

# City of Mississauga

# Corporate Report



Date: April 17, 2023  To: Chair and Members of General Committee	Originator's files:
From: Shari Lichterman, CPA, CMA, Acting City Manager and Chief Administrative Officer	Meeting date: May 10, 2023

## Subject

**2023 Corporate Asset Management Program Update**

## Recommendation

That the corporate report dated April 17, 2023 entitled "2023 Corporate Asset Management Program Update" from the Acting City Manager and Chief Administrative Officer be received for information.

## Executive Summary

- In accordance with the City's Strategic Asset Management Policy (03-13-01), an annual progress report is required to update Council on the City's progress in implementing its asset management program, any factors impacting the City's ability to achieve its defined asset management objectives, and where possible, the strategies to address those factors.
- Council approved the last Corporate Asset Management Plan (CAMP) in September 2021 pertaining only to the core assets (i.e. Roads, Structures, and Stormwater) as required under the *Infrastructure for Jobs and Prosperity Act, 2015* and Ontario Regulation 588/17.
- The next iteration of the Plan will include all assets and is in current development by staff. Council should expect to receive the 2024 Corporate Asset Management Plan by Q2 2024, ahead of the July 1, 2024 deadline to the Ministry of Infrastructure (MOI).
- The Corporate Asset Management Office conducted maturity assessments, in line with International Standards Organization (ISO) 55000, in Q1 2022 for all City-owned assets to better understand areas of asset management improvement. The findings indicated that the City overall was at an intermediate level of maturity. The continuous improvement items captured from these assessments will be incorporated into the upcoming 2024 Plan.

- The Corporate Asset Management Program has completed multiple milestones to ensure the quality and reliability of its data and systems, including the search for a long-term financial forecasting solution.

## Background

The Infrastructure for Jobs and Prosperity Act, 2015 and Ontario Regulation 588/17 requires each municipality within the Province of Ontario to provide an annual update on its asset management program to Council. The report must include the “City’s progress in implementing its Asset Management Plan(s) and any protocols to achieve compliance with Provincial legislation and regulation timelines” by July 1st each year.

The Regulation mandates the development of asset management plans in different stages. As shown in Figure 1, the first Plan was due by July 1, 2022 and only required the inclusion of core assets and to define current levels of service. The last unique Plan is due by July 1, 2025 and will include all assets and to define target levels of service.

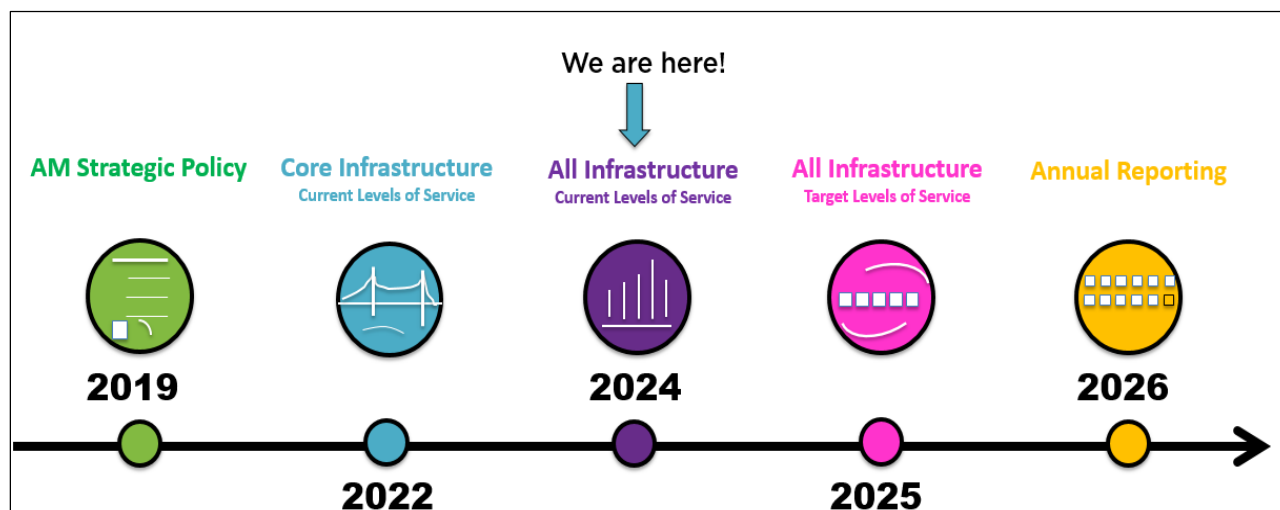


Figure 1: O.Reg. 588/17 Asset Management Plan Timelines

Currently, Service Area staff are working on the second iteration of the asset management plan (2024 deadline) and will have until December 2023 to submit their detailed plans to the Corporate Asset Management (CAM) office. These detailed plans will then be combined into the Corporate AM Plan that the CAM office is preparing, in time to be reviewed by senior management, and received by Council in Q2 2024 – ahead of the July 1, 2024 O.Reg 588/17 deadline.

The City's AM Plans provide asset information on:

- State of the infrastructure (SOI)
- Levels of service (LOS)
- Demand drivers
- Lifecycle Analysis
- Financial Strategy
- Continuous improvement

## Comments

### Maturity Assessments

One of the main components in gauging progress being made in achieving predictable asset management practices is conducting an asset maturity assessment on a regular basis. The Corporate Asset Management Office has implemented a standardized asset maturity assessment using eight criteria (Table 1). The criteria includes a series of statements that is evaluated and illustrates asset maturity progress at a Level 1 through Level 4 (Figure 2).

*Table 1: Maturity Level Assessment Criteria*

1. Leadership and commitment	5. Understand decision-making
2. Know your financial capacity	6. Manage asset lifecycle
3. Know your assets	7. Know the rules
4. Know your financial situation	8. Monitor sustainability



*Figure 2: Maturity Level Rating Scale*

Building towards complete asset maturity, every asset management plan will identify several continuous improvement activities to be delivered over the short, medium and long-term time frame. These activities will be identified as either corporate-wide initiatives or specific activities related to the assets contained in the detailed AM Plans. As improvement activities are completed, an increased level of asset maturity will be achieved.

Currently, the City's assets are at an intermediate level of maturity, between Level 2 & Level 3, overall. See Figure 3 for a breakdown of maturity levels by the Service Area.

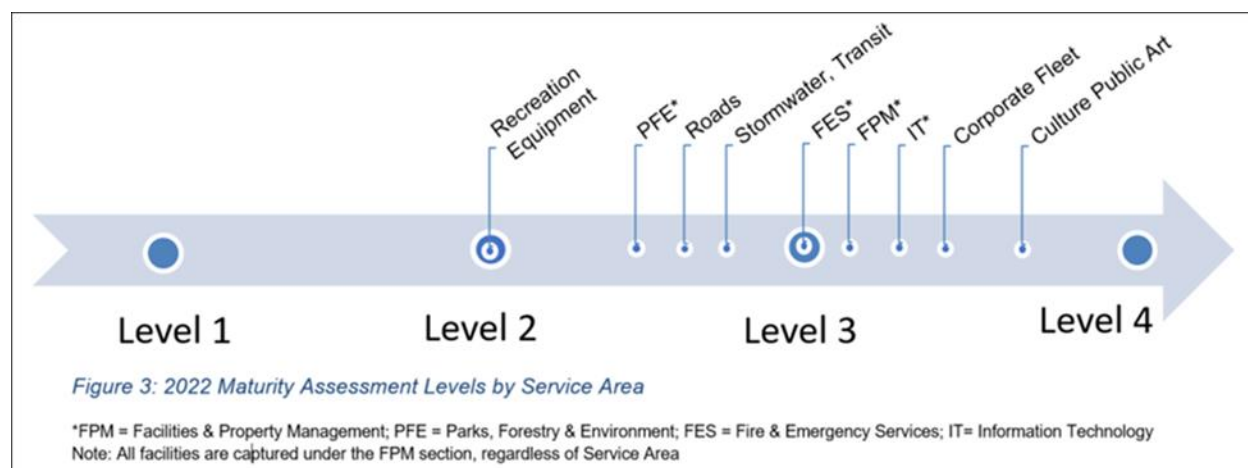


Figure 3: 2022 Maturity Assessment Levels by Service Area

\*FPM = Facilities & Property Management; PFE = Parks, Forestry & Environment; FES = Fire & Emergency Services; IT= Information Technology

\*\*Culture only included Public Art assets at the time of the maturity assessment

## Levels of Service

The ultimate goal of the City is to serve its residents and stakeholders diligently, as outlined in the 2009 Strategic Plan, by providing desired and sustainable levels of service. The assets that Service Area staff manage act as conduits for these levels of service, and to manage them effectively, staff must strike the proper balance between cost, performance and risk (Figure 4).

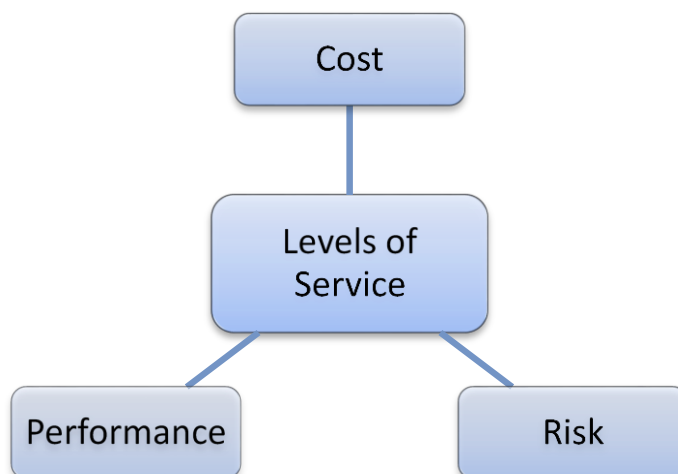


Figure 1: ISO 55000 Definition of Levels of Service

**Performance**

As such, the CAM office is working with staff to define their unique levels of service metrics and to quantify the impacts of decisions and asset lifecycle management on the services. These metrics will be included in the 2024 Plan for Council to review and endorse.

The performance of the City's assets in terms of condition, functionality, capacity, and other measures is a direct indicator of the City's service levels performance. Having reliable and accurate performance data leads to more pragmatic risk prioritization and lifecycle modelling in order to optimize the City's infrastructure management and service levels.

In preparation for the 2024 Plan, Service Area staff are analyzing the quality of their data (i.e. the accuracy, completeness, consistency, validity, etc.), and where possible, updating the information to reflect current-day status.

**Risk**

With regards to the risk element of the levels of service management, there are different levels to consider. The first and more granular level is to develop formalized and data-driven asset-specific risk management strategies to allow Service Area staff to better prioritize their assets as it relates to meeting their desired levels of service.

As part of the 2024 Plan development, staff are conducting an analysis of their data and systems in order to establish risk models, where possible. The second level is to overlay the asset-specific risk models within a corporate risk framework in order to better prioritize on a strategic level. The CAM office is working on this continuous improvement item and aim to have a fully established risk framework by 2025.

**Cost**

To achieve the desired levels of service within the asset management program, the City must also evaluate and measure the cost of providing the service, and by extension, the cost of managing the related assets. Service Area staff are quantifying these lifecycle costs within the 2024 Plan, and where possible, directly tying them to their levels of service metrics.

One continuous improvement item that the CAM office is working on is to ensure that the defined lifecycle costs and activities integrate fully with asset management plans as well as the City's long-term financial forecasting.

This was partially achieved last year by adding additional fields to the budgeting system to capture lifecycle costs by activity type. To further advance this continuous improvement item, the CAM office is aligning the asset management hierarchy with the financial reporting hierarchy. The CAM office is currently conducting workshops with Service Area staff to better link asset management planning with budget planning, where feasible.

### Enterprise Financial Forecasting Solution

A fully established and efficient asset management program is not complete without a system that can automate asset management reporting and run scenarios to optimize levels of service delivery. The CAM office released a request for information (RFI) in 2022 to determine if an enterprise financial forecasting solution is currently available to the City to meet provincial regulatory requirements for preparing future City AM Plans and running decision-support scenarios.

The CAM office is currently putting together their statement of work (SoW) requirements for the system. Some of its capability would include:

- Consolidating key asset information
- Standardizing and automating asset management reporting
- Prioritizing assets across all Service Areas within the City
- Running scenarios to optimize asset lifecycle, cost, and service delivery

The timelines to acquire and implement the system are shown in Table 2.

*Table 2: Timeline for Enterprise Financial Forecasting Solution*

Enterprise Financial Forecasting Solution - Project Milestones	Timeline
Request for Information (RFI) <ul style="list-style-type: none"> <li>• Received information and pricing from 4 vendors</li> </ul>	Q1 2022 Completed
Meeting with municipalities to review their Asset Management Enterprise Systems	Q1 2023 – Q3 2024
Request for negotiated Proposal (RFNP) <ul style="list-style-type: none"> <li>• Scope of Work</li> <li>• Business Functional and Technical Requirements</li> <li>• Submission Requirements</li> </ul> (IT Project Manager is leading this process)	Q1 2025 - Release RFNP Q3 2026 - RFNP Award
Asset Management Integrated Software Implementation (Phase in Approach)	Q3 2026 – Q3 2027

### Financial Impact

There is no direct financial impact from the information contained in this report. Approved funding available through an existing capital project ensures that the asset management program will continue to evolve throughout the organization.

## Conclusion

In accordance with the City's Strategic Asset Management Policy (03-13-01), an annual update to Council on the Asset Management (AM) Program is required. This report provides highlights of some of the asset management advancements and continuous improvement items made across the organization thus far.



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