



Municipality of Port Hope
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Port Hope, ON
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REPORT TO: Finance Committee
FROM: A. Aasen, Financial Analyst
SUBJECT: Asset Management Plan Update
DATE: December 20, 2016

RECOMMENDATION:

That Finance Committee receives the updated Asset Management Plan, now inclusive of all municipal assets, for information.

BACKGROUND:

In December 2013, Council approved the Asset Management Plan (Version 1), which was prepared by R.V. Anderson, for the first phase of the Municipal Infrastructure Strategy to include all of the municipal core assets, which included roads, water, sanitary sewer, storm sewer, bridges, and Works and Engineering facilities. Municipal Asset Management Plans (AMP) became mandatory by the Province of Ontario in 2013 in order for municipalities to be eligible to secure provincial grant funding. Although the Provincial guide encouraged municipalities to include all of their managed assets, the Municipality of Port Hope chose to only include the core assets that were required at that time.

Federal grant programs, specifically the Federal Gas Tax Fund Program, requires municipalities to develop and implement an Asset Management Plan that includes all municipal assets prior to December 31, 2016 in order to continue to receive annual funding of approximately \$493,000.

As identified in Section 1.1 of the Community Strategic Plan, staff have updated the original Asset Management Plan to include all municipal assets, such as vehicles, facilities, land improvements, machinery and equipment, and technology and communication assets. This will ensure that the municipality is eligible to apply and potentially secure Provincial and Federal funding beyond 2016.

The total estimated replacement cost of the additional assets is \$80 million, which equates to an average annual replacement cost of \$3.5 million to be renewed over the long term of the 100 year plan. Version 1 of the AMP had identified the total Out of Scope Assets with a replacement cost estimated at \$56 million, with an annual replacement cost of \$2.2 million.

Part of the work completed in 2016 was also to update the information for some of the linear assets. There was a bridge needs study completed by a consultant in 2016, which increased the total replacement cost of structures by approximately \$17.5 million. The values that were used in Version 1 of the AMP were from the 2006 bridge needs study.

The replacement costs for the linear assets, such as roads, watermains and sanitary sewers were also updated based on a per metre cost received from a consultant. This had a total replacement cost increase of \$61.4 million. The updated replacement costs have been verified for reasonability against past and current construction projects, as well as the current Water and Wastewater study, and both are in-line with the revised amounts.

The Asset Management Plan is an ongoing process with a working document that will be reviewed and updated annually by staff as it will also be used as the basis for determining all future capital budget requests. The plan for 2018 will consist of further review and refinement now that all of the assets are included in the AMP. Next steps include assigning a condition rating based on actual condition for all linear assets, refining and/or establishing levels of service for all asset classes, develop a detailed financing strategy to address the infrastructure deficit, add additional asset identified in the Development Charges study and obtain software for asset management planning purposes.

Appendix A shows the Asset Management Plan Update presentation. Appendix B shows the inventory listing of all of the assets owned and managed by the Municipality.

RESOURCE IMPLICATIONS:

Our current Community Strategic Plan includes a goal to reach 50% of the estimated \$4.0 million annual tax levy requirement for asset replacement by 2018. The new results now show the estimated annual tax levy requirement at \$8.6 million, more than double the previous estimate. The long term strategic plan will need to be revised following conclusion of further refinement next year. In the interim, any additional funding that can be used toward infrastructure replacement would be prudent.

CONCLUSION:

This initiative completes implementation of Objective 1.1 a) of the Community Strategic Plan – Expand the Asset Management Plan to include all infrastructure assets, securing Provincial and Federal funding beyond 2016.

Respectfully submitted,

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Financial Analyst