

City of Mississauga
Corporate Report



<p>Date: May 28, 2024</p> <p>To: Chair and Members of General Committee</p> <p>From: Shari Lichterman, CPA, CMA, City Manager and Chief Administrative Officer</p>	<p>Originator's files:</p>
	<p>Meeting date: June 5, 2024</p>

Subject
2024 Corporate Asset Management Plan

Recommendation
That the 2024 Corporate Asset Management Plan attached as Appendix 1 to the report dated May 28, 2024, entitled “2024 Corporate Asset Management Plan” from the City Manager and Chief Administrative Officer be approved, posted on the City’s website to comply with O. Reg. 588/17 and submitted to the Ministry of Infrastructure (MOI).

- Executive Summary**
- Council approved a Strategic Asset Management Policy in June 2019 that sets out its commitment to integrating asset management (AM) practices in its business processes. Adopting AM practices ensures assets will be effectively managed and provide a level of service in alignment with the communities’ expectations in both the long-term and short-term.
 - Council approved the 2021 Corporate Asset Management Plan in September 2022 to meet O. Reg. 588/17 – *Asset Management Planning for Municipal Infrastructure* requirements for core assets (roads, bridges & culverts and stormwater).
 - The City’s 2024 Corporate Asset Management Plan (Appendix 1) encompasses all the City’s infrastructure and has been prepared through extensive collaboration with staff and third-party consultants.
 - Overall, the City’s infrastructure is in Fair to Good condition and has an estimated replacement value of \$17.6 billion.
 - In compliance with O.Reg. 588/17 for the July 1st, 2024, requirements, the City has defined its current levels of service, determined in accordance with qualitative and technical metrics that have been set out by the regulation and/or established by the municipality.

- As the City continues to grow and mature, our existing infrastructure will age and deteriorate. Maintaining local infrastructure in a state of good repair (SOGR) is a fundamental principle of the City's business planning and budget process.
- Similar to other municipalities, the City has identified an infrastructure gap for its assets. It is estimated in the 2024 Corporate AM Plan that there is an average annual gap of \$108.2 million for the 2022-2031 timeframe.
- A strategy to manage the infrastructure gap will be incorporated into future phases of the asset management program that aligns with provincial deadlines for Council to approve target levels of service for its assets by July 1st, 2025.

Background

The Province enacted the *Infrastructure for Jobs and Prosperity Act (IIPA)*, 2015 and its accompanying *O. Reg. 588/17 – Asset Management Planning for Municipal Infrastructure*. The Regulation provides standard requirements for municipal asset management planning and supports infrastructure resiliency and sustainability through developing Asset Management (AM) plans. This regulation came into effect on January 1, 2017.

In the regulation, the Province prescribed timelines for the delivery of municipal AM Plans for core infrastructure, non-core infrastructure, current and proposed community service levels, strategic AM policy review (every five years) and annual reporting to Council on AM Plan advancements. The information required in a municipal AM Plan established through the provincial regulation is very comprehensive, and must include the following components:

- State of infrastructure
 - Inventory of assets
 - Replacement cost
 - Asset Age
 - Asset condition
- Current Levels of Service
- Demand Drivers
 - Alignment with municipal strategic plans and growth plans
 - Climate change impacts
- Lifecycle Management Strategy
 - Lifecycle management activities in 10-year forecast

- Financing Strategy
 - Identifying funding sources
 - Identifying the infrastructure gap
- Continuous Improvement and Monitoring

Comments

The following sections provide highlights of the 2024 Corporate Asset Management Plan for the City's assets as detailed in Appendix 1 of this report.

State of City's Infrastructure

As with every asset management plan, it is a snapshot in time, based on the most accurate and reliable information available, meant to support budget deliberations and decision-making. The 2024 Corporate AM Plan has been prepared based on the most reliable and available asset information at the time of the plan development (i.e. 2021 year-end). Budget and forecast information is based on the 2022-2031 Capital budget and 2022-2025 Operating budget.

Asset Management Plan	Current Replacement Value (CRV)	Average Condition ¹	10-Year Average Annual Funding Gap
Stormwater	\$7.6 Billion	64% (Good)	N/A ²
Roads	\$5.3 Billion	62% (Good)	\$71.2 Million
Facilities & Property Management	\$2.4 Billion	70% (Good)	\$16.3 Million
Parks, Forestry & Environment	\$1.5 Billion	68% (Good)	\$13.8 Million
Transit (MiWay)	\$588 Million	45% (Fair)	\$4.4 Million
Fire & Emergency Services	\$117 Million	57% (Fair)	\$0.4 Million
Corporate Fleet	\$68.5 Million	44% (Fair)	\$2.2 Million
Information Technology	\$46.7 Million	52% (Fair)	\$0.0
Recreation & Culture	\$21.7 Million	58% (Fair)	\$0.0
General Government (Print & Mail Services)	\$0.8 Million	52% (Fair)	\$0.0
Total	\$17.6 Billion	Fair - Good	\$108.2 Million

¹ The Average Condition calculates the average condition across all asset classes for each Service Area. The average is replacement-value weighted.

² Stormwater lifecycle needs extend beyond the 10-year window (2022-2031) of this plan. A 100-year infrastructure gap has been developed instead and can be found in the Stormwater Asset Management Plan.

The current replacement values are based on the latest reliable cost estimates available. Where an asset was not being replaced like-for-like, staff used the most appropriate costs, based on their expertise.

The overall condition can be a mixture of assessed condition and/or age-based condition, depending on data quality and availability.

The average annual funding gap considers the lifecycle needs and planned budget for the next 10-years for State of Good Repair (SOGR) only. It does not include operations & maintenance, growth, or inflationary pressures.

Financing Strategy

The City's existing four-year business plan, budget and 10-year capital forecast provides for the funding of operational and capital investments for all city assets. Through prudent asset management practices, service areas ensure that available funds are applied in a prioritized manner. There continues to be, however, an infrastructure gap – the gap between how much is required to maintain our assets and how much funding is currently available.

As part of municipal asset management planning, O. Reg. 588/17, municipalities are required to document current levels of service in the AM Plans due in 2024, respectively. The focus of the 2025 AM Plan update will be to establish Council approved target levels of service and develop financing strategies to achieve and sustain those desired services.

It is important to note that the City continues to leverage allocations received from federal and provincial funding programs for road infrastructure, transit, and active transportation projects to control the size of the infrastructure gap and minimize the impact to ratepayers.

Continuous Improvement

Asset management is an evolution of learning and adopting better practices to optimize the delivery of City services. Generally, the City is at an intermediate level of maturity in its asset management journey with many continuous improvement items to improve its AM program and future plan iterations. Some of the advancements made to date include:

- Establishment of the City's Strategic AM Policy
- Establishment of an AM governance structure and core working team
- Establishment of an AM reporting framework
- Expansion of overall awareness and knowledge about AM
- Development of levels of service (LOS) metrics for all asset classes and developing knowledge to define proposed/target LOS for all asset classes

Performing regular asset management maturity assessments is used to demonstrate continuous improvement of an organization's asset management business practices. Standardized maturity

assessments have been conducted for all assets, establishing a base-line measurement for comparison against future maturity assessments. Implementation of AM improvement activities identified in the 2024 AM Plan will improve the overall AM maturity level at the City.

Financial Impact

The 2024 AM Plan has identified that funding needs compared to available funding has resulted in an infrastructure gap for specific assets. As asset management plans are further developed and funding gaps are quantified, these pressures will be brought forward through the annual budgeting process for Budget Committee to consider. In addition, City staff will continue to explore additional opportunities to obtain infrastructure funding from senior levels of government.

Conclusion

City staff are seeking approval of the 2024 Corporate Asset Management Plan for all municipal infrastructure prepared in accordance with O. Reg. 588/17. The 2024 Corporate AM plan estimates that the replacement value of the City's assets is \$17.6 billion, and the overall state of its infrastructure is in Fair-Good condition.

Attachments

Appendix1: 2024 Corporate Asset Management Plan



Shari Lichterman, CPA, CMA, City Manager and Chief Administrative Officer

Prepared by: Peter Amaral, Manager, Corporate Asset Management