



## **Administrative Report**

### **Office of the Director of Financial Services/Treasurer**

**To:** Warden McNamara and Members of Essex County Council

**From:** Sandra Zwiers, MAcc, CPA, CA  
Director of Financial Services/Treasurer

**Date:** Wednesday, April 07, 2021

**Subject:** O. Reg. 588/17 Asset Management Planning for Municipal Infrastructure

**Report #:** 2021-0407-FIN-R05-SZ

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#### **Purpose**

To update Council on recent changes to legislation impacting the Corporation's Strategic Asset Management Plan.

#### **Background**

Many different types of assets are used in a municipality's daily execution of core public services. The initial purchase, ongoing maintenance and eventual replacement of these assets requires diligent planning and monitoring.

The Corporation's consolidated financial statements include the historic cost of assets as well as recognition of the annual value of use of these assets (amortization). What's missing from the consolidated financial statements is the future cost of maintenance and eventual replacement.

To address this gap in information, municipalities are required to prepare an asset management plan that identifies critical assets and their future cost of replacement so that proper long-term planning can be achieved.

The municipal asset management planning regulation (O. Reg. 588/2017 and attached as Appendix A) was approved under the *Infrastructure for Jobs and Prosperity Act, 2015*. The goal of this regulation is to help improve the way municipalities plan for their infrastructure. The regulation builds on the progress municipalities have made while bringing consistency and standardization to asset management plans to help spread best practices throughout the sector and enable the collection of comparable data.

The regulation outlines a number of phases that municipalities are to work through, each with a corresponding deadline for completion. In 2019, County Council approved the Strategic Asset Management Policy. This requirement represented the first phase of compliance and was due July 1, 2019. The Corporation is currently in preparations to meet second phase requirements which were anticipated to be due July 1, 2021.

## **Discussion**

On March 23, 2021, the Minister of Infrastructure announced that in recognition of the challenges facing municipalities in addressing COVID-19 impacts, certain deadlines were going to be extended by an additional year. Specifically, the following regulatory timelines were revised:

- Phase 2 (by July 1, 2022): Asset management plan for core infrastructure assets which include water, wastewater and stormwater assets, roads, bridges and culverts; within this, the plan for core assets must also include current levels of service and costs to maintain these levels.
- Phase 3 (by July 1, 2024): Asset Management Plan for all municipal assets, including current levels of service and costs to maintain these levels.
- Phase 4 (by July 1, 2025): Builds on phase 3 where plans shift from current levels of service to focus on proposed levels of service and related lifecycle management and financial strategy for all assets.

The Corporation's current Asset Management Plan includes all core assets. Expanding the plan to include current service level details and future maintenance costs associated with service levels remains outstanding.

In 2018, an Asset Management Working Group was established with representatives from the Corporation's major service departments. Championed by the Financial Services Department, the working group's mandate is to ensure the Asset Management Plan and Policies are regularly updated and compliant with legislative requirements.

During 2020, meetings were held between Infrastructure and Financial Services to identify asset information that required updating. Condition assessments were identified as an area for improvement and the 2021 Budget includes funds to update condition assessment ratings for a significant number of core assets.

With the deadline extension to July 1, 2022, the Asset Management Working Group will have additional time to incorporate condition assessment information and complete the service level reporting requirements. The extension is welcome news to Administration as the July 1, 2021 deadline for phase 2 deliverables would have been a challenge to meet in light of COVID-19 operating pressures.

Administration will bring forward an update to the Corporation's Asset Management Plan in 2022 in advance of the July 1, 2022 Phase 2 reporting deadline. The timing of this reporting will also coincide with the required 5-year public review of the plan. The last presentation to Council was in 2017.

## **Financial Implications**

The long-term operating and capital planning of the Corporation is guided by the Strategic Asset Management Policy and Plan. The higher the accuracy and reliability of asset data, the more informed budget setting and long-term capital forecasting can be.

## **Recommendation**

That Essex County Council receive the report highlighting the deadline extensions of O. Reg 588/17 for information.

Respectfully Submitted

*Sandra Zwiers*

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Concurred With,

*Mike Galloway*

Mike Galloway, Chief Administrative Officer

Appendix Number	Title
A	O.Reg 588/17