



DATE: September 12, 2017

REPORT NO. PW2017-067

TO: Chair and Members
Committee of the Whole – Operations and Administration

FROM: E. (Beth) Goodger, General Manager
Public Works Commission

1.0	TYPE OF REPORT	CONSENT ITEM []
		ITEM FOR CONSIDERATION [X]

2.0 **TOPIC**

Environmental Bill of Rights Registry Comments – Proposed Municipal Asset Management Planning Regulation [Financial Impact - \$0] (PW2017-067)

3.0 **RECOMMENDATION**

- A. THAT Report No. PW2017-067 titled “Comments on Proposed Municipal Asset Management Planning Regulation” BE RECEIVED; and
- B. THAT the Province BE ADVISED that The Corporation of the City of Brantford is concerned that the implementation timeline of the proposed Municipal Asset Management Planning Regulation (Environmental Registry Posting #013-0551) fails to consider the financial and staff resources which will be required to collect, analyze and report on all of the infrastructure asset groups listed in the regulation; and
- C. THAT City of Brantford comments attached as Appendix “A” to report PW2017-067 BE SUBMITTED in response to the request for input into the Proposed Municipal Asset Management Planning Regulation as posted on the Environmental Registry (EBR); and
- D. THAT a copy of this resolution BE FORWARDED to The Honourable Bob Chiarelli, Minister of Infrastructure (MOI), David Levac, MPP – Brant, Association of Municipalities of Ontario (AMO) and the Municipal Finance Officers’ Association of Ontario (MFOA).

4.0 PURPOSE

The purpose of this report is to provide:

- (i) A summary of the Ministry of Infrastructure (MOI) Proposed Municipal Asset Management Planning Regulation (hereafter referred to as the “Regulatory Proposal”) and;
- (ii) To provide and submit comments on the Regulatory Proposal (Environmental Registry posting - # 013-0551) to the MOI.

5.0 BACKGROUND

In May 2016, the *Infrastructure for Jobs and Prosperity Act, 2015* was proclaimed; granting the province the authority to regulate municipal asset management planning. The MOI introduced a proposed municipal asset management planning regulation and opened it for comment through the Environmental Registry. The Regulatory Proposal is founded on the province’s 2012 *Building Together: Guide for Municipal Asset Management Plans* and sets out requirements to improve asset management planning.

The Regulatory Proposal consists of four (4) documents:

1. Proposed Municipal Asset Management Planning Regulation;
2. Table 1: Actuals Reporting;
3. Table 2: Projections Reporting; and
4. Proposed Levels of Service Tables.

The Regulatory Proposal has three (3) main goals:

1. Provide certainty around future asset management planning requirements;
2. Provide guidance and aid to municipalities to more clearly identify their infrastructure requirements to support resilience and sustainability; and
3. Implement best practices throughout the municipal sector and support collaboration between municipalities themselves and with the province.

6.0 CORPORATE POLICY CONTEXT

Reviewing and providing comments to the MOI regarding the Regulatory Proposal is in keeping with all of the four main pillars of the Community Strategic Plan. The Regulatory Proposal promotes the resilience and sustainability of municipal infrastructure in a fiscally responsible manner so that it can support the City’s citizens, the City’s economy, and the environment.

7.0 INPUT FROM OTHER SOURCES

Input was sought and received from multiple City departments and Boards including Public Works, Finance, Parks and Recreation, Police, Fire, Housing, Brantford Public Library, the John Noble Home, the Bell Homestead and the Sanderson Centre.

8.0 ANALYSIS

Staff has reviewed the Regulatory Proposal posted on the EBR and a prepared a number of comments and recommendations which were submitted to the MOI (See Appendix "A"). The deadline for comments was July 24, 2017 and the City's staff submission indicated that a report would be coming forward to Council in September.

The following is a summary of the Staff comments:

1. The implementation timeline for the Strategic Asset Management Policy component of the Regulatory Proposal (January 2019) should be achievable.
2. The relatively short period of time (January 2020) until the Core Asset groups must meet all of the additional criteria outlined is not feasible based on the status of current work order initiatives at the City. Partial compliance with this date will be achievable at current staffing levels.
3. An increase in the number of phases to include the non-core assets into the asset management plan is recommended. If the phasing is not increased the implementation timeline of January 2021 is not expected to be fully achievable with current staffing levels in some departments. Partial compliance with this date will be achievable at current staffing levels.
4. The main areas of concern for implementation were setting levels of service and estimating operating expenses on an asset basis. Templates, examples and lists of standard parameters should be provided by the Province. The parameters would be used for items such as expected service life in the absence of the City having historical data to estimate these parameters.
5. The Regulatory Proposal includes a requirement for sign-off from the CAO and a licensed engineering practitioner representing the City. The requirements around the engineer and what precisely they are approving is unclear as the Asset Management Plan covers a wide variety of assets and a single engineer is unlikely to have expertise in all of them. The province needs to provide further clarification around this item.

From a broad perspective, the Regulatory Proposal will impact all City departments responsible for capital infrastructure assets. These impacts include:

- (i) A need for increased resources (staff and funding) to meet the proposed regulation requirements;
- (ii) Procurement and implementation of software applications required to track and report on the data requested by the regulation;
- (iii) Corporate-wide training for staff responsible for managing capital assets around core asset management principles, operational costing, analysis and projections;
- (iv) Changes to corporate policies to reflect any commitments made in the Strategic Asset Management Policy. In particular, the Regulatory Proposal requires a process for how the asset management plan will affect the development of the City budget and any applicable long-term financial plans. As well the Policy should include a process for how the City will address the risks and vulnerabilities which may be caused by Climate Change to its infrastructure assets.

Overall, City staff is supportive of the Proposed Municipal Asset Management Planning Regulation (Environmental Registry posting - #013-0551). However, the phased implementation timeline proposed is unlikely to be achievable for all information and asset classes requested, due to insufficient financial and staff resources.

9.0 FINANCIAL IMPLICATIONS

The Regulatory Proposal will have impacts on City operating and capital budgets once it becomes regulation. The impacts are currently unknown and could affect budgets as early as 2018. The impact will largely be around staffing/administrative requirements to comply with the regulation as well, new or extended software packages may be required for some asset classes.

10.0 CONCLUSION

The Proposed Municipal Asset Management Planning Regulation strives to improve municipal infrastructure resilience and sustainability by providing regulatory certainty and implementing best practices throughout the municipal sector. The phased implementation timelines of this regulation are ambitious and may not all be achievable. Further direction from the province is required around levels of service and operating costs.

City staff are generally supportive of the proposed Regulatory Proposal as it aims to improve the long-term sustainability of infrastructure within the Province. However, the City of Brantford is concerned that the implementation timeline fails to consider the financial and staff resources required to collect, analyze and report on all of the infrastructure asset groups listed in the regulation

Staff recommends that the comments outlined in Appendix "A" of this report be endorsed by Council and be forwarded to the MOI to summarize a municipal perspective of the comments/concerns regarding the Regulatory Proposal.

It is also recommended that Council forward this report to the local Member of the Provincial Parliament, Minister of Infrastructure, the Association of Municipalities of Ontario (AMO) and the Municipal Finance Officers' Association of Ontario (MFOA).

Lastly, staff will continue to monitor and participate in any future discussions with the MOI regarding the drafting of new future legislation and advise Council of any potential impacts to the City's infrastructure.



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Attachments:

- Appendix "A" – City of Brantford Comments, Proposed Municipal Asset Management Planning Regulation

In adopting this report, is a by-law or agreement required? If so, it should be referenced in the recommendation section.

By-law required yes no

Agreement(s) or other documents to be signed by Mayor and/or City Clerk yes no

Is the necessary by-law or agreement being sent concurrently to Council? yes no

APPENDIX “A”

City of Brantford Comments – Proposed Municipal Asset Management Planning Regulation

AREA OF CONCERN	CITY COMMENTS
Timeline	<p>The timeline to incorporate additional assets into the current asset management plan layout was determined to be achievable by most departments surveyed. Concern was expressed by two departments that the time commitments required for the entry into the tangible capital asset registry were either unclear or not achievable with current staffing levels resources and funding.</p> <p>The requirement to report on and estimate operating costs will be difficult in the short term timeline proposed by the regulation. The City is currently in the process of acquiring and implementing a work order management system but is not expected to have a full year’s worth of data to draw on for all core assets until 2021.</p> <p>City staff would prefer an increase to the number of phases, with fewer requirements for each phase. In particular, breaking out the inventory, level of service and operating cost sections to separate years for both the core assets and the additional assets, as well as dividing the input of the additional assets over multiple years. While the core asset deadlines are felt to be achievable for inventories and level of service, the number of new departments which would need to be included by Jan 1, 2021 is unlikely to be achieved at current staffing levels. The City is in the process of finalizing the 2017 Asset Management Plan (AMP) which brought in the assets of one additional department and the process took over 12 months at current staffing levels.</p>
Implementation	<p>City Staff expressed uncertainty about the requirements for their individual department’s assets in particular with regards to levels of service and operating expenses. Templates and examples were requested for estimating the operating expenses and determining the levels of service.</p> <p>The P.Eng. sign-off requirement is a concern as departments have diverse operational models, and many different asset classes. It is unclear what the engineer is actually approving (e.g. are they taking responsibility for all condition assessments and recommendations included in the AMP?). A single engineer is unlikely to have the expertise to certify that all estimated service lives, conditions and levels of service meet or exceed industry standard. The regulation needs to further clarify the role of the engineer in this process, what</p>

AREA OF CONCERN	CITY COMMENTS
	<p>they are actually certifying (e.g. all estimates carried out in a manner consistent with some stated parameters) and what the extents are of their professional liability will be. Potentially the province will also need to provide a list of standard estimated service lives (or a list of standard sources) and levels of service, which can be used for each asset type in the absence of the City having historical data to support their estimates.</p>
Financial Impact	<p>Many departments indicated that they expect to require additional staff and additional funding in order to meet the proposed regulation requirements. As well, some departments identified the need for specialized software applications in order to track and report on the data requested by the regulation.</p>
Staff Impact	<p>City staff have identified that there will be an increased administrative burden and related costs related to the initial addition of assets belonging to non-core departments into the AMP and the long term maintenance of those inventories.</p> <p>City has identified that corporate training will be required for City staff focused on asset management, operational costing, analysis and projections.</p> <p>Other potential cost impacts include the potential hiring and training of additional staff complement to meet the current deadlines and the ongoing reporting and maintenance requirements of the regulation. New hires are expected to be required by some departments due to current demands on existing staff exhausting capacity to take on new commitments.</p>
Recommendations	<p>The City recommends the development of templates and other decision-making support documents by the province which municipalities can reference to complete their AMPs. In particular these tools should support Levels of Service (LOS) and key performance indicator (KPI) goal setting.</p> <p>Implementation phases should be increased to prolong the implementation period for assets beyond the core assets and allow the gathering of operating data.</p>

CONCLUSION

The City of Brantford is supportive of the proposed municipal asset management planning regulation however the City is concerned that the implementation timeline is not realistic considering the amount of additional new data and assets which will need to be brought into existing AMPs. Further direction and details are required from the province in order for municipalities to estimate the amount of staff and financial resources required to meet the requirements of this regulation. These comments will be presented to Brantford City Council at their meeting on September 12, 2017. Any amendments to these comments directed to staff by City Council will be sent to the MOI as soon as possible.