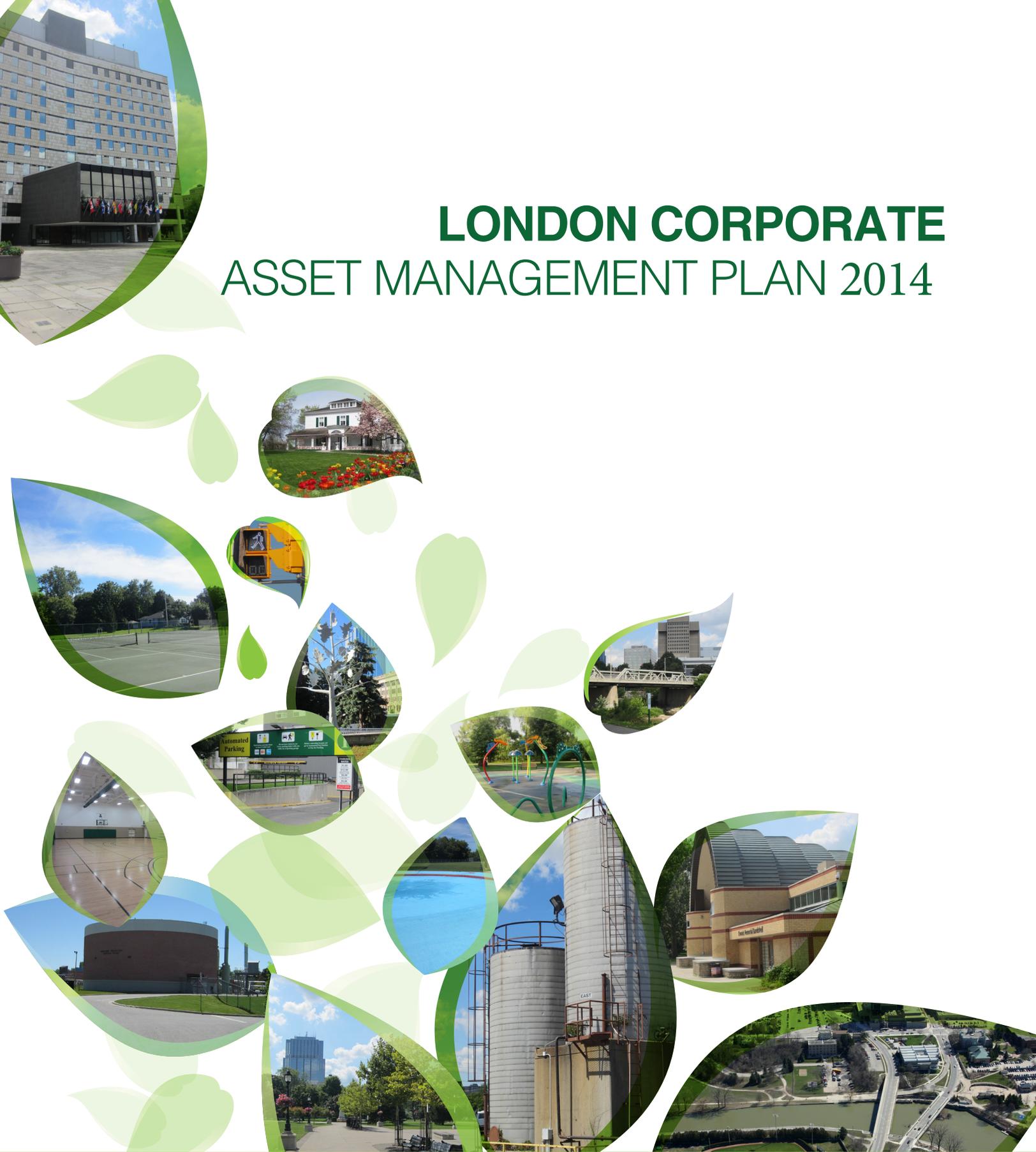


LONDON CORPORATE ASSET MANAGEMENT PLAN 2014



London
CANADA

OVERVIEW

THE PLAN



THE CORPORATE ASSET MANAGEMENT PLAN:

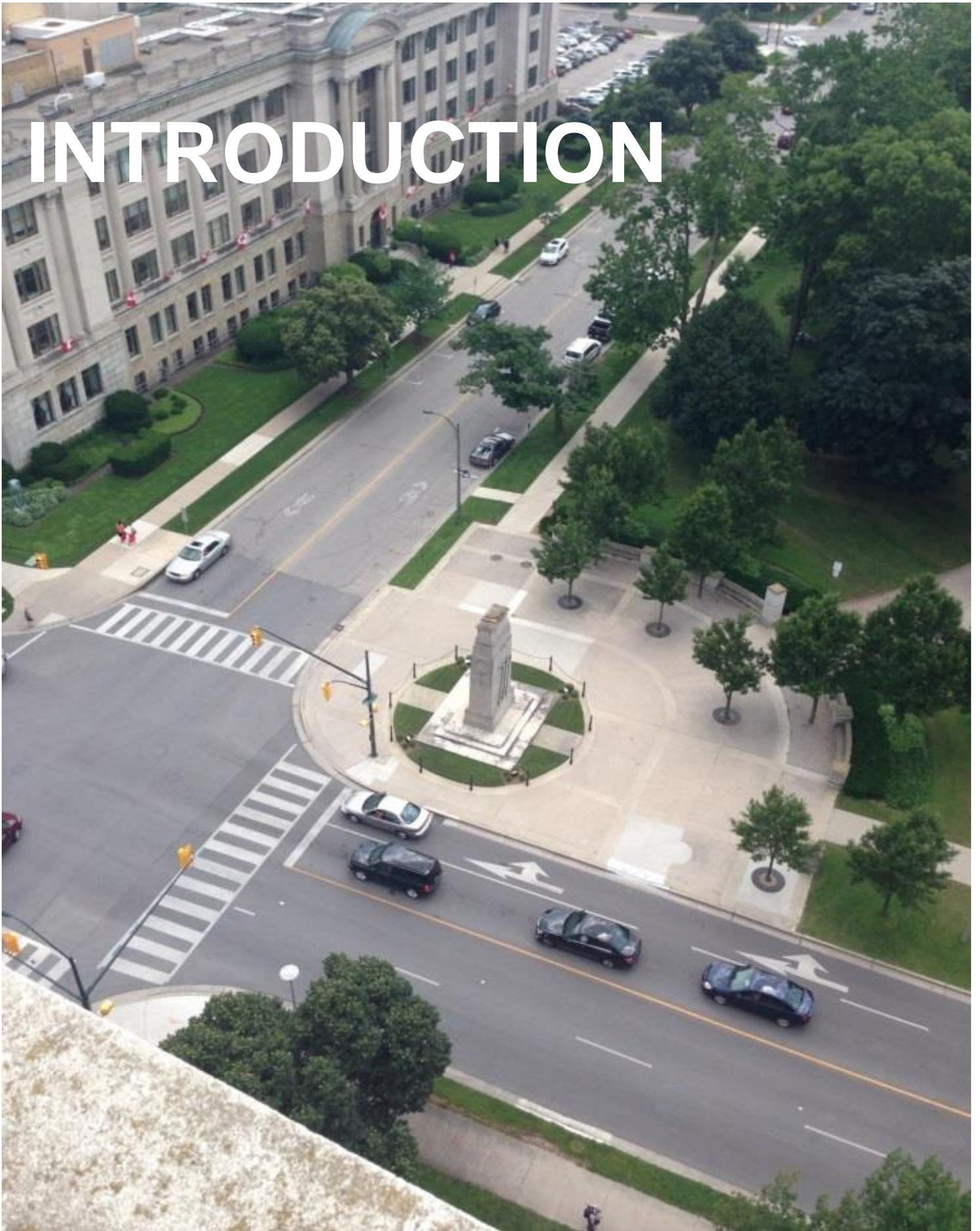
- **Documents the City's plans for the management of its \$10.9 billion worth of infrastructure** directly under the ownership and control of the City of London.
 - **Conforms to the provincial 'Building Together: Guide for Municipal Asset Management Plans'** to satisfy provincial and federal transfer funding requirements.
-

The City of London has crafted this first Plan to satisfy provincial direction on asset management, add value to existing practices in London and set forward a strategy to address asset issues including the growing infrastructure gap.

The Plan is a companion document to the State of Infrastructure Report 2013 that described the current state of London's infrastructure and project what is needed to sustain it over the next 10 years until 2022.

The Plan is a living public document which will be refreshed annually with full updates planned every five years. Finally, the Plan is an important element of the development of a Corporate Asset Management program which will improve and standardize asset management practices in London.

INTRODUCTION



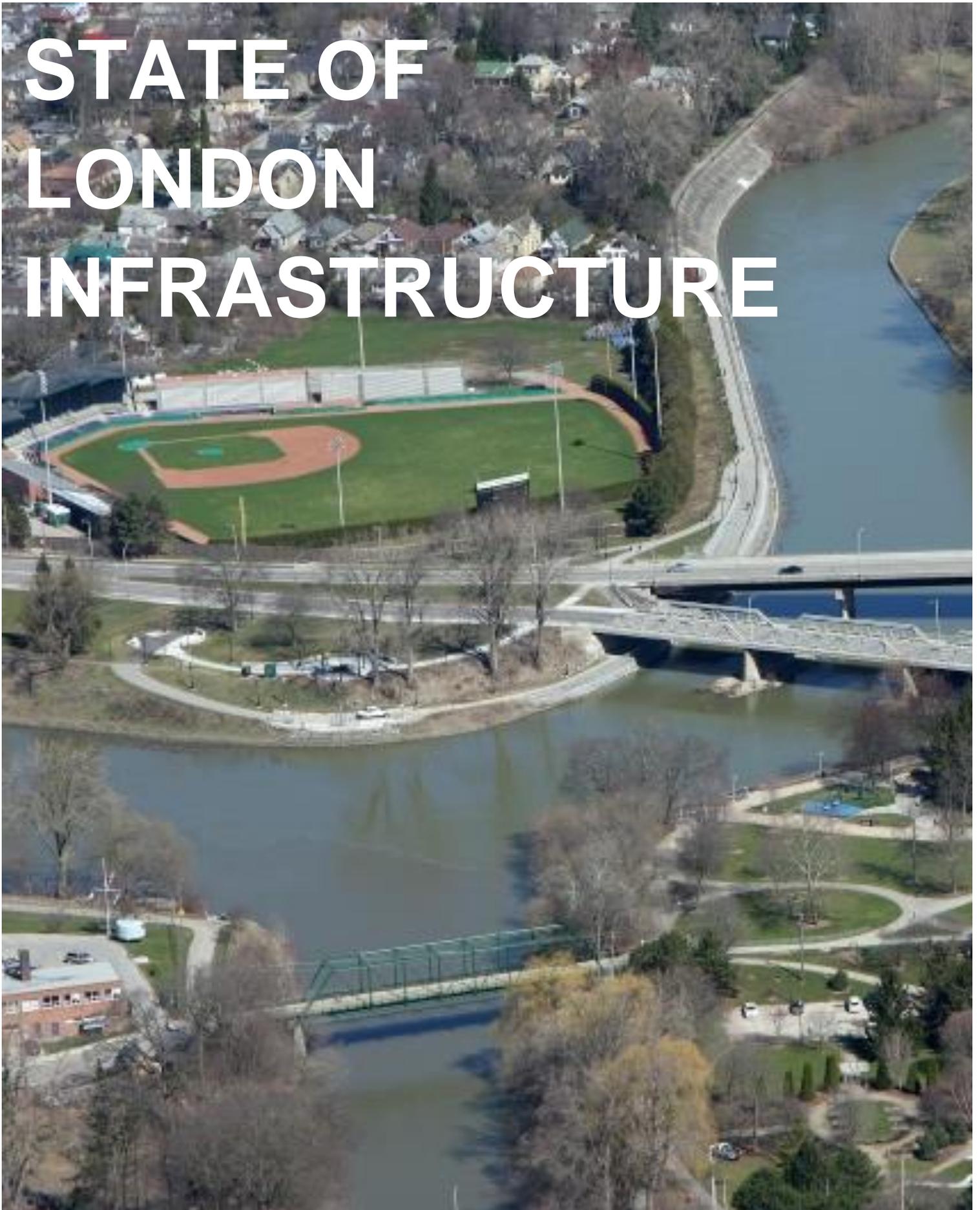
THIS CORPORATE ASSET MANAGEMENT PLAN:

- **Outlines how London's infrastructure will be managed** to ensure it is capable of providing the levels of service needed to support Council's key strategic results.
 - A Strong Economy
 - A Vibrant and Diverse Community
 - A Green and Growing City
 - A Sustainable Infrastructure
 - A Caring Community
-

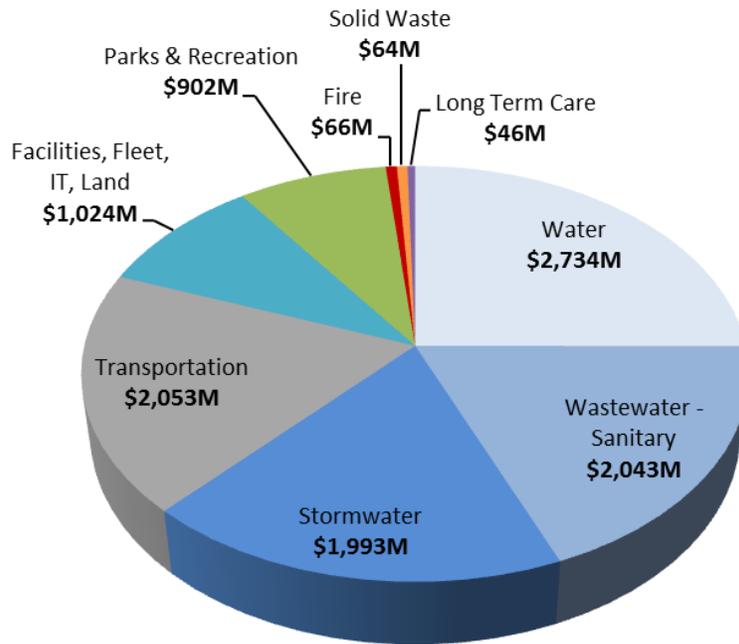
Asset Management directly supports the City's key strategic results through the maintenance of existing infrastructure along with the creation of new infrastructure as detailed in the City's Strategic Plan. The purpose of this Plan is to:

- Comply with the requirements defined within the Ministry of Infrastructure's 'Guide for Municipal Asset Management Plans' and satisfy transfer funding requirements.
- Demonstrate that due regard is being given to the long-term stewardship and sustainability of the asset base.
- Demonstrate that levels of service are being met in an effective and efficient manner.
- Support the development of improved practices that communicate and justify funding requirements.
- Help the City become more efficient and effective.

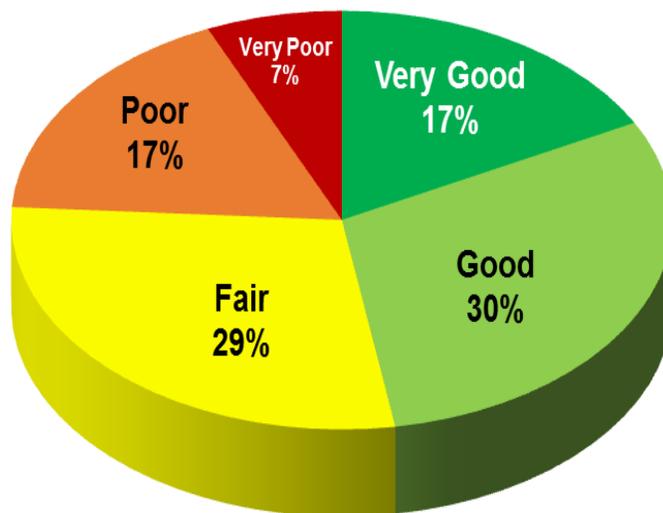
STATE OF LONDON INFRASTRUCTURE



The City owns infrastructure with a total **current replacement value of \$10.9 billion.**



The condition of the infrastructure is **overall rated Fair to Good.**





DESIRED LEVELS OF SERVICE

THE LEVEL OF SERVICE SECTION ILLUSTRATES:

- **Preliminary levels of service** by comparing targets with actual performance.
- **Service levels are expected to increase or remain stable** over the plan period.
- Future **budget constraints** are expected to negatively impact levels of service.

The Corporation of the City of London exists to provide services to its citizens and visitors. Assets support the delivery of these services. The desired levels of service section of the Plan discusses current level of service delivery in London, looks at expected trends and sets forward the intent to use levels of service to guide investments in the City’s infrastructure. An example of a level of service in Transportation would be the “% of all Roads in Good to Very Good Condition”.

London’s Level of Service Trend Summary

Based on anticipated issues, staff expect levels of service to be generally sustainable provided budget constraints can be accommodated.

Anticipated issue	Impact on Level of Service
Asset Reliability (Current and Projected Condition)	↔ Stable ↔
Budget Constraints (Insufficient Resources)	↓
Operational Changes (New design Standards, Hours of operation, etc.)	↔ Stable ↔
Technology Changes	↑
Legislative Changes	↔ Stable ↔
Social Changes (Demographic, etc.)	↑
Environmental Changes (Climate Change, etc.)	↔ Stable ↔

ASSET MANAGEMENT STRATEGY



THE ASSET MANAGEMENT STRATEGY SECTION OF THE PLAN:

- Describes **the existing asset management practices** used in each Service Area.
- **Speaks to what the future will look like** once the Corporate Asset Management program has been implemented.

Currently in London, some asset management practices are highly evolved while others are basic in nature. Although the City of London has done a good job of caring for its assets so far, we can always do better. Best practices in asset management around the world have shifted focus towards managing assets with a view to the services they help provide. It is the goal of the City's Corporate Asset Management program to standardize practices across the corporation, including consideration of asset management factors such as level of service, risk and life cycle management.

Asset management is about making the right decision, at the right time, for the right amount. In the future, the City of London will have a more robust approach to asset management and investment planning that gives due regard to non-monetary factors such as social and environmental elements as well as economic impacts.



FINANCING STRATEGY

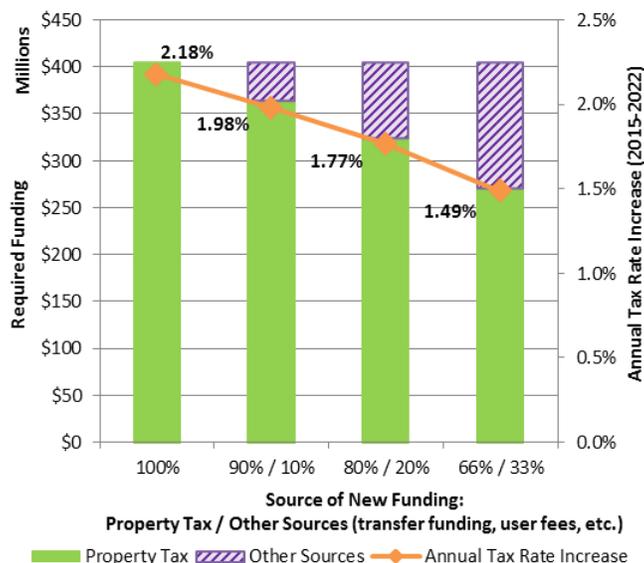
THE FINANCING STRATEGY SECTION OF THE PLAN:

- **Summarizes the funding methods** currently used to support the City's asset base and **suggests options to address the infrastructure gap.**

This financing strategy draws attention to the infrastructure gap identified at \$52.1 Million in 2013, and expected to grow to \$466.1 million by 2022. This Plan presents options to eliminate the property tax supported portion of the gap while relying on continued adherence to existing water and wastewater financial plans to address the remainder of the gap. The Plan will likely impact the property tax rate.

The Plan proposes that the 2015 budget process debate include building a reserve fund dedicated to mitigating the growth of the infrastructure gap. The plan discusses risk, debt and transfer funding while laying out four detailed tax rate increase options. The options, summarized below, are modelled to eliminate the property tax supported gap by the year 2022. The Plan recommends the City start building the reserve fund now and continue updating the information annually with the budget cycle.

Some Options to Mitigate the Property Tax-Infrastructure Gap (\$405.5 M)





CONCLUSIONS & RECOMMENDATIONS

This Corporate Asset Management Plan will help ensure that proper investments are made to support the delivery of London's services to its citizens now and into the future.

Ultimately, the implementation of the Corporate Asset Management program will satisfy provincial expectations and allow the City to make the right investments in infrastructure at the right time for the right amount.

The Plan is a living document that is intended to meet provincial requirements. It will improve over time.

Key recommendations are summarized as follows:

- Continue to aggressively pursue the Corporate Asset Management Program in order to standardize quality asset management practices across the corporation that focus on service delivery through the consideration of levels of service, risk management and life cycle management of the City's assets.
- Review the existing levels of service and develop a level of service registry to help define the needs of the asset base.
- Review the results of the Corporate Asset Management plan annually and fully update the Plan every five years to ensure its continuing suitability, adequacy and effectiveness.
- Rely on existing 20 year plans and their updates as a means to manage infrastructure gaps in the water and wastewater services.
- Start building a reserve fund to be used exclusively for addressing the infrastructure gap. Plan for the new funding need as part of the 2015 property tax rate setting process and update the amount annually thereafter. Plan to initially manage the gap by 2022, a term matching the current understanding of the State of the Infrastructure Report 2013.
- Continue to monitor the changing gap with the objective of stabilizing the gap at an acceptable level of service delivery.



Who can answer my questions about the
Corporate Asset Management Plan?

Please call 519-661-2500 ext. 5442 Corporate
Asset Management Office between 8:30 a.m.
and 4:30 p.m., Monday to Friday or visit
www.london.ca.

