaration can be made by a resolution or letter from municipal council.

For a LSB, the declaration must be made by resolution from the LSB board.

I certify that the above information is complete and accurate. I have authority to bind the municipality/LSB.

Full Name (Last name, first name)	Position	Date (yyyy/mm/dd)

Section 5 – Documents Submitted With This Expression of Interest

Please outline any files or documents you will be submitting along with this Expression of Interest.

If you are submitting this form by email, write a description of the file's contents to the left and indicate the file name to the right. Attach all documents to the same email as this form.

If you are submitting this form by mail, simply write a description of each document you are submitting along with this Expression of Interest, in the left-hand column.

Description of File or Document	File Name