

Report to Strategic Priorities and Policy Committee

To: Chair and Members
Strategic Priorities and Policy Committee

From: Anna Lisa Barbon, CPA, CGA
Deputy City Manager, Finance Supports

Subject: Asset Management Plans for Agencies, Boards and Commissions

Date: June 18, 2024

Recommendation

That, on the recommendation of the Deputy City Manager, Finance Supports, the following actions be taken with respect to the City related Agencies, Boards and Commissions' Asset Management Plans:

- a) This report entitled "Asset Management Plans for Agencies, Boards and Commissions" **BE RECEIVED** for information; and,
- b) The "Agencies, Boards and Commissions Asset Management Plans", attached as Appendix "A", **BE APPROVED**.

Executive Summary

This report outlines the City of London's progress in complying with Ontario Regulation (O.Reg.) 588/17, which mandates phased asset management planning for municipal infrastructure. The attached Agencies, Boards and Commissions (ABC) Asset Management Plans (AMP) have been developed to comply with O. Reg. 588/17 requirements.

The Asset Management Maturity Assessment (AMMA) completed in 2021 helped each ABC identify strengths, areas for improvement, and asset management needs, ensuring compliance with O.Reg. 588/17 by July 1, 2024 & July 1, 2025. Civic Administration has been actively coordinating with ABCs to develop and align their AMPs with the City's Corporate Asset Management (CAM) Plan.

Linkage to the Corporate Strategic Plan

Council's 2023-2027 Strategic Plan identifies 'Climate Action and Sustainable Growth' and 'Well-Run City' as two of eight strategic areas of focus. The CAM Program supports these strategic areas of focus through supporting the achievement of the following strategic priorities:

1. "London's infrastructure and systems are built, maintained, and operated to meet the long-term needs of the community" which includes:
 - 'The infrastructure gap is managed for all assets' and
 - 'Infrastructure is built, maintained, and secured to support future growth and protect the environment'.
2. "The City of London is trusted, open, and accountable in service of the community" which includes:
 - 'London's finances are maintained in a transparent, sustainable, and well-planned manner, incorporating intergenerational equity, affordability and environmental, social, and governance considerations.

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

- 2024-2027 Multi-Year Budget, Business Case #P-55 – Additional Funding to Address Infrastructure Gap - [2024 to 2027 Multi-Year Budget, Adopted March 1, 2024 \(london.ca\)](#)
- October 10, 2023 Report to Strategic Priorities & Policy Committee – [2023 Corporate Asset Management Plan](#)
- May 31, 2021 Report to Corporate Services Committee – [Agency, Board, and Commission Asset Management Maturity Assessment Review](#)

1.2 Background

O.Reg. 588/17 – Asset Management Planning for Municipal Infrastructure, under the Infrastructure for Jobs and Prosperity Act, 2015, came into force on January 1, 2018. It sets out requirements and deadlines for municipal Asset Management Plans (AMPs) and policies.

As of March 15, 2021, the Ministry of Infrastructure amended O.Reg. 588/17 to extend the phased timelines under the regulation by one year. The regulation now outlines the following timelines:

- Phase 1 – July 1, 2022: an AMP in respect of the core municipal infrastructure assets for current levels of service (LOS);
- Phase 2 – July 1, 2024: an AMP in respect of all other municipal infrastructure assets for current LOS; and
- Phase 3 – July 1, 2025: an AMP in respect of core and non-core municipal infrastructure assets for proposed LOS.

Core infrastructure consists of a municipalities' Water, Wastewater, Stormwater, and Transportation assets contained in the City's consolidated financial statements. Non-core infrastructure consists of all other municipal assets directly owned by a municipality and included in the consolidated financial statements, including assets owned and maintained by ABCs.

The City of London developed its 2019 CAM Plan covering all directly owned City assets including core municipal infrastructure meeting the regulatory requirement ahead of its due date. In 2023, the city completed a comprehensive update of its CAM Plan including directly owned assets. The update included the proposed LOS, which meets the legislative requirement one-year before the established deadline in O.Reg. 588/17 for directly owned assets.

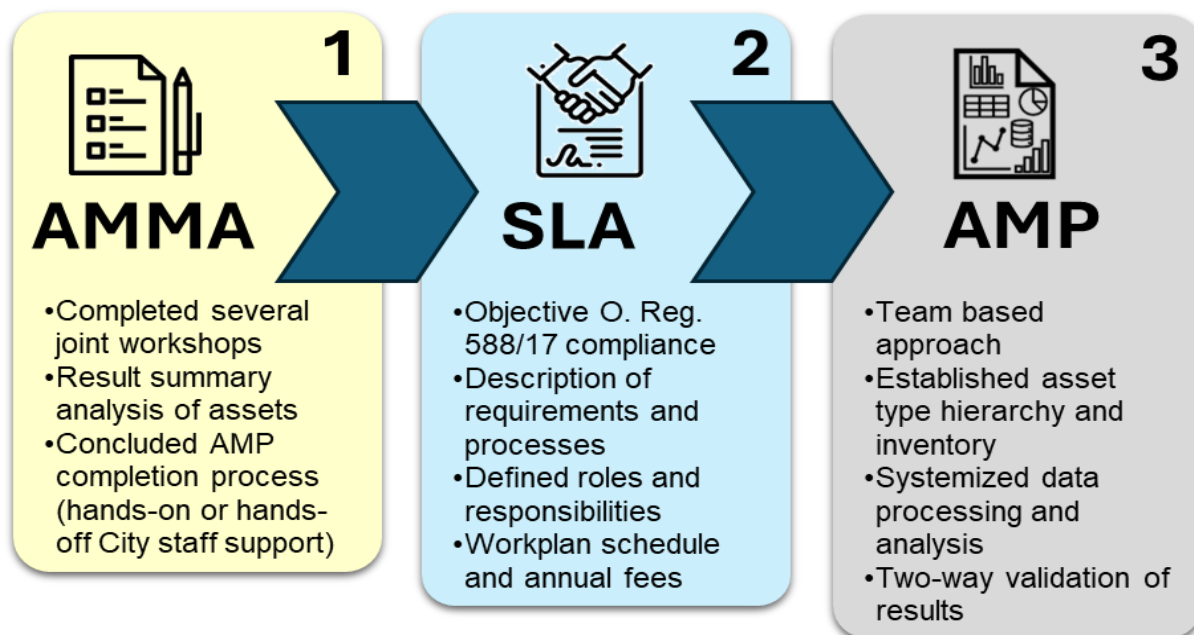
2.0 Agencies, Boards, and Commissions Asset Management Plans

Civic Administration has been working collaboratively with the ABCs to ensure their asset management planning aligns with the goals and practices of the City's CAM Program. Moreover, these AMPs build on the existing asset management activities of each entity and leverages advancements made since the establishment of the City's CAM Program.

In 2020, the CAM team initiated an Asset Management Maturity Assessment (AMMA) for the City's ABCs, helping them identify improvement areas, while setting both short and long-term targets for improving their asset management practices. The assessment highlighted the ABCs' commitment to apply asset management best practices. Figure 1 illustrates the steps of the asset management process for the ABCs, beginning with the AMMA. Based on the results of the AMMA, entities are recommended either a hands-on approach, which involves CAM direct assistance and guidance, or a hands-off approach, which recommends a CAM advisory role. This is followed by signing a Service Level Agreement (SLA) with some entities to support the development of their

AMPs. Subsequently, a collaborative work plan is developed to guide the development of the AMPs and facilitate all necessary asset management activities.

Figure 1 - ABCs AMP Development Process



2.1 Key Findings

The ABC AMPs attached as Appendix A are a comprehensive set of documents designed to guide the effective management and stewardship of assets owned by the ABCs. It encompasses a detailed inventory of assets, their current conditions, and associated replacement values. By integrating financial strategies and lifecycle management, the AMP aims to optimize asset performance, mitigate risks, and support informed decision-making for future infrastructure investments. The AMPs ensure that public services remain reliable and of high quality for the community. Table 1 summarizes key AMP results, which include replacement values, overall asset condition, and infrastructure gaps for each ABC. The development of these AMPs involved collaborative efforts with various ABCs starting at different times. Specifically, we began working with the London Police Service, London Public Library, Museum London, and RBC Place London in January 2023 to develop their AMPs. The remaining ABCs, excluding London and Middlesex Community Housing (LMCH), were added to this initiative in mid-2023. This phased approach ensures that plans are recent and reflect the latest data and priorities.

In 2019 and 2020, Civic administration collaborated closely with LMCH Staff to develop their first AMP. The CAM team provided consultations regarding the requirements of O.Reg. 588/17, reviewing LMCH's data gaps and data collection processes and analyzing outcomes. Additionally, the infrastructure gap financing strategies were reviewed by the City's Financial Planning and Policy team. The AMP was subsequently submitted for LMCH Board approval on August 20, 2020. The LMCH 2020 AMP, although not structured identically to the other ABCs AMP, complies with the O.Reg. 588/17 requirements for July 1, 2025.

Table 1 - Summary AMP Results for Agency, Board, and Commission (\$000's)

ABCs	Replacement Value	Overall Condition	10 years Infrastructure Gap (Maintain Current)	10 years Infrastructure Gap (Achieve Proposed)
Argyle BIA	\$42	Good	None Identified	None Identified
Covent Garden Market	\$55,060	Good	\$3,013	None Identified
Eldon House	\$235	Good	None Identified	None Identified
Hamilton Road BIA	\$142	Fair	None Identified	None Identified
Hyde Park BIA	\$132	Fair	None Identified	None Identified
London Downtown Business Association	\$223	Fair	None Identified	None Identified
London Police Services	\$175,518	Fair	\$94,541	\$186,236
London Public Library	\$206,201	Fair	\$24,596	\$36,401
London Transit Commission	\$510,294	Good	\$80,062	None Identified
Museum London	\$57,559	Fair	\$7,330	\$11,436
Old East Village BIA	\$44	Good	None Identified	None Identified
RBC Place London	\$107,611	Good	\$11,563	\$13,563

2.2 Impact of the Multi-Year Budget on the Infrastructure Gap

On March 1, 2024, amendments to the Mayor's 2024-2027 Multi-Year Budget (MYB) under the Ontario Strong Mayor's Powers and Duties were deemed adopted.

The 2024 AMP for ABCs, excluding LMCH, include the assets owned by each entity as of December 31, 2022, and the associated budgets approved in the 2023 Annual Budget Update. However, there are timing differences between the development of this AMP and the deemed adoption of the 2024-2027 MYB. The timing of the AMP's development and the approval dates for the 2024-2027 MYB led to the AMP not reflecting the adoption of the 2024-2027 MYB when forecasting the 10-year infrastructure gaps. The CAM team will be reviewing its approach to the 2024 AMP development and approvals and will be putting processes in place to ensure better alignment between future AMPs and the timing of the MYB process.

Table 2 highlights the impact of additional funding from the 2024-2027 MYB on the projected 10-year infrastructure gap for each ABC. Notably, London Police Services received sufficient funding to eliminate their 10-year infrastructure gap for both maintaining current and achieving proposed LOS. The funding allocated to the London Transit Commission has reduced its infrastructure gap to maintain its current LOS to \$26.5 million (previously \$80.06m). Similarly, the London Public Library received \$7.96 million to maintain current LOS, resulting in a remaining gap of \$16.6 million. RBC Place had an incremental investment adopted through the MYB to address a proposed LOS of \$2 million and investments to the lifecycle renewal program of \$2.5 million to maintain the current LOS. These investments have resulted in a reduction to the maintain current LOS 10-year infrastructure gap and elimination of the achieve proposed LOS 10-year infrastructure gap. Museum London also received funding, partially addressing their projected infrastructure needs.

Table 2 - Impact of 2024-2027 MYB on Projected 10-Year Infrastructure Gaps (\$000's)

ABCs	Additional Funding MYB 2024-2032 Maintain Current LOS ⁽¹⁾	Total Additional Funding MYB 2024-2032 ⁽²⁾	Updated 10 years Infrastructure Gap (Maintain Current)	Updated 10 years Infrastructure Gap (Achieve Proposed)
Argyle BIA	N/A	N/A	N/A	N/A
Covent Garden Market	\$266	\$266	\$2,747	N/A
Eldon House	N/A	N/A	N/A	N/A
Hamilton Road BIA	N/A	N/A	N/A	N/A
Hyde Park BIA	N/A	N/A	N/A	N/A
London Downtown Business Association	N/A	N/A	N/A	N/A
London Police Services	\$99,022	\$200,343	Eliminated	Eliminated
London Public Library	\$7,962	\$8,093	\$16,635	\$28,308
London Transit Commission	\$53,523	\$53,523	\$26,540	N/A
Museum London	\$440	\$900	\$6,891	\$10,536
Old East Village BIA	N/A	N/A	N/A	N/A
RBC Place London	\$2,576	\$4,576	\$8,987	\$8,987

2.3 O.Reg. Compliancy

All ABCs are compliant with the O.Reg. 588/17 requirements for current LOS, which are due by July 1, 2024. The City has also proactively achieved the legislative requirement of proposed LOS ahead of the legislative due date of July 1, 2025.

3.0 Next Steps

LMCH's 2020 AMP meets the current regulatory requirements, however, it is due for an update every five years, as mandated by regulation. Recent staff changes, and resource constraints at LMCH have disrupted their ability to update the AMP this year. Civic Administration has developed a work plan to update the AMP by 2025. The updated AMP will include the asset management practices that have been incorporated into the development of the AMP of directly owned assets and other ABCs.

The Civic Administration will continue collaborating with the ABCs to annually review the progress of their AMPs. This ongoing support includes helping each entity develop action plans to implement recommendations in the short, medium, and long term. By advancing asset management practices within each entity, CAM aims to enhance asset decision-making. This collaboration will also focus on improving asset management reporting, ensuring that ABCs consistently meet asset management regulatory requirements and achieve optimal asset performance.

The completed AMPs for ABCs will be a useful tool to inform future annual budget updates, noting that a comprehensive update of the AMPs will be completed prior to the next MYB process. These plans will help identify and prioritize ongoing and future budget needs for all ABCs. By leveraging their AMPs, ABCs can better assess their funding needs and optimize asset performance ensuring that both immediate and long-term infrastructure requirements are addressed.

¹ This represents additional funding for assets to maintain current LOS over the nine years following 2023, as defined within the scope of the AMP.

² This represents the total additional funding for assets to maintain and achieve proposed LOS over the nine years following 2023, as defined within the scope of the AMP.

Conclusion

The City of London has shown progress in enhancing its CAM capabilities, aligning with O.Reg. 588/17, which requires all assets included on the consolidated financial statement to have an AMP with prescribed requirements. This report outlines the Civic Administration's efforts to actively coordinate with ABCs to develop and align their AMPs with the City's CAM Plan.

The Civic Administration continues to comply with provincial regulations; all phases of O.Reg. 588/17 related to City-owned assets have been successfully met. It is essential to maintain progress in meeting provincial regulations and employing effective, standardized asset management practices. This approach will provide Council with enhanced information to make strong and effective decisions.

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Attached:

Appendix A – Agencies, Boards and Commissions Asset Management Plans