2024 Corporate Asset Management Plan

Presentation to Executive Committee May 14, 2024



City-wide Asset Management Plan

- Centralized framework to align asset management practices with capital planning processes to support decision-making in advancing Council's Strategic Priorities
- City's initial <u>City-wide</u> Asset Management Plan:
 - Builds on 2022 Core Asset Management Plan and existing Divisional / Agency Plans
 - Applies a consistent, City-wide framework to Asset Management
 - Incorporates assets from across 25 Divisions, Agencies and Corporations
 - Reports on costs to maintain current levels of service
 - Meets the July 1, 2024 milestone of Ontario Regulation 588/17

2024 Corporate Asset Management Plan - Ontario Regulation O. Reg. 588/17

Phase 1	Every municipality in Ontario must have a strategic asset management policy approved by Council
Asset Management	The policy is to be reviewed, and if necessary updated, at least every five years
Policy	Completed and approved by Council by July 1, 2019
Phase 2 Asset Management	Every municipality in Ontario must have approved asset management plans for core infrastructure assets at the current levels of service
Plan Core	Core Infrastructure Assets include water, wastewater, stormwater, roads, bridges and culverts
Infrastructure	Completed and approved by Council by July 1, 2022
Phase 3 Asset Management	• Every Municipality in Ontario must have approved asset management plans for all other infrastructure assets at the current levels of service.
Plan All Other	Current item (EX14.6) for Executive Committee's Consideration
Infrastructure	Requires Council approval and to be made available to the public by July 1, 2024
Phase 4 Proposed Level of	Every asset management plan must include proposed levels of service for each category of infrastructure assets
Service by Category	Reflects next phase of Corporate Asset Management Plan
	Requires Council approval and to be made available to the public by July 1, 2025

 \checkmark

2024 Corporate Asset Management Plan – Key Results (in-scope Assets)



Iten	n				Value	2				
Rep	laceme	nt Value	9		\$72	2.9 Billic	n			
	nulative intain L(-	r Cost to)	\$4	0.0 Billic	on			
	nulative astructu				\$2	6.0 Billic	on			
Ave	rage Ov	erall Pe	rformar	nce	Fai	r				
0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	1009
0.0	10/0	2000	0070		0070	Poor Very F		3370	2070	1007

- Average Overall Performance of <u>Fair</u> for in-scope assets with <u>\$26 billion</u> estimated Cumulative 10-year SOGR Infrastructure Gap
- Roughly <u>40%</u> of the City portfolio categorized as <u>"Poor" or "Very Poor"</u> performance, meaning:
 - Assets are <u>past their useful lives</u> and require rehabilitation or replacement; and/or
 - Assets are still able to provide service but at <u>increased operating expense</u> or at a <u>sub-optimal level</u>

2024 Corporate Asset Management Plan – SOGR Investment Needs

Sub-Service	Budget	Need	Level of Service Forecast
\$Millions	Avg. Annual	Avg. Annual	(Based on Current Budget)
Arts, Culture and Heritage Services	18.5	19.7	Decreasing
Library Services	23.7	26.2	Decreasing
Toronto Fire Services	28.8	28.4	Maintaining
Toronto Paramedic Services	22.5	8.5	Increasing
Toronto Police Services	52.2	33.0	Increasing
Administrative and Election Services	2.7	2.4	Maintaining
Corporate Real Estate	55.6	133.8	Decreasing
Fleet Services	87.7	78.2	Increasing
Technology Services	26.9	10.1	Increasing
Children's Services	2.4	2.0	Increasing
Community Housing	160.0	334.1	Decreasing
Shelter and Support Services	7.2	4.6	Increasing
Public Health	0.6	0.5	Maintaining
Senior Services and Long-Term Care	7.7	31.4	Decreasing
Dock Walls and Breakwaters	1.5	2.4	Decreasing
Erosion Controls	22.0	0.0	Increasing
Forestry Management & Maintained Parkland	3.3	7.8	Decreasing
Exhibition Place	16.4	25.4	Decreasing
Parks and Recreation	85.7	112.7	Decreasing
Toronto Zoo	18.5	7.4	Increasing
Road Network	12.2	23.2	Decreasing
Transit	720.2	3,084.0	Decreasing
Solid Waste Management	27.9	25.2	Increasing
Water, Wastewater, and Stormwater Centralized Services	1.0	0.9	Maintaining
Total	1,405.2	4,001.9	Decreasing

2024 Corporate Asset Management Plan

City-wide Asset Management Plan Findings

• Asset Management Plan (AMP) findings continue to identify Infrastructure renewal needs, similar to past analysis and reporting:

DA TORONTO	REPORT FOR ACTION	Lo	ng-Te
Updated Long-Term Financia	al Plan		
Date: August 14, 2023 To: Executive Committee From: City Manager and Interim Chief Finan Wards: All	cial Officer and Treasurer	•	LTFP
SUMMARY			fiscal
Following the 2023 Budget Process, the City, party, updated its financial model to assess the	e long-term fiscal risks anticipated in the		nsca
next 10 years. This updated analysis was pre- indicated that the City faces a combined oper over 10 years, a pressure which has been cre represented the City's first 10-year consolidat	ating and capital pressure of \$46.5 billion ated over decades. The analysis		years
The purpose of this report is to provide an up which identifies and considers immediate and	long-term opportunities to address the		increa
City's fiscal challenges, including options to re incentives, new and existing revenue tools, ca intergovernmental funding arrangements.			
From the opportunities identified in Attachmer recommending implementation or further expl			press
which are expected to realize financial benefit to highlight that these actions alone will not be	s as early as 2024. However, it's important sufficient to address the City's fiscal risks		•
in 2024 or over the next 10 years. It will requir Council and other orders of government to pro of the City, and to ensure the City continues to	prote the long-term financial sustainability o generate financial benefits for the		servic
Province and for Canada. Further, it's critical financial challenges ahead, inaction is not an financial sustainability and urgent 2024 finance	option at this time to address the City's		1. I C
As the economic engine of Canada, the City of initiatives and projects that far exceed the trac			list of
which substantially benefit the region and othe City is faced with growing demands for service	er orders of government. In addition, the es and infrastructure, for which the City is		¢ 4 0 E
not able to capture the benefits of growth. Thi governments whose funding tools are indexed income and sales taxes. Rather, the City is ur delivering both the upfront infrastructure requi ongoing and sustained demand for services.	with the growth of the economy, such as table to keep up with the costs of		\$46.5
Updated Long-Term Financial Plan	Page 1 of 25		

Long-Term Financial Plan

LTFP noted, "City faces material fiscal risks over the next 10 years, including a combination of increasing annual operating pressures, additional debt servicing costs, and a growing list of <u>capital needs</u>, totalling \$46.5 billion"

DI TORONTO		BN# 09 – Jan 10 Anthery Ng Interior Executive Director
Stephen Conferti Chief Financial Officer and Treasurer	Financial Planning Division City Hall, 3 th Floor, East Tower 100 Gasen Street West Toronto, Ontario, MSH 2N2	Tel: 416-285-6787 Fax 416-287-4465 Arthony, Ngiliferonia na www.toconta.na
2024 CAPITAL BU State of Good Rep		
ssue/Background:		
This briefing note presents th Supported City Programs and Capital Budget and Plan will I	Agencies, and the impact in	
The SOGR numbers disclose plan before the Provincial nev diligence process, Gardiner a nfrastructure and infrastructu backlog will be updated accord	v deal agreement. Upon com nd Don Valley Parkway fundi re renewal and SOGR invest	pletion of the Province's due ng will be reallocated to
The City has an expansive as capital program is driven larg state of good repair. Managin strategic objective and priority to support the delivery of City	ely by the cost of maintaining g the accumulated SOGR ba r for the City in order to ensur	these physical assets in a cklog is a key capital e that current assets are able
When capital funding for plan need, the unfunded balance i should the capital funding in 3 applied against the accumula	s added to the accumulated \$ SOGR exceed the planned \$	OGR backlog. Conversely, OGR need, the excess is
In the absence of comparable good repair performance mea (replacement value)" that is a gathering accurate asset data	sure; "backlog as a percenta pplied across its portfolio of a	ge of total asset value
 provides a true picture of 	what the accumulated SOGR	backlog is;
	need and highlights the City	
 shows the impact of City 8 backlog for the capital pla 		City's accumulated SOGR
This metric provides the City City Council in determining he nvestments to reduce the Cit yoe. By employing this practi	w best to apply scarce resou	rces in making strategic m/Agency and/or by asset

2024 Budget Process

- SOGR Backlog analysis identified accumulated SOGR backlog of
 \$22.7 billion expected by 2033
- Consistent with AMP findings,
 funding needs expected to increase
 for Transit, Transportation, Parks,
 Recreation and Forestry, City
 Facilities, Community Housing,
 Public Library and other programs
- City-wide Asset Management Plan is consistent with prior finding and further emphasizes continued need for added investments in infrastructure renewal

2024 Corporate Asset Management Plan – Prioritizing SOGR Investments

- SOGR is a key priority in capital planning:
 - Reflects \$26 billion or 52% of current 10-Year Capital Plan
 - SOGR funding increased by \$1.8 billion or 7% in 2024 budget process
 - Total SOGR funding has significantly increased over last ten years (\$26 billion compared to \$16 billion)
- Increased funding capacity to support SOGR needs:
 - New Deal eliminated the City's single largest SOGR liability (Gardiner Expressway and Don Valley Parkway)
 - Water Rates set to fully support infrastructure needs
 - Approval of annual City Building Fund increases to support Transit and Housing infrastructure priorities
- Capital Planning Prioritization:
 - Development of a capital prioritization framework that will be integrated with the City's 2024 Corporate AMP
 - Will enhance City's existing prioritization processes
 - > Provides input for strategic decisions on when and where to prioritize capital infrastructure investments

2024 Corporate Asset Management Plan – Next Steps

NEXT STEPS

1. Continue to Enhance Asset Management Planning in the City:

- Prepare for July 2025 provincial requirement to include proposed levels of service for each category of infrastructure assets
- Further develop Corporate Asset Management function
- Advance data maturity, completeness and confidence across the organization
 - E.g. Public Library has had 8 major rebuilds/overhauls occur since their latest available (2020) FCI data
 - Estimated that "% of assets in fair or better condition" would increase to over 40% with these added investments (to be confirmed and reflected in future reporting as data matures)

2024 Corporate Asset Management Plan – Next Steps

- 2. Continue to Engage with Federal and Provincial Governments on Infrastructure Priorities:
 - As outlined in the <u>City's Long Term Financial Plan</u> (<u>LTFP</u>), these challenges cannot be solved by the City alone
 - Continued partnerships with the Province of Ontario and the Government of Canada necessary for shared infrastructure investment priorities
 - Key priorities for whole of government investments include:
 - Transit infrastructure
 - Housing (i.e. Community Housing)
 - Climate action
 - Infrastructure supporting critical City services



2024 Corporate Asset Management Plan – Next Steps

3. Further Capital Planning Prioritization:

- All capital investments should be assessed on 3 key areas:
 - Value optimization
 - Risk mitigation
 - Cost reduction
- Focus on reinvestment in aging infrastructure and asset deterioration which directly impact current level of service to the public
 - > Continue to prioritize existing SOGR needs over service improvements and expansions
 - Review and reconsider planned investments in new or expanded infrastructure against SOGR needs and City priorities
- Capital Prioritization Framework, complemented by the AMP will be key to enabling this prioritization exercise

Thank you!

