



London
CANADA

2023 Corporate Asset Management Plan Overview



Strategic Priorities and Policy Committee
October 10, 2023



1. Asset Management Planning Regulation Overview

- Regulation summary
- Changes between 2019 and 2023 CAM Plan

2. Overview of the Corporate Asset Management Plan

- Scope and structure of 2023 CAM Plan
- Key Findings

3. Recommendations

Legislation – O. Reg. 588/17 (Asset Management Planning For Municipal Infrastructure) falls under *Infrastructure for Jobs and Prosperity Act, 2015*

Requirements include:

- Asset management policy – Council approved policy by July 1, 2019
- Phased asset management plans:
 1. Encompass core assets (Water, Wastewater, Stormwater, Transportation) by July 1, 2022
 2. Encompass all municipal assets by July 1, 2024
 3. Expansion of phase 2 to Include proposed levels of service by July 1, 2025
- Annual reviews of progress and comprehensive updates at least every 5 years



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Key Changes from 2019 to 2023

O. Reg. 588/17 Requirements	2019 CAM Plan Achievements	2023 CAM Plan Achievements
<p>Current Levels of Service (LOS)</p> <ul style="list-style-type: none"> • Current LOS quantified • Qualitative and technical metrics • O. Reg. core asset metrics • Municipal core and non-core asset metrics • Lifecycle management and financial strategy 	<ul style="list-style-type: none"> • Consolidated tables of measures • Current performance metrics only • Lifecycle management and financing strategies define along with risks 	<p>Enhanced LOS reporting:</p> <ul style="list-style-type: none"> • O. Reg LOS (core assets) • Direct LOS (core and non-core assets) • Related LOS (core and non-core assets) • Other Measures (core and non-core assets) • Lifecycle management and financing strategies define along with risks
<p>Infrastructure Gap</p> <ul style="list-style-type: none"> • 10-year cumulative amount 	<ul style="list-style-type: none"> • Maintain current LOS gap reported 	<ul style="list-style-type: none"> • Maintain current LOS gap reported • Achieve proposed LOS gap reported
<p>Proposed LOS</p> <ul style="list-style-type: none"> • LOS targets for 10-years • Justification for proposed and achievability • Lifecycle management and financing strategy for proposed LOS 	N/A	<p>Proposed LOS incorporated and defined as:</p> <ul style="list-style-type: none"> • Began with existing Council approved budgets and planning documents (e.g. Strategic Plan) • Discussed and reviewed options regarding achievability and affordability with asset managers • Described strategic changes at asset category level • Lifecycle management and financing strategies define along with risks

Definitions

Maintain Current LOS

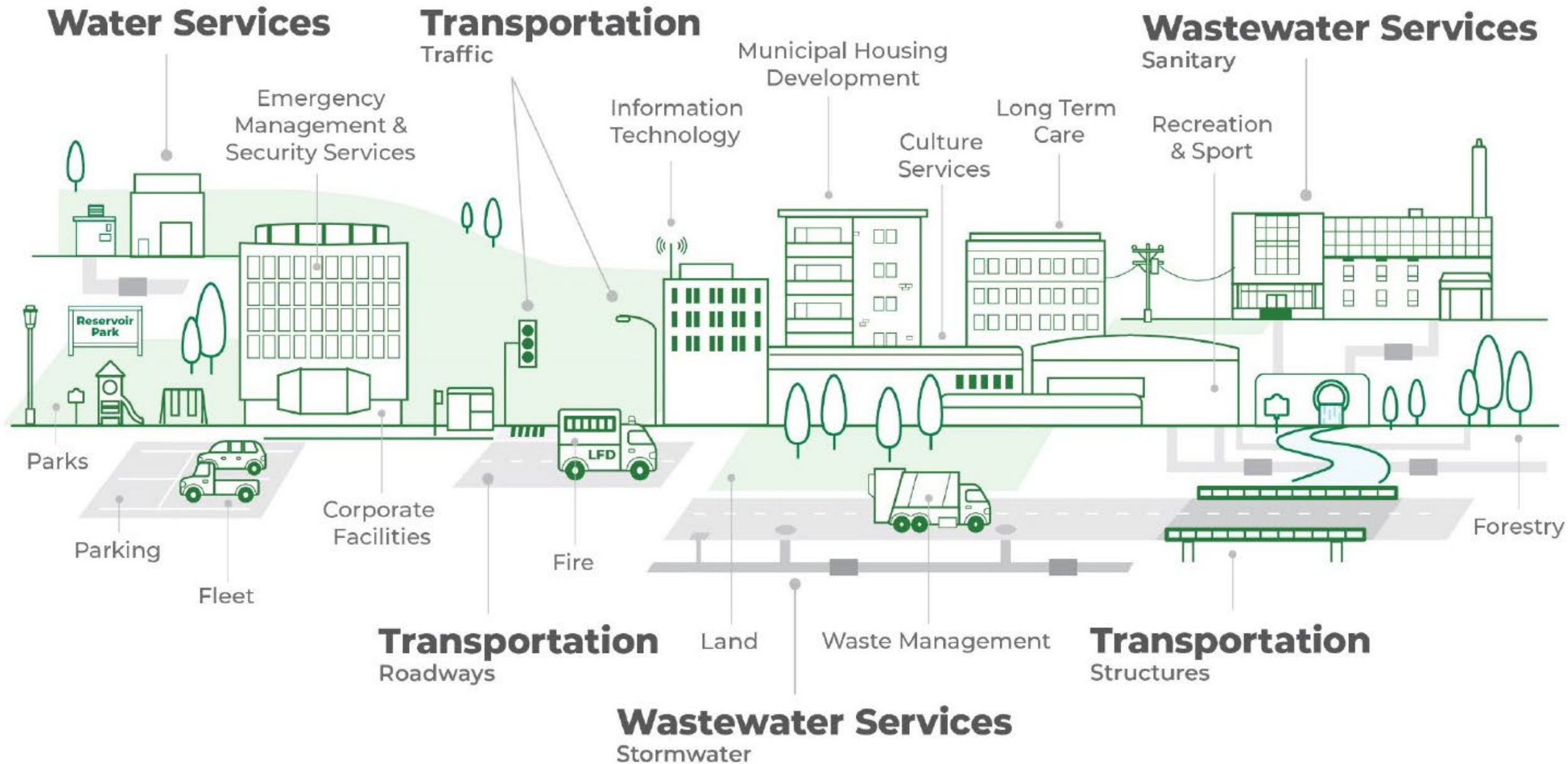
- is defined as the persistent efforts of an organization to manage its assets through comprehensive lifecycle activities and effectively allocating necessary financial resources with the aim of consistently delivering its services at the current established service levels.

Achieve Proposed LOS



- is defined as the strategic initiatives undertaken by an organization to modify its service levels represented in a new proposed standard of service provision. This could involve modifying the condition, scope, or accessibility of the services beyond their current levels, based on strategic goals (e.g. Regulation Requirements, Master Plans or Council Strategic Plan Targets). The achievement of these proposed service levels may require changes in frequency and/or scope of asset lifecycle activities.

CAM Plan Scope – Total Replacement Value \$28.5 Billion



CAM Plan Structure

Introduction

- Outlines the City 's Vision, Mission & Values
- CAM Progress
- Alignment with Ontario's Regulations
- Scope



Service Area Sections

State Of Local Infrastructure

- Asset Inventory
- Valuation
- Age Summary
- Asset Condition

Levels of Service (LOS)

- O.Reg LOS
- Direct LOS
- Related LOS
- Other Measures

Lifecycle Management Strategy

- Non-Infrastructure Maintenance
- Renewal
- Replacement
- Improvements
- Disposal
- Growth

Forecasted Infrastructure Gap

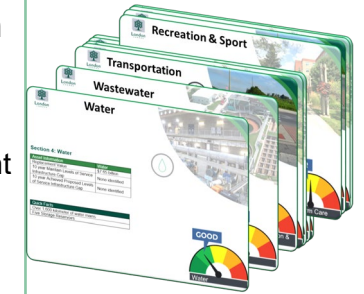
- Maintain LOS
- Achieve Proposed LOS
- Current Funding
- Reserve Funds
- Funding Gap

Discussion

- 2019 vs 2023
- Lifecycle Scenarios
- Current & Future Challenges

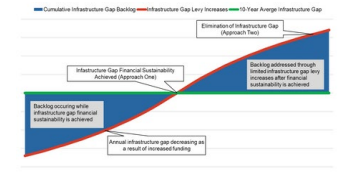
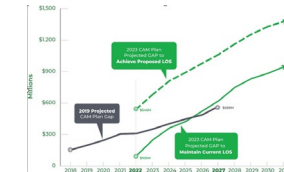
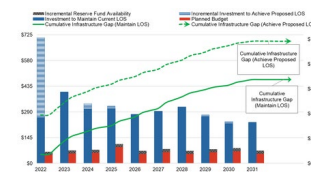
Conclusion

- Conclusions
- Reinvestment Rates



Infrastructure Gap Financing Strategies

- Capital and Operating Budget Analysis
- Financing Approaches – Mitigate Growth vs. Eliminated
- Historical Infrastructure Gap Funding
- Tax/rate Payer Affordability and Timeline



Conclusion and Recommendations

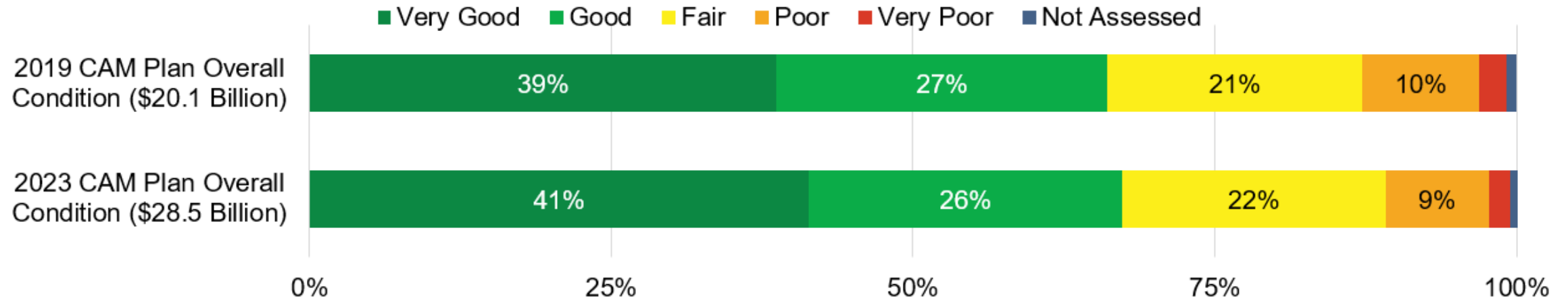
- Conclusions
- CAM Plan Recommendations
- 2019 vs. 2023 CAM Plans
- O.Reg Compliance Phases
- Recommendations

State of Local Infrastructure

- Total replacement value of **\$28.5 Billion**
- ✓ Water, Wastewater, Stormwater, and Transportation infrastructure represent 89.6% of Replacement Value


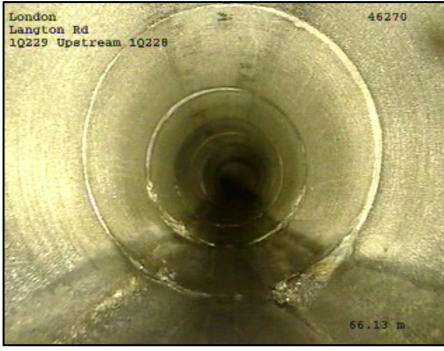



Service	Replacement Value
Water Rate Supported	7,653,185
Wastewater (Sanitary)	6,759,752
Wastewater (Stormwater)	6,335,485
Wastewater Rate Supported (Subtotal)	13,095,237
Transportation and Mobility (Roadways, Structures, Traffic)	4,761,691
Parking	7,097
Corporate Facilities	324,320
Fleet	70,864
Information Technology	39,697
Culture Services	122,528
Waste Management	136,442
Recreation and Sport	533,610
Parks	236,144
Forestry	443,083
Emergency Management and Security Services	9,129
London Fire Department	175,989
Municipal Housing Development	21,223
Long Term Care	75,631
Land	759,240
Tax Supported (Subtotal)	7,716,688
Total	28,465,110

- Overall condition is **Good**
 - ✓ 89% Fair or better condition
 - ✓ Only 11 % Poor and Very Poor



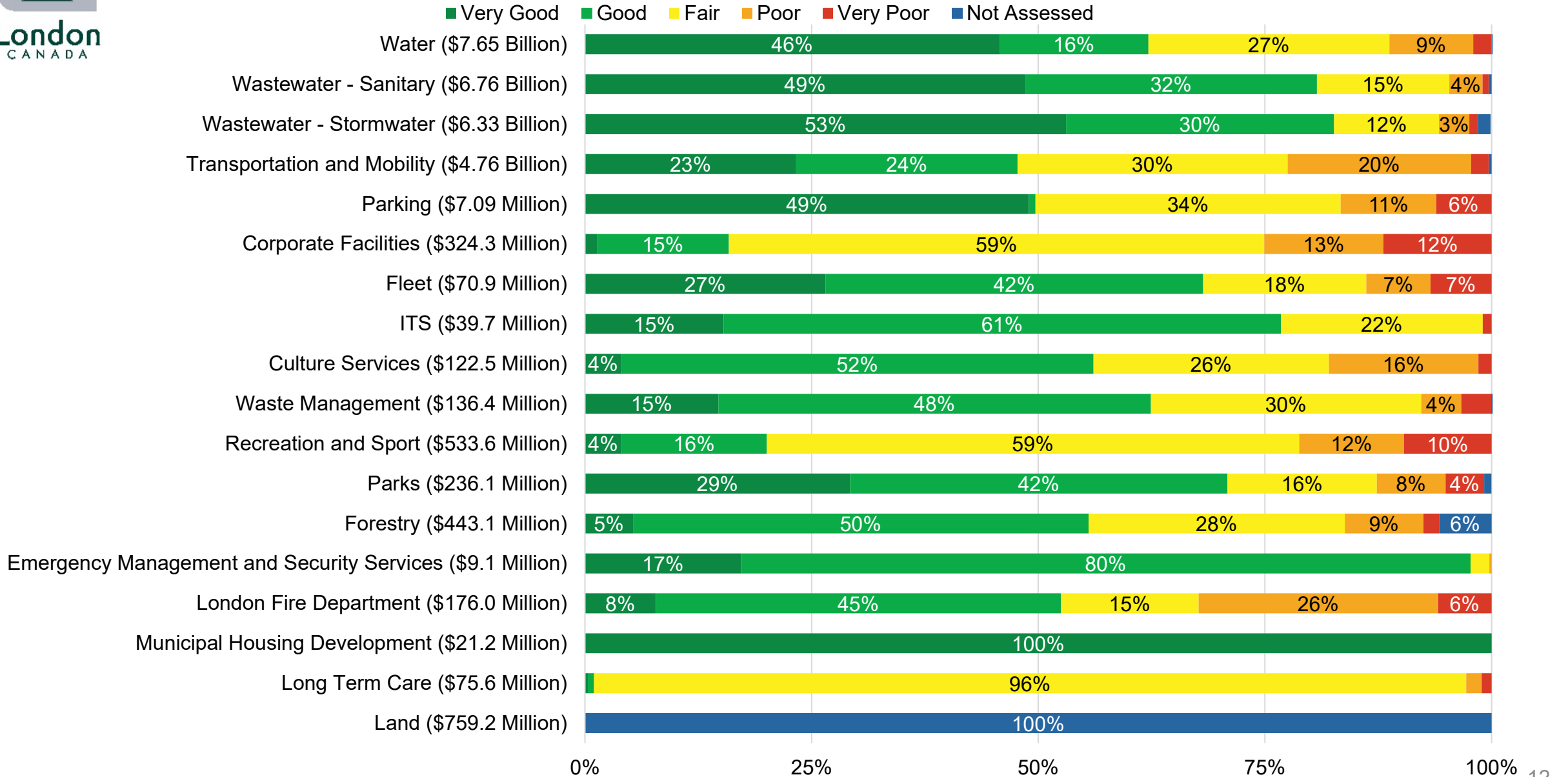
Asset Condition Definitions

Example – Wastewater Sewers

Very Good Condition 1	Good Condition 2	Fair Condition 3	Poor Condition 4	Very Poor Condition 5
<p>The infrastructure in the system or network is generally in very good condition, typically new or recently rehabilitated. A few elements show general signs of deterioration that require attention.</p>	<p>The infrastructure in the system or network is in good condition; some elements show general signs of deterioration that require attention. A few elements exhibit significant deficiencies.</p>	<p>The infrastructure in the system or network is in fair condition; it shows general signs of deterioration and requires attention. Some elements exhibit significant deficiencies.</p>	<p>The infrastructure in the system or network is in poor condition and mostly below standard, with many elements approaching the end of their service life. A large portion of the system exhibits significant deterioration.</p>	<p>The infrastructure in the system or network is in unacceptable condition with widespread signs of advanced deterioration. Many components in the system exhibit signs of imminent failure, which is affecting service.</p>
				



State of Local Infrastructure - Cont'd





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Asset Lifecycle Management Strategy

Describes the asset lifecycle activities applied to the asset category

1. Establishes the forecasted condition profile based on the current budget
2. Establishes the optimal budget to maintain current LOS
3. Establishes the optimal budget to achieve Proposed LOS

Activities	Description
Non-Infrastructure Solutions	Actions or policies that can lower costs or extend useful lives.
Maintenance	Including regularly scheduled inspection and maintenance or more significant repair and activities associated with unexpected events.
Renewal/ Rehabilitation	Significant repairs designed to extend the life of the asset.
Replacement/ Construction	Activities that are expected to occur once an asset has reached the end of its useful life and renewal/rehab is no longer an option.
Disposal	Activities associated with disposing of an asset once it has reached the end of its useful life or is otherwise no longer needed by the municipality.
Service Improvement	Planned activities to improve an asset's capacity, quality, and system reliability.
Growth	Planned activities required to extend services to previously unserved areas – or expand services to meet growth demands.



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Asset Lifecycle Management Strategy

1. Condition profile expected from Planned Budget

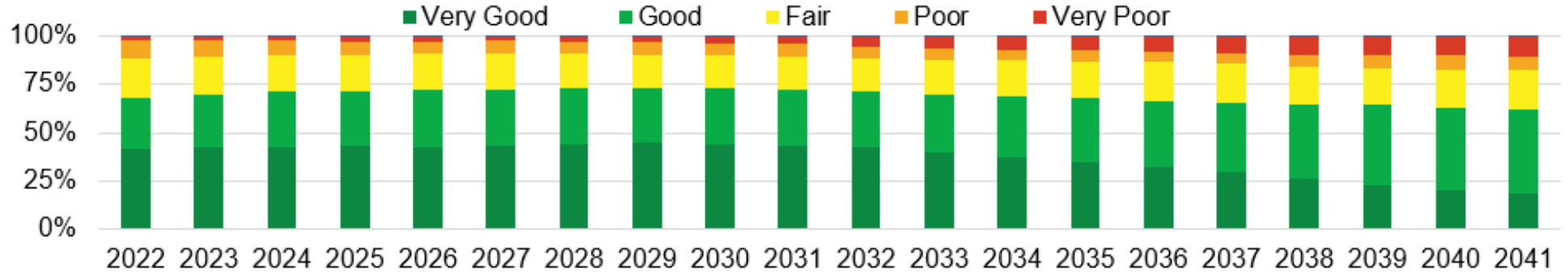


Figure 1.3 Condition Profile Projected from Current Budget (City Assets with Condition Modelling)

2. Condition profile expected from Maintain Current LOS

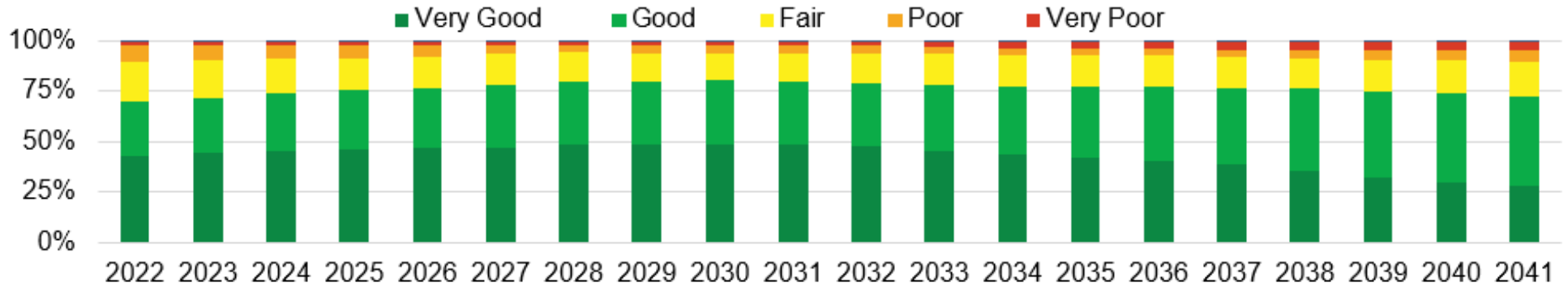


Figure 1.4 Condition Profile Projected from Maintain Current LOS (City Assets with Condition Modelling)

3. Condition profile expected from Achieve Proposed LOS

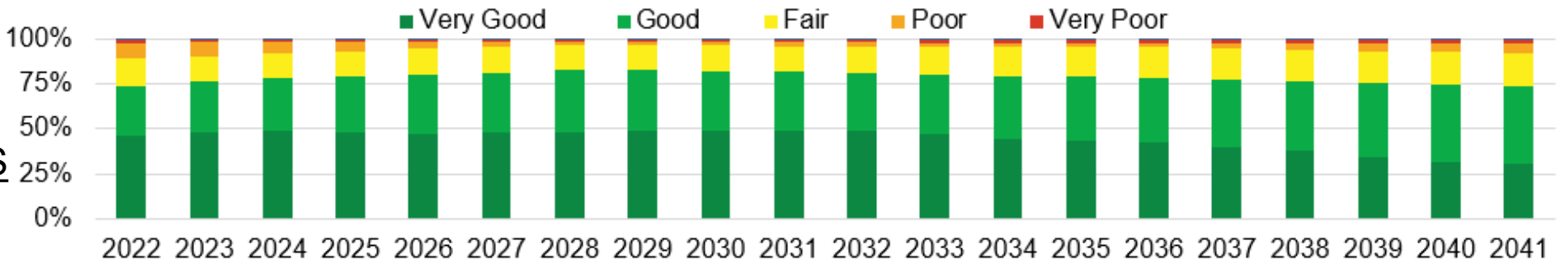


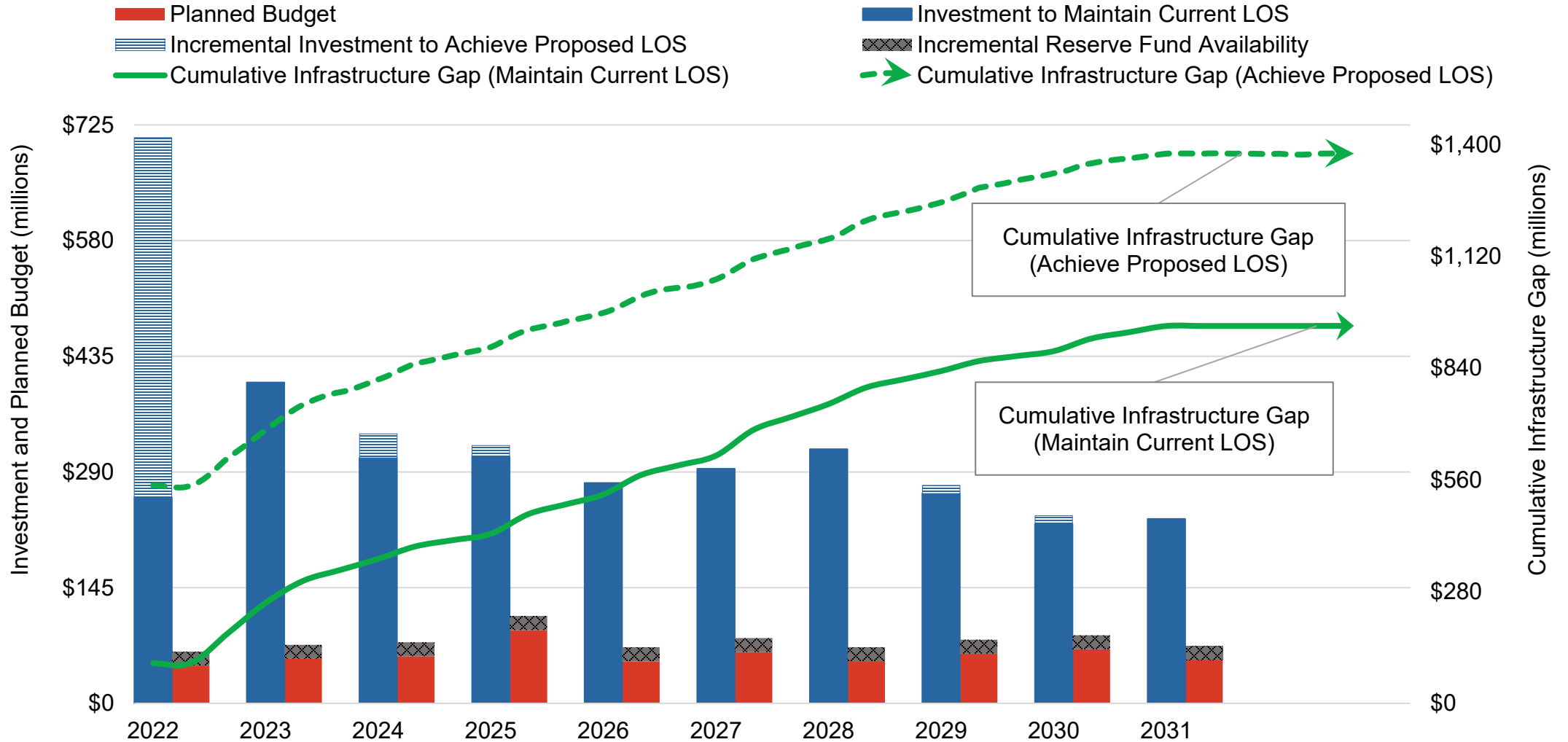
Figure 1.5 Condition Profile Projected from Achieve Proposed LOS (City Assets with Condition Modelling)



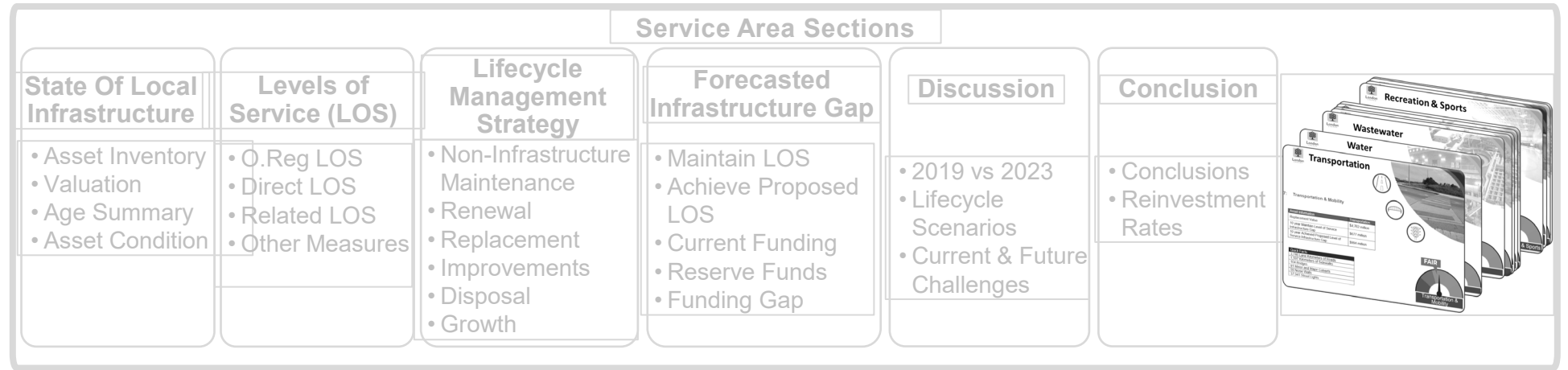
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2023 Cumulative 10-Year Infrastructure Gap

All Infrastructure within CAM Plan Scope

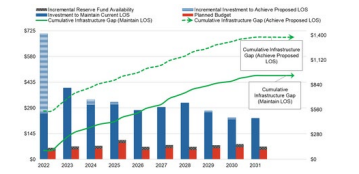
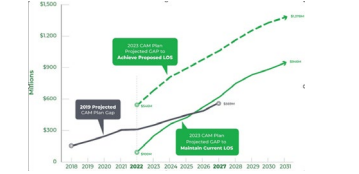
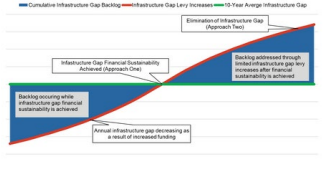


CAM Plan Structure – Cont'd



Infrastructure Gap Financing Strategies

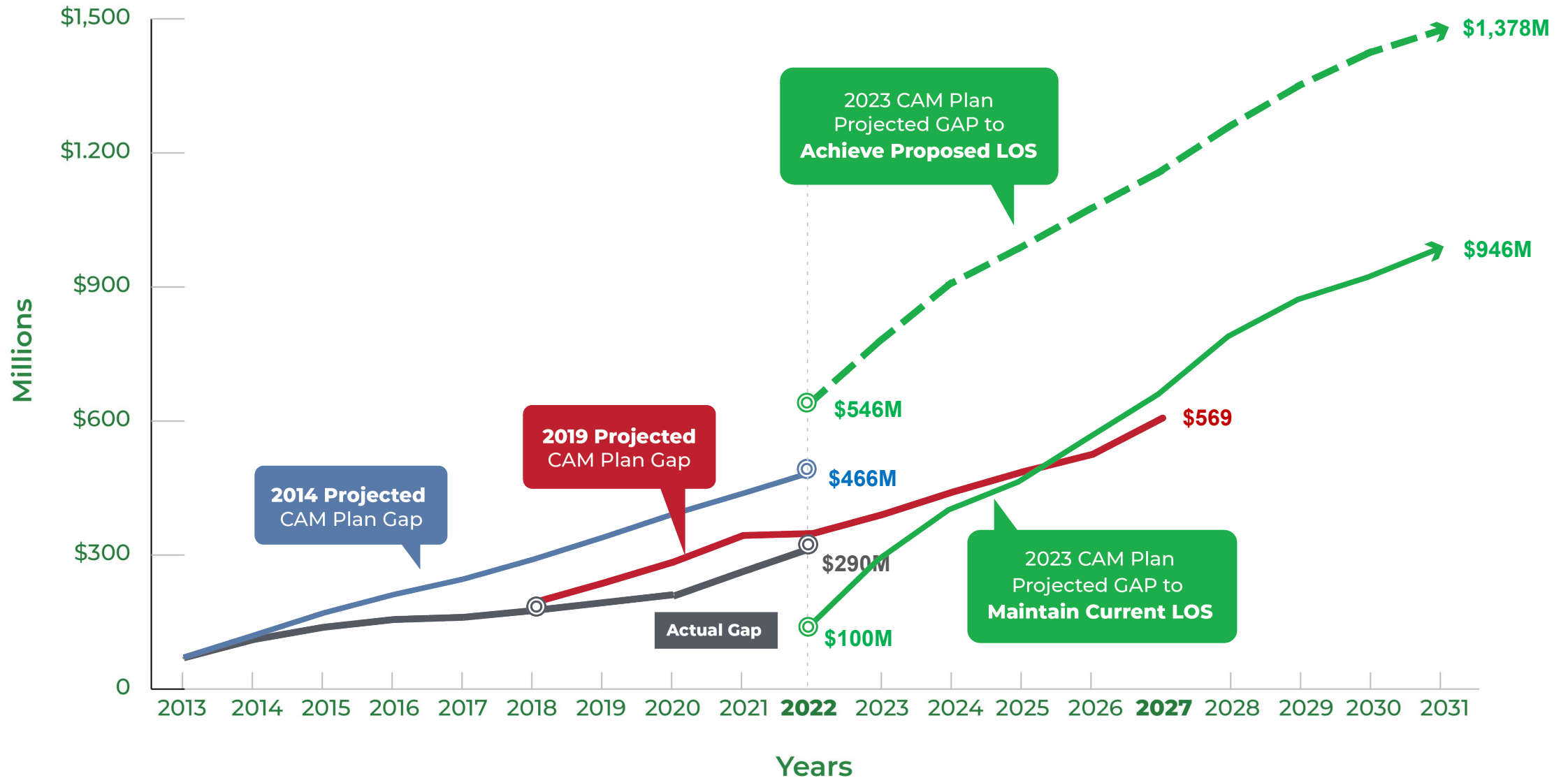
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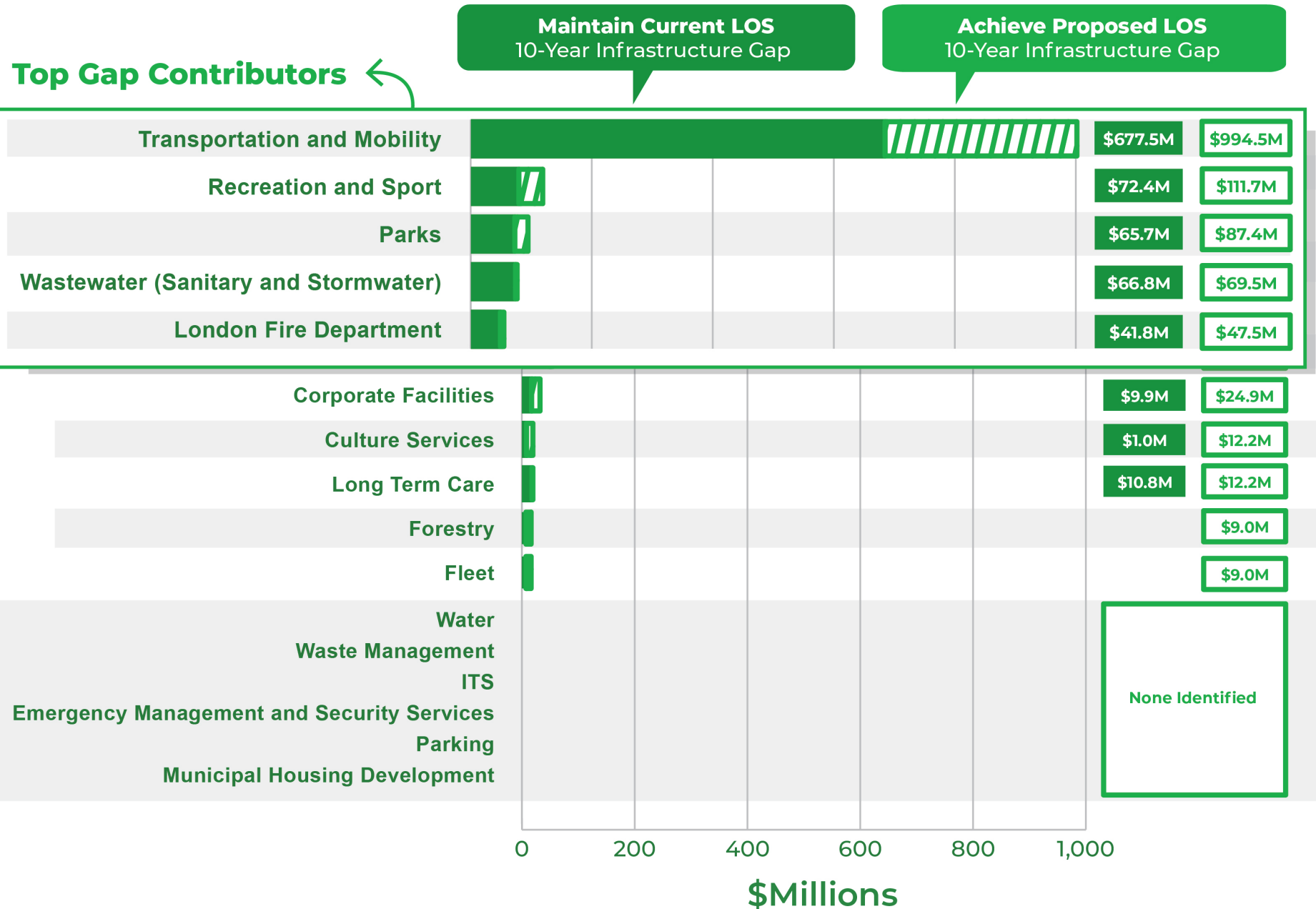
Conclusion and Recommendations

- Conclusions
- CAM Plan Recommendations
- 2019 vs. 2023 CAM Plans
- O.Reg Compliance Phases
- Recommendations

Infrastructure Gap Overview



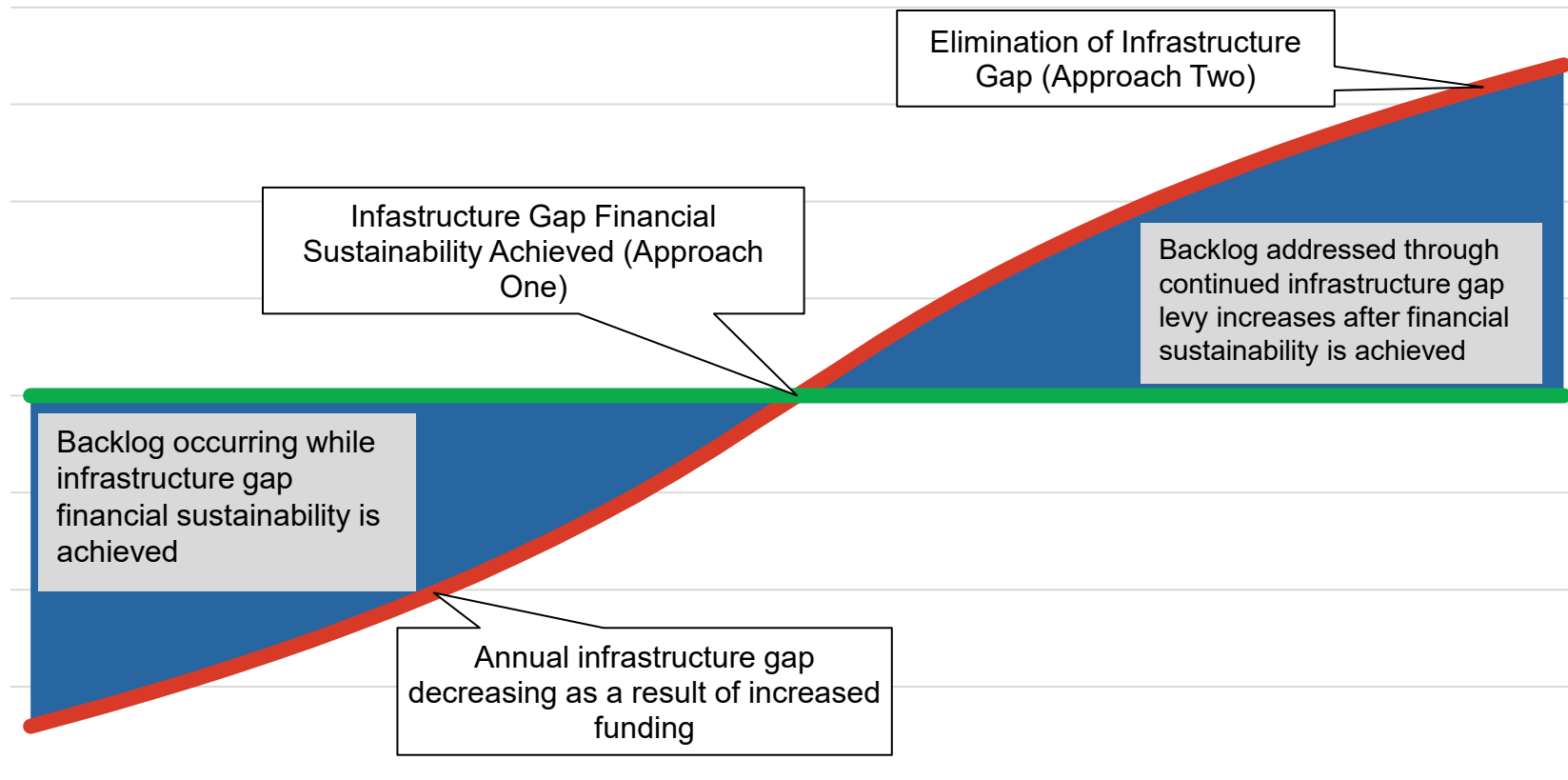
Infrastructure Gap Overview – Cont'd



Infrastructure Gap Financing Strategies

Two approaches to manage the infrastructure gap: 1. Mitigate and 2. Eliminate

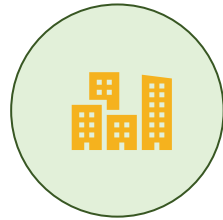
■ Cumulative Infrastructure Gap Backlog ■ Infrastructure Gap Levy Increases



Recommend
Mitigate
Approach

Eliminate
Approach

- Continue multi faceted process to address the gap, including:



EXISTING
ASSETS



EXTERNAL
SOURCES



POLICIES



PACE - MYB



NEW AND/OR
EXPANDED
ASSETS



ASSESSMENT
GROWTH



STRATEGIC PLAN
SERVICE
IMPROVEMENT

Infrastructure Gap Financing Strategies – Cont'd

- The Plan provide various options to either eliminate or mitigate the infrastructure gap(s).
- Mitigating growth of the **maintain current LOS** 10-year gap and financing 80% of the gap appears to be the preferred option.
- The City targets infrastructure gap financial sustainability between 22 years to 27 years, which could result in incremental tax increases between 0.36% to 0.30% respectively.
- This target is subject to revision as part of 2024-2027 Multi-Year Budget (MYB) development and approval to ensure affordability of all 2023-2027 Strategic Plan priorities.

Recommendations

1. Strengthen the Corporate Asset Management Plan
2. Continue to explore opportunities to address the infrastructure gap through various financial strategies
3. Progress the Corporate Asset Management Program
4. Extend CAM practices to the City's Agencies, Boards, and Commissions (ABC)



Questions