



CITY COUNCIL REFERRAL OF MEMBER MOTION

Supporting the Creation of a Dedicated Fund to Enhance Municipal Asset Management Planning

Date: October 6, 2017
To: Executive Committee
From: City Council
Wards: All

CITY COUNCIL DECISION

City Council on October 2, 3 and 4, 2017, referred Motion MM32.7 to the Executive Committee.

RECOMMENDATIONS

Councillor Paul Ainslie, seconded by Councillor Mark Grimes, recommends that:

1. City Council direct the City Manager to write to the Ontario Minister of Finance in support of the Ontario Good Roads Association request to the Government of Ontario to create a dedicated entitlement based fund, such a fund to:
 - a. provide municipalities with the capital they need to enhance their asset management plans; and
 - b. ensure that Ontario's municipalities are creating plans that promote asset management planning while also creating the knowledge and insights the Government of Ontario needs to ensure its investments are optimized.
2. City Council request the Government of Ontario to engage a working group of stakeholders to assist in the design and testing of such a program.

SUMMARY

The proposed Municipal Asset Management Planning Regulation is an important step forward. Small municipalities require financial assistance to realize all of the advantages that can be accrued by asset management planning.

The Ontario Good Roads Association of which the City of Toronto has two appointees on its Board of Directors, held their annual Advocacy Day at Queen's Park on Wednesday, September 13, 2017.

One of the issues they met Members of Provincial Parliament with regards to is the need to enhance municipal asset management planning

Part of the Infrastructure for Jobs and Prosperity Act, 2015 permitted the Province to develop a regulation for municipal asset management planning. The proposed regulation was consulted on this summer. The Ontario Good Roads Association has supported this initiative for a number of years in part because it aligns with our request for greater clarity around the government's expectations of municipal asset management planning.

The Ontario Good Roads Association was a member of the advisory committee that provided input on the development of the draft regulation. During this process, the difficulty that many small municipalities will have satisfying the requirements of the proposed regulation became plainly evident.

For approximately one quarter of municipalities, \$20,000.00 or less equates to a one percent increase on the property tax rate. Many of these same communities find themselves managing complex assets across geographically expansive areas with relatively small populations.

Analysis by the Technical Services Department of the Ontario Good Roads Association has found that a typical small rural community is facing a 10-year cost of approximately \$333,500.00 (not adjusted for inflation) to comply with the prescriptions contained in the draft Asset Management Regulation. The numbers breakdown in the following manner for a typical inspection cycle

- Roads – every 5 years (complete network) and spot survey (approximately 10 percent of the network) 2 or 3 years after the complete network
- Structures such as bridges and culvert – every 2 years (complete network)
- Sidewalks and trails/paths within the right of way – every year per Minimum Maintenance Standard

In this scenario the class of assets is not complex. The following scenarios were built around the following assumptions: 300 centreline kilometre of road; 10 kilometre of sidewalks; 60 structures (35 bridges and 25 culverts); 1.5 kilometre of watermain; 0.4 kilometre of stormwater mains.

Based on recent market indicators, a municipality such as this can expect to incur the following costs:

- Pavement condition inspection, \$225-\$275 per centreline kilometre (includes: basic windshield survey, data entry, rehabilitation strategy);
- Ontario Structure Inspection Manual inspection, \$425-\$475 per structure (includes: inspection, data entry, rehabilitation strategy);
- Sidewalk inspection, \$35-40 per kilometre (includes: Minimum Maintenance Standard compliant inspection, data entry).

Scenario 1 – All roads and structures inspected in a single year

	1	2	3	4	5	6	7	8	9	10
Roads	75			10		75		10		
Structures	30		30		30		30		30	
Sidewalks	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Water										
Waste										
Storm										
Contingency	10									
Total (\$, 1000's)	115.35	0.35	30.35	10.35	30.35	75.35	30.35	10.35	30.35	0.35

Scenario 2 – Road and structures inspections broken up over two years

	1	2	3	4	5	6	7	8	9	10
Roads	37.5	37.5		10		37.5	37.5		10	
Structures	15	15	15	15		15	15	15	15	15
Sidewalks	0.35	0.35	0.35	0.35		0.35	0.35	0.35	0.35	0.35
Water										
Waste										
Storm										
Contingency	10									
Total (\$, 1000's)	62.85	52.85	15.35	25.35		15.35	52.85	52.85	15.35	25.35

When one aggregates these findings across 444 municipalities in Ontario, the cost of satisfying the prescriptions contained in the proposed Municipal Asset Planning Management regulation grow very quickly. For example, Ontario municipalities manage

150,943 centre lane kilometres of roads. Each five year inspection costs municipalities between \$34,000,000.00 and \$41,500,000.00 to complete, not adjusting for inflation. Ontario municipalities also maintain approximately 21,500 bridges and culverts. The costs for executing meaningful asset management programs for these two asset classes are considerable. Municipalities maintain approximately 130 different classes of assets.

The development of the regulation is an important step in the Province's efforts to be a world leader in asset management planning. It is imperative that the costs associated with this initiative do not sway municipalities and the Government of Ontario from pushing forward.

The Ontario Good Roads Association recognizes that to realize these recommendations, the Government of Ontario will need to divert a relatively small portion of its infrastructure plan capital away from bricks and mortar projects. The Ontario Good Roads Association, also recognizes, that such a program will create a mutually beneficial collaboration that will function as an important insurance policy on this once in a lifetime investment. Moreover, it would be a continuation that the Province has already demonstrated on this file.