



Staff Report T2024-20

Committee 2024-09-09

Council 2024-09-23

Amendments

Submitted To: Committee of the Whole | Council
Submitted By: Jennifer Graham, Acting Treasurer
Prepared By: Monica Quinlan, Treasurer
Subject: Non-core Asset Management Plan (Written Document)

Recommendation

THAT Staff Report T2024-20, 2024 Non-core Asset Management Plan (AMP) (Written Document), be received;

AND THAT Council herein approve the Town of Collingwood Asset Management Plan – Non-Core Assets as presented.

Amendments

None.

1. Executive Summary

As noted in staff report [T2024-17](#) the following steps were required to be in compliance with the next several phases of Ontario Regulation 588/17.

1. Integrate the Non-Core Asset information into the Asset Management Plan (AMP) as approved by the Council in 2022. (i.e. Meet the Phase II requirement (Due July 2024): Expands the AMP to include all non-core infrastructure assets).
2. Review and update the Strategic Asset Management Policy (Policy #FIN-001-05) as is required per the policy.
3. Develop the Asset Management Plan to Meet Ontario Regulation 588/17 Requirements by July 1, 2025:

- Define proposed levels of service for each asset category.
- Provide detailed explanations of the rationale behind the proposed levels of service.
- Outline the proposed performance standards for each asset category.
- Develop a comprehensive lifecycle management and financial strategy that covers the full lifecycle of assets.
- Include a discussion on how assumptions regarding future population changes and economic activity have informed the development of the lifecycle management and financial strategy.

The attached Appendix A satisfies this first next step in meeting the requirement for the July 1, 2024 AMP deadline.

2. Analysis

Background

As discussed throughout staff report 2024-17, the following milestones were reached in preparation of the Non-core Asset Management Plan:

- Parks inventory and staff reviewed condition assessments completed (trails, playground equipment, parking lots, lighting, shoreline, docking, comfort stations and storage areas);
- Information technology assets inventory refined and updated replacement cost information;
- Fleet/equipment inventory refined and updated replacement costs;
- Facility condition assessments reviewed and evaluation of lifecycle financing;
- Downtown parking lots condition assessments and replacement/refurbishment costs assigned;
- Streetlight inventory reviewed and assigned replacement costs;
- Transit Shelters inventories and replacement costs assigned; and
- Library Asset inventory and replacement costs assigned.

Still to do and/or update:

- Fleet and equipment condition assessments;
- Streetlights inventory requires review and improvement;

- Traffic signals review and inventory (note that currently included in road reconstruction costs); and
- Continued review and management of the inventory of all assets within the GIS Software is under review as we develop the current standards required to maintain the information and provide for clear processes.

The inventory that resulted from this was as follows:

	Tax Supported - Replacement Cost	User Fee Supported - Replacement Cost	Total Replacement Cost
Facilities	\$ 89,156,965	\$ 52,526,428	\$ 141,683,393
Transit Shelters	440,000	-	\$ 440,000
Streetlights	12,797,000	-	\$ 12,797,000
Trails	10,394,000	-	\$ 10,394,000
IT Equipment	962,400	308,600	\$ 1,271,000
Library Assets F&E/Circulation Materials	1,570,367	-	\$ 1,570,367
Fleet & Equipment	22,444,000	2,180,000	\$ 24,624,000
Downtown Parking Lots	-	2,123,099	\$ 2,123,099
Parks	35,886,157	-	\$ 35,886,157
Total	\$ 173,650,889	\$ 57,138,127	\$ 230,789,016

Noting that this **work was still evolving and will continue to require further refinement and revision** the updated inventory has excluded Core Asset Buildings that were provided for in the Core AMP. This means that the inventory has been updated to the following:

	Tax Supported - Replacement Cost	User Fee Supported - Replacement Cost	Total Replacement Cost
Facilities	\$ 85,482,893	\$ -	\$ 85,482,893
Transit Shelters	440,000	-	440,000
Streetlights	12,797,000	-	12,797,000
Trails	10,394,000	-	10,394,000
IT Equipment	962,400	308,600	1,271,000
Library Assets F&E/Circulation Materials	1,570,367	-	1,570,367
Fleet & Equipment	22,444,000	2,180,000	24,624,000
Downtown Parking Lots	-	2,123,099	2,123,099
Parks	35,886,157	-	35,886,157
Total	\$ 169,976,817	\$ 4,611,699	\$ 174,588,516

Given the updated asset inventory the estimated calculated annual lifecycle costs of the asset classes is as detailed in the table below:

	Tax Supported - Replacement Cost	User Fee Supported - Replacement Cost	Total Replacement Cost	Annual Lifecycle Requirement - Excluding Inflation
Facilities	\$ 85,482,893	\$ -	\$ 85,482,893	\$ 375,720
Transit Shelters	440,000	-	440,000	14,667
Streetlights	12,797,000	-	12,797,000	742,130
Trails	10,394,000	-	10,394,000	207,880
IT Equipment	962,400	308,600	1,271,000	182,280
Library Assets F&E/Circulation Materials	1,570,367	-	1,570,367	114,000
Fleet & Equipment	22,444,000	2,180,000	24,624,000	1,713,894
Downtown Parking Lots	-	2,123,099	2,123,099	53,077
Parks	35,886,157	-	35,886,157	925,999
Total	\$ 169,976,817	\$ 4,611,699	\$ 174,588,516	\$ 4,329,646

Given that the average annual amount currently spent and/or saved through reserves amounts to approximately \$916K, this results in a financing gap of \$3.4M. **Together with the Core Asset Financing gap this results in a total financing gap of \$4.6M.**

Given all the information and the understanding of how vitally important it is that we continue to invest today to protect the future sustainability of the town. It is also important to understand that we are not alone in this, most municipalities are facing similar financing deficits and struggling to find ways to mitigate these issues. Again, as documented within the AMP there are ways to assist in closing this gap that may not be overly burdensome to the taxpayer/user rates for example:

- 1) Continue to add small increases to the Special Capital Levy over the next 5 – 10 years (benefits tax-supported only):
- 2) As old debt expires use the tax levy component to create a future Debt Reserve (to assist in Asset Management). More details will come forward as the Debt Policy is reviewed however to provide some context – the current debt levy requirement is approximately \$1.5M over time this will deteriorate by about 15%

per year which would mean approximately \$225K per year. This assumes that no new debt is issued however, even if 50% was available small amounts could be saved.

- 3) Slowly raise the contribution to Reserve Funds over time. Today 1% point increase of the tax rate equates to approximately \$370K, if we exclude growth and we increase the reserve contribution by 5% over the next 6 years this would mean a total tax rate impact of approximately 2%. However, if we include growth as part of the contribution, it is possible that the tax rate is not impacted. Note that for User-Fee supported assets this would mean an increase to their rate.
- 4) Determine if some assets may be retired, or the level of service provided can be reduced (this is a part of the next phase of Asset Management, under the Province's requirements for 2025).
- 5) Consider transitions to additional user fees or other partnerships.

These types of small changes each year can accumulate to large payoffs in the future and make meaningful change.

3. Input from Other Sources

This report was reviewed by Department Heads on September 3rd, 2024.

4. Applicable Policy or Legislation

Municipal Act, 2001

Ontario Regulation 588/17

5. Considerations

- | | |
|--|---|
| <input checked="" type="checkbox"/> Community Based Strategic Plan: | Consistent with CBSP |
| <input type="checkbox"/> Services adjusted if any | |
| <input type="checkbox"/> Climate Change / Sustainability: | Choose an item. |
| <input type="checkbox"/> Communication / Engagement: | Choose an item. |
| <input type="checkbox"/> Accessibility / Equity, Diversity, Inclusion: | Choose an item. |
| <input type="checkbox"/> Registered Lobbyist(s) relating to content: | [add content and meeting dates] |

Next steps and future action required following endorsement:

1. Review and update the Strategic Asset Management Policy (Policy #FIN-001-05) as is required per the policy.
2. Develop the Asset Management Plan to Meet Ontario Regulation 588/17 Requirements by July 1, 2025:
 - Define proposed levels of service for each asset category.
 - Provide detailed explanations of the rationale behind the proposed levels of service.
 - Outline the proposed performance standards for each asset category.
 - Develop a comprehensive lifecycle management and financial strategy that covers the full lifecycle of assets.
 - Include a discussion on how assumptions regarding future population changes and economic activity have informed the development of the lifecycle management and financial strategy.

6. Appendices and Other Resources

Appendix A: Town of Collingwood Asset Management Plan – Non-Core Assets

Appendix B: [Town of Collingwood Asset Management Plan – Core Assets](#)

7. Approval

Prepared By:

Monica Quinlan, Treasurer

Reviewed By:

Sonya Skinner, CAO

CAO Comments:

Endorsed, Amanda Pegg, Acting Chief Administrative Officer, September 4, 2024