

# Town of The Blue Mountains

## Asset Management Plan: Non-Engineered Assets



Wednesday, December 14<sup>th</sup>, 2016

**HEMSON**  
Consulting Ltd.



# Presentation Outline

- Study Background and Objectives
- State of Local Infrastructure
- Desired Levels of Service
- Asset Management Strategy
- Financing Strategy
- Study Findings and Recommendations

# Study Background

- Municipalities are responsible for ensuring infrastructure is planned, built and maintained in a sustainable way
- Town has applied sound asset management principles and processes to date
- Asset Management Plan is a useful tool for identifying long-term infrastructure requirements
- Intention of this document is to build on the 2014 AMP completed for engineered assets
  - 2016 Plan focus is on non-engineered assets

# AMP Objectives

## *Overall Objective:*

- Provide staff and council information to guide sustainable infrastructure investment decisions
- To have a readily available document to support future Provincial/Federal grant applications and support gas tax funding agreement
- AMP must consider all assets eligible for gas tax funding
  - 2014 Plan – Engineered (core) infrastructure assets
  - 2016 Plan – Non-Engineered infrastructure assets

# AMP Objectives

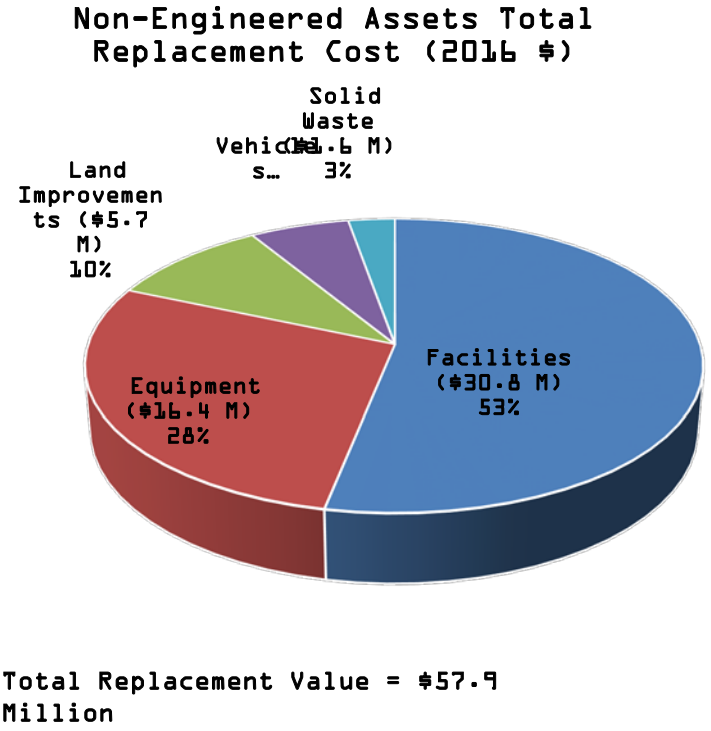
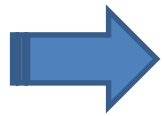
- Identify current state of infrastructure
- Make recommendations on how to manage assets so that service levels are maintained
- Build on past good practice by determining how best to save for infrastructure to 2035

# State of Local Infrastructure

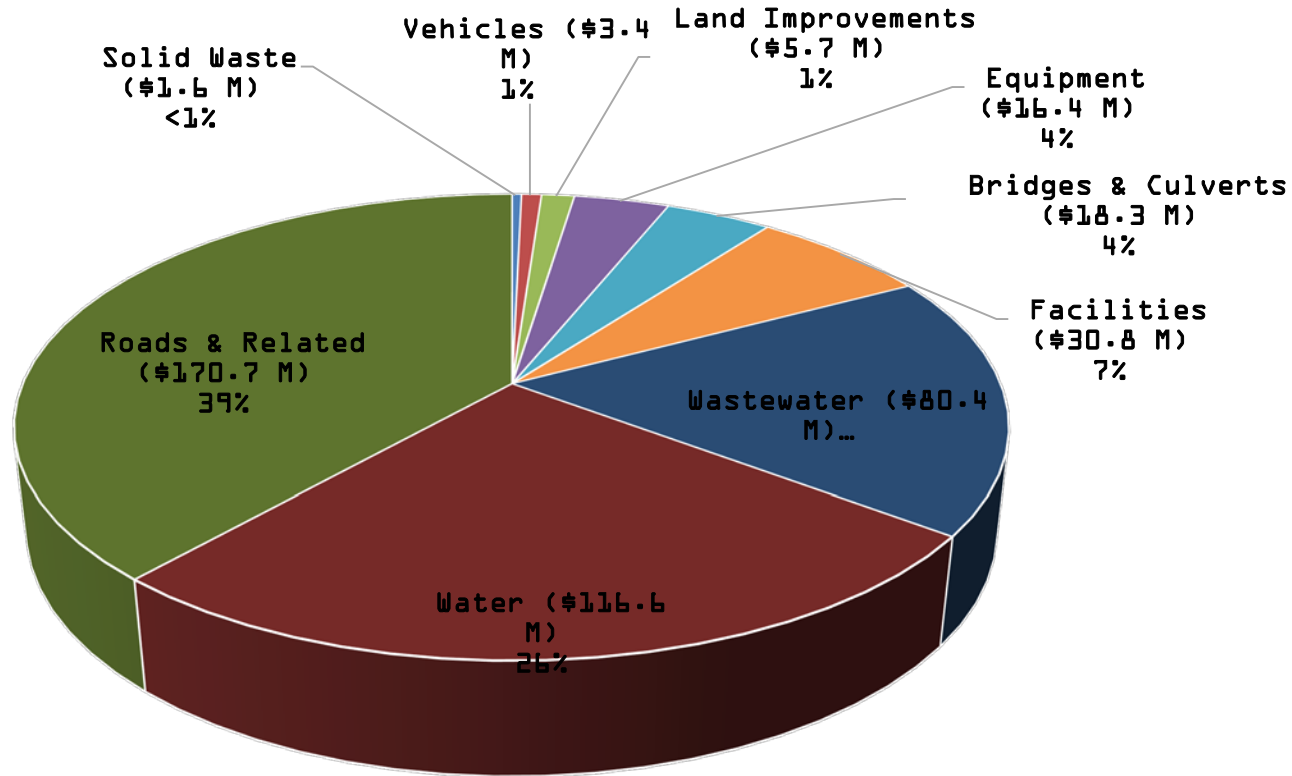
- The State of Local Infrastructure section will answer the following questions:
  - What do we own?
  - What is it worth?
  - How old is it?
  - What condition is it in?
- Details about each asset class is provided in Section II of the Plan.

# Assets Considered

2014 Plan: Engineered Assets	2016 Plan: Non-Engineered Assets
Water	Facilities
Wastewater	Land Improvements
Roads and Related	Vehicles
Bridges and Culverts	Equipment
	Solid Waste
<b>Value: \$386.1 Million</b>	<b>Value: \$57.9 Million</b>



# Total Asset Value is \$444 Million

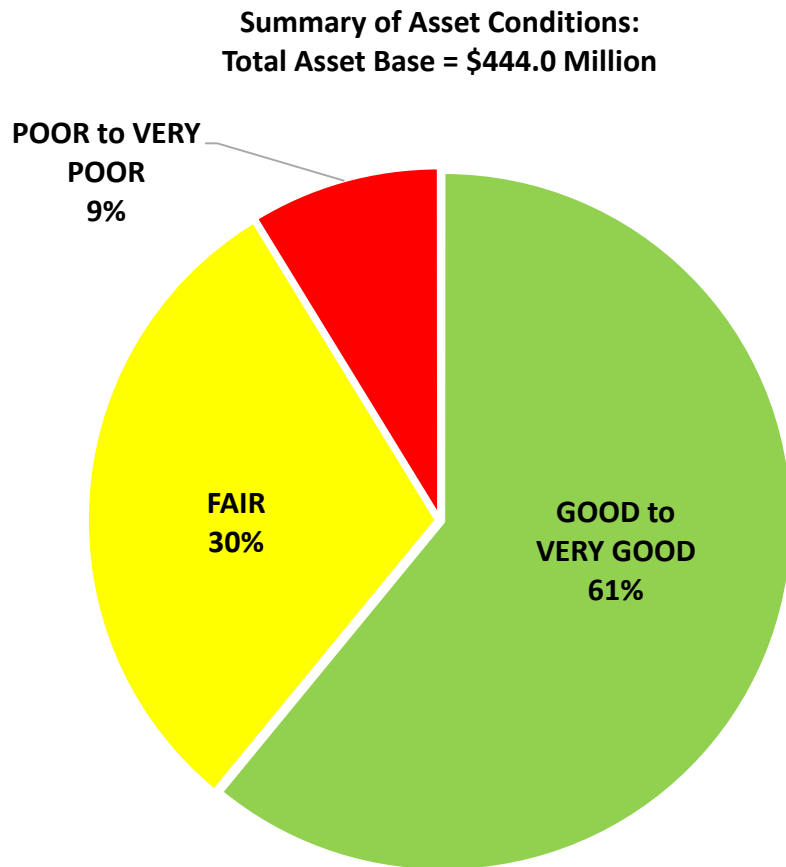


Total Replacement Value = \$444 Million

Note: Total Asset Value based on replacement costs in 2016 dollars and relates to all Town assets considered under both the 2014 and 2016 Plan



# Assets are in "Good" Condition



- Overall, 61% (\$270.6 million) of the assets are rated to be in "Good" to "Very Good" condition.
- Less than 10% are considered to be in "Poor" condition
  - \$38.8 million
  - Non-engineered assets represent about 60% of that figure
- Significant amount of assets considered to be in "Fair" condition

# Desired Levels of Service

- Current service levels have been developed based on:
  - Internal asset management decisions
  - Community expectations
  - Statutory requirements
  - Industry operation and safety standards
- Town needs to continue to refine level of service information and define targets
- Service levels should be prepared with reference to the Town's Corporate Goals
- Section III of the Plan outlines the Level of Service for non-engineered assets

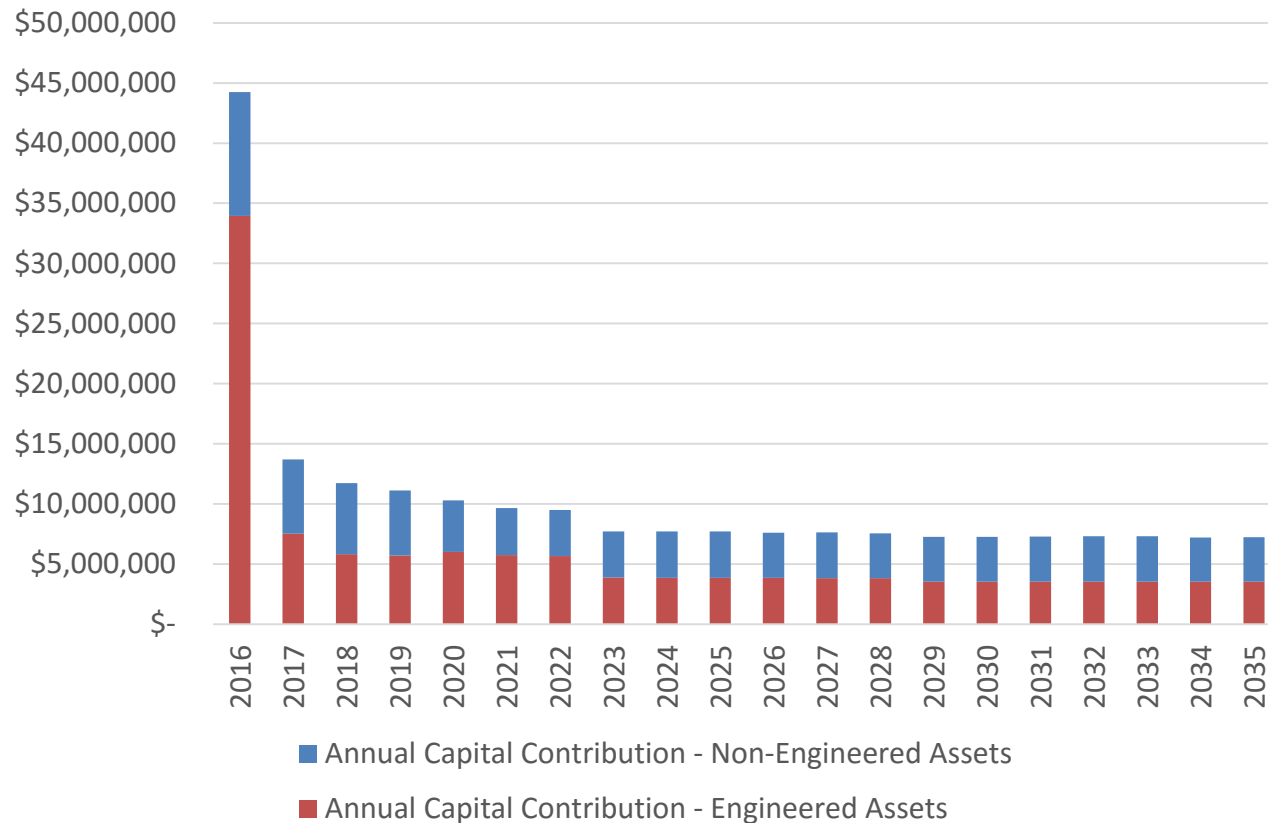
# Asset Management Strategy

- Town currently employs several tactics to ensure assets continue to perform and meet desired levels of service:
  - Monthly inspections (facilities, parks, etc.)
  - Compliance with safety authorities
  - Conduct business cases or studies
- These range of practices ensure assets are maintained in a state of good repair
- The strategies should be reviewed and updated regularly
  - Town to identify any targeted strategies
- Section IV of the plan outlines all strategies for each asset category.

# Financing Strategy: Key Considerations

- Financing strategies incorporate all tax supported assets:
  - Results from the 2014 Plan (Engineered Tax Supported Assets)
  - Results from the 2016 Plan (Non- Engineered Tax Supported Assets)
- This approach illustrates a more comprehensive analysis to comply with gas tax requirements
- For reference purposes, annual capital contributions for user fee supported assets identified in the 2014 Plan are shown in Appendix A of this plan.

# Financing Strategy: Total Tax Supported Annual Capital Provision



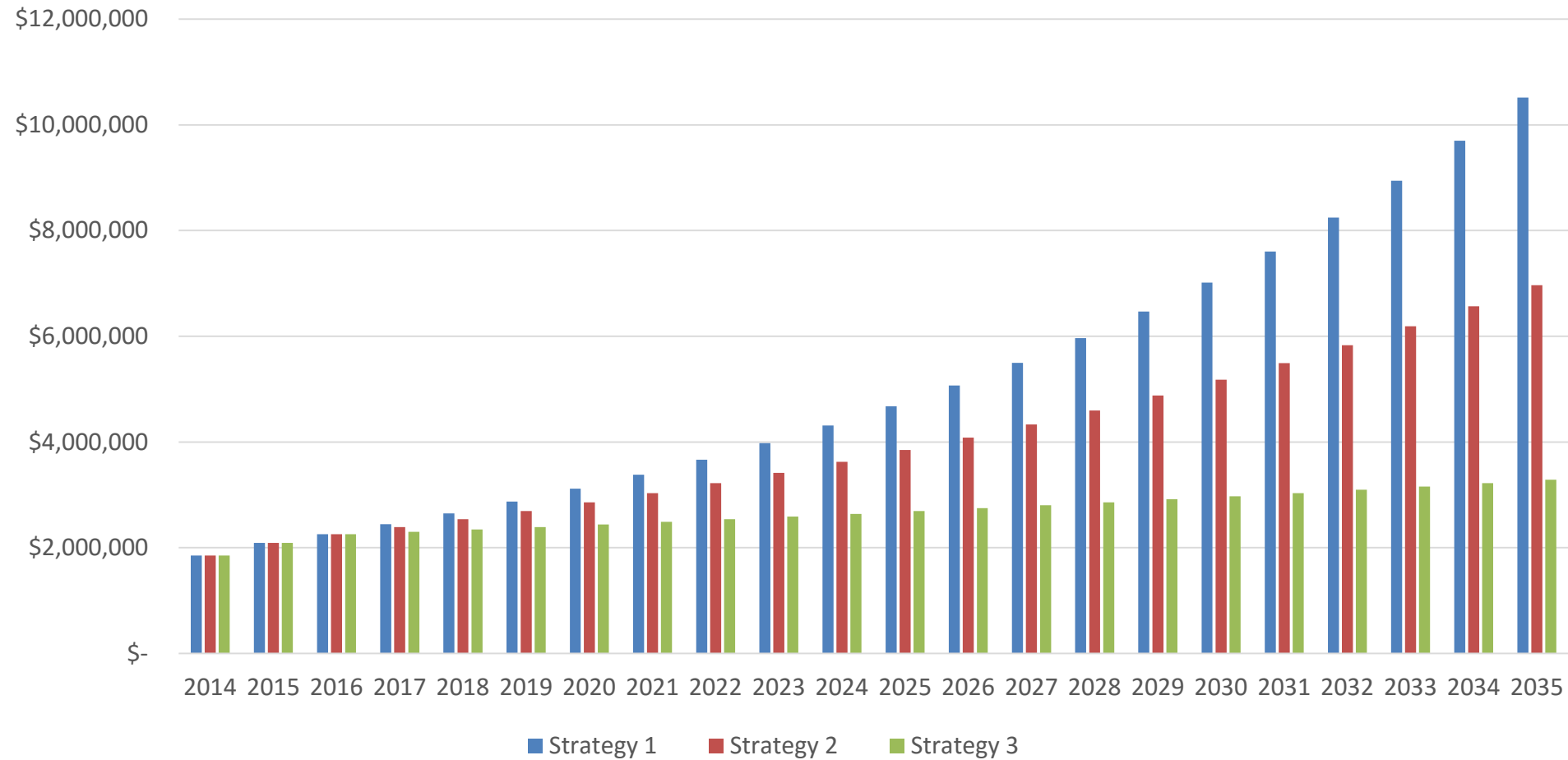
- 2016 reflects infrastructure backlog for all tax supported assets
- Average requirement is about \$10 M per year
- Tax supported funding in 2016 = \$2.2 million *plus* gas tax funding

Note: Existing reserve funds (as of January 1 2016) have been incorporated into the annual provision calculation

# What is the Current Tax Supported Infrastructure Deficit?

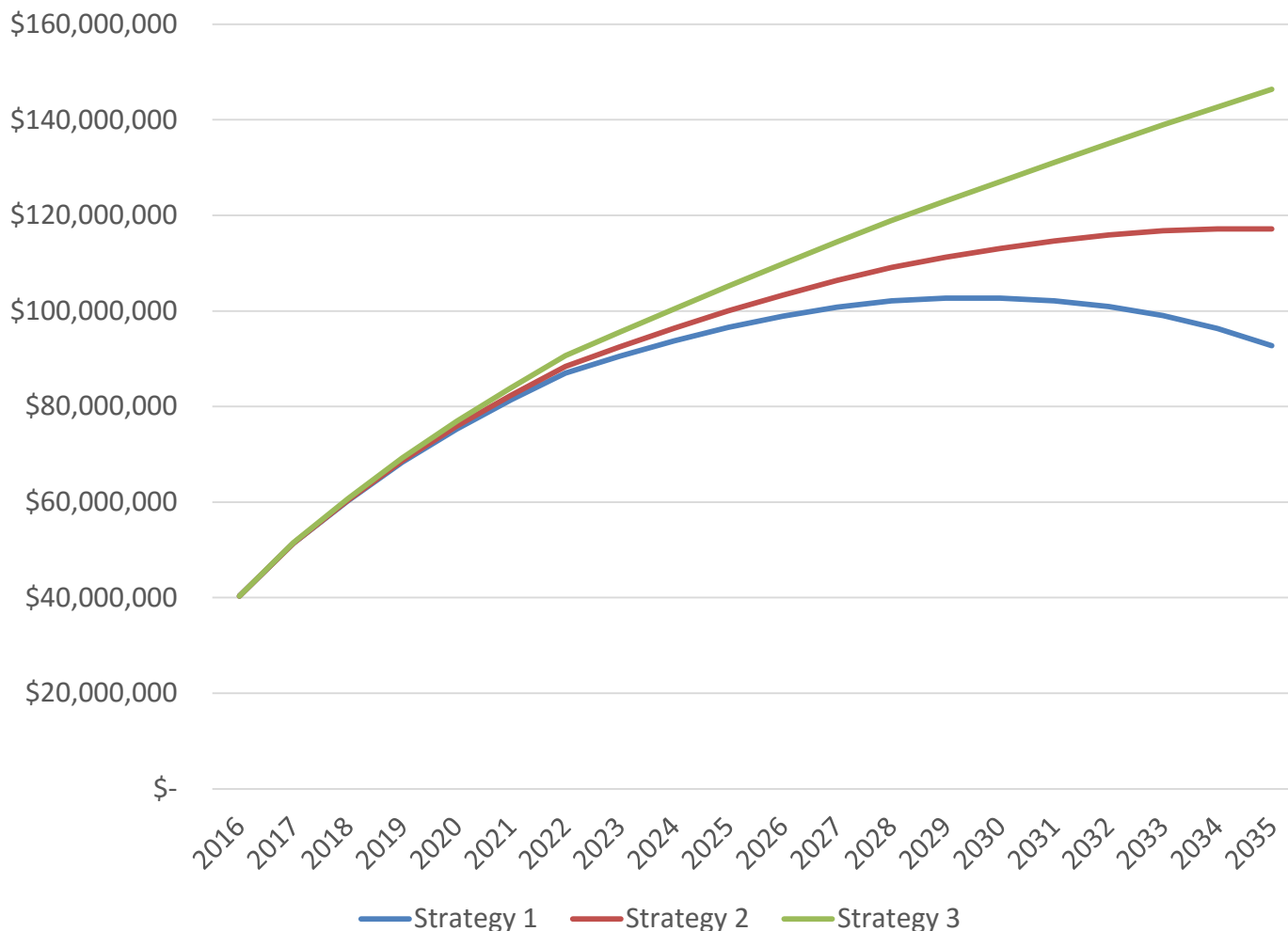
- Infrastructure deficit for all tax supported services is calculated to be about \$40.3 million
  - Difference between 2016 calculated provision and total funding (for 2016)
  - To close the cumulative infrastructure deficit by 2035, capital funding must be increased by about 14% per annum
- Three financing strategies were prepared:
  1. Annual provision requirement met in 15 years (by 2030)
    - Increase capital funding by 8.4% per annum
  2. Annual provision requirement met in 20 years (by 2035)
    - Increase capital funding by 6.1% per annum
  3. Capital expenditures kept at current level
    - 2% increase accounts for inflation

# Comparing Annual Provision for Tax Supported Assets



Notes:  
2014-2016 represent budget figures

# Comparing Financing Strategies: Cumulative Infrastructure Deficit



- Strategies 1 and 2 illustrate the deficit being controlled by 2035
- Strategy 3: the deficit continues to grow and has the highest risk to the organization



# Key Funding Recommendations

1. Town should maintain capital replacement levy in addition to regular contributions to asset replacement reserves
2. Consider the strategic use of debt to fund the repair/replacement of assets
3. User fees (non-utility rates) can be collected to fund repair and replacement of capital infrastructure
4. Continue to seek upper level government funding opportunities

# Moving Forward

1. An Asset Management Plan is a living document:
  - Ensure asset inventories are updated regularly
  - Refine conditions assessments
  - Move toward a “risk based” approach to capital planning
  - Asset Management Core Team to maintain ongoing meetings/discussions
  - Plan to be updated regularly (3-5 years)
2. Ensure AMP is fully integrated in capital budget process
3. Optimize the use of existing assets