



# Municipal Asset Management Plan

## Final Report 2022

Council Meeting – June 13, 2022

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## ASSET MANAGEMENT PLAN 2022



Kincardine Asset Management Plan 2022 – Report to Council (June 13, 2022)

## Thank you to the team who contributed to the completion of the Asset Management Plan 2022

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- **Peter Simcisko**  
Financing Strategy Lead, Watson & Associates Economists Ltd.

# Asset Management

- Investing wisely over the long term
- Balancing operations, risks and costs
- Providing our community with the right service at the optimal cost
- Keeping our community's future needs in mind



# How does asset management deliver value to my community?

Level of Service

**Risk**

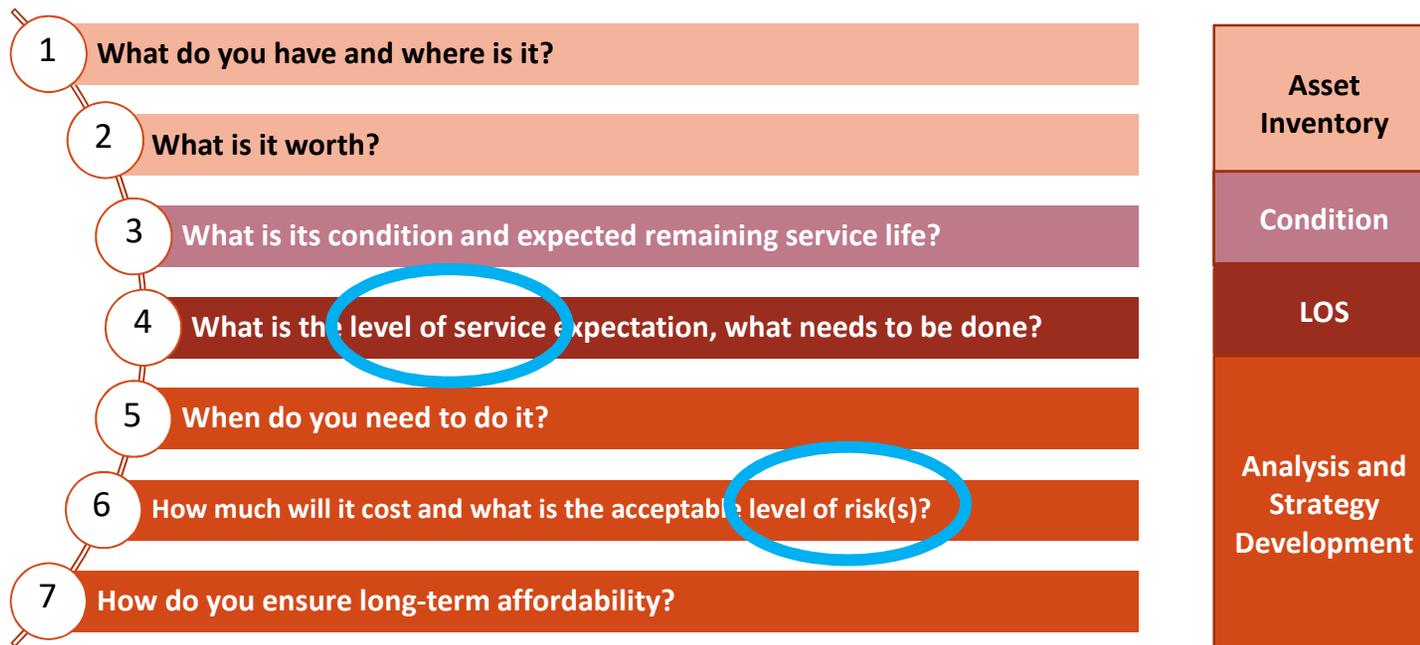
**Performance**

**Cost**

**Value from  
services**



# Essential Questions



# Strategic Asset Management Policy

Kincardine GG.2.22: August 1, 2018 (Resolution #08/01/18-02)

## VISION

To **proactively manage** its assets to best serve the Municipality's objectives, including:

- Prioritizing the need for existing and future assets to **effectively deliver services**
- Supporting **sustainability** and economic development, and
- Maintaining prudent financial planning and decision making.

## OBJECTIVES

- Provide a **consistent framework** for implementing asset management throughout the organization
- Provide transparency and accountability and to demonstrate to **stakeholders** the legitimacy of decision-making processes which combine **strategic plans, budgets, service levels and risks**

The Municipality will use a **service-based (qualitative)** perspective when applying this policy to municipal assets, rather than a monetary value (quantitative).

# Regulatory Alignment

- ✓ **Phase 1 - July 1, 2019:** finalized strategic asset management **policy**.
- ✓ **Phase 2 - July 1, 2022:** approved asset management plan (AMP) for **core assets** (roads, bridges and culverts, water, wastewater and stormwater management) that discusses **current levels of service** and the cost of maintaining those services.

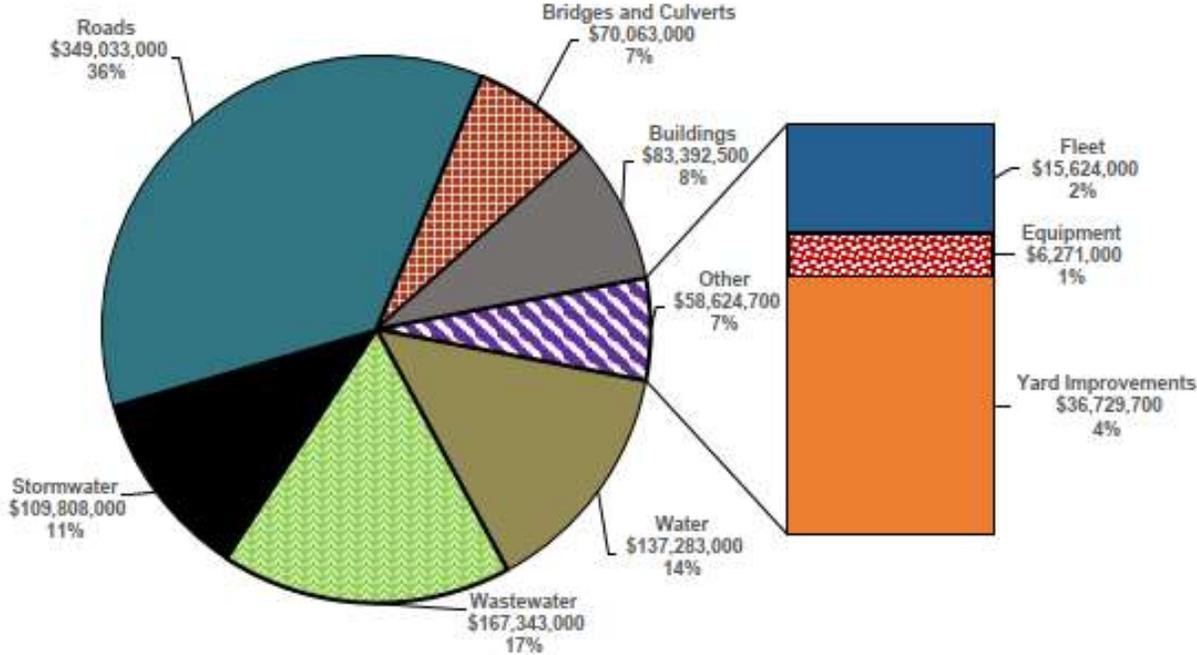


**O. Reg. 588/17: Asset Management for Municipal Infrastructure** and amended by O. Reg. 193/21

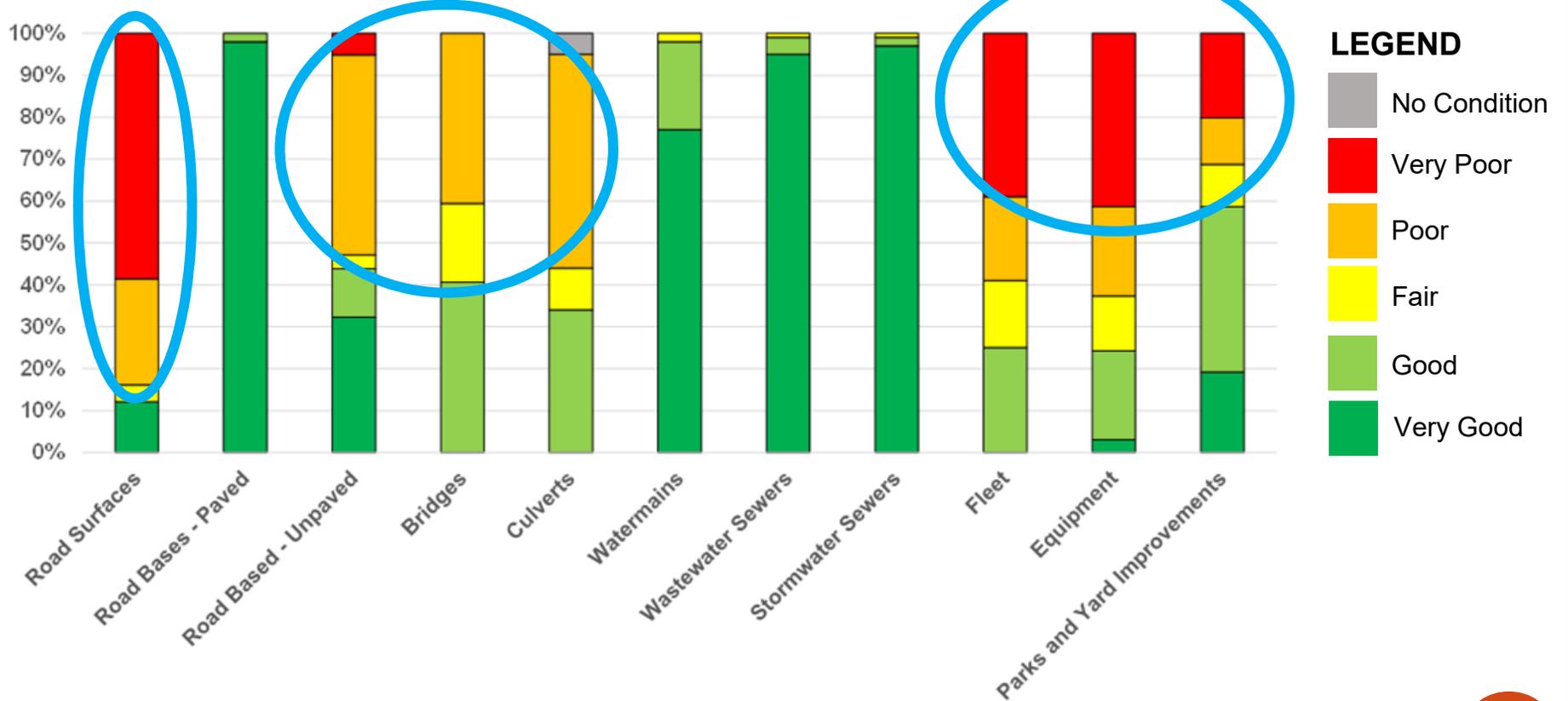
- ✓ **Phase 3 - July 1, 2024:** approved AMP for **all infrastructure assets** that discusses current levels of service and the cost of maintaining those services.
- ✓ **Phase 4 - July 1, 2025:** approved AMP for all assets that builds upon the requirements set out in 2024. This includes a discussion of **proposed levels of service**, what activities will be required to meet proposed levels of service, and a **strategy to fund** the activities.

# Current Replacement Value

\$975.5 million



# Condition Summary



# Levels of Service

The parameters, or combination of parameters, that reflect the social, political, environmental and economic **outcomes that the organization delivers.**

What service does the municipality **DELIVER?**

Technical LOS

What service does the community **RECEIVE?**

Community LOS

Community LOS (CLOS)

LOS that the organization provides to the Community/Customer

Asset LOS (ALOS)

LOS that the asset is capable of providing to the organization

Performance

Quantifiable indicators of efficiency, quality and / or effectiveness

Technical LOS

# Proposed Levels of Service

## Maintain current LOS

Outcomes that the organization delivers

### Transportation Services: Roads, Bridges / Culverts

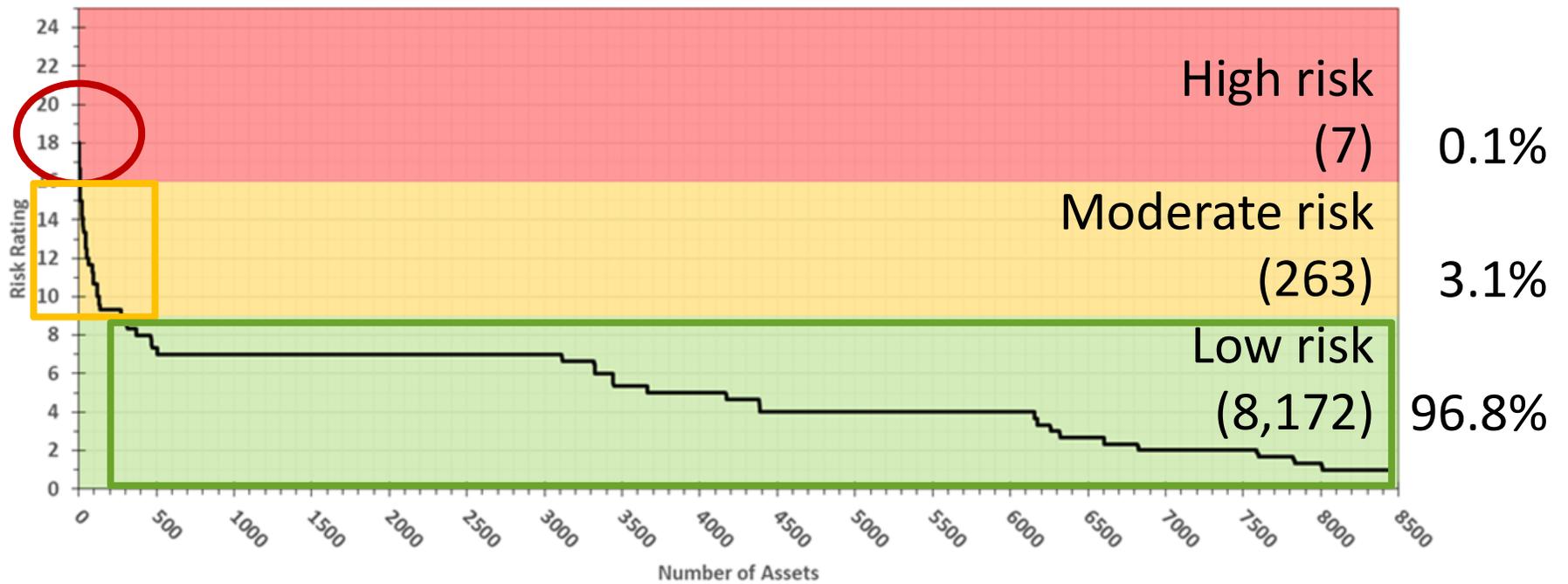
Asset Service	LOS Parameter	LOS Measure	Current LOS Delivered	2031 Proposed LOS
Paved Roads	Quality	Average pavement condition index (PCI)	53 (fair)	53 (fair) or better
Unpaved Roads	Quality	Average surface condition	67 (fair)	67 (fair) or better
Bridges	Quality	Average bridge condition index (BCI) value	63.5 (fair)	63.5 (fair) or better
Structural Culverts	Quality	Average bridge condition index (BCI) value	56.4 (poor)	56.4 (poor) or better

See Section 1.2.4 for other asset categories

# Risk Profile

All Assets Combined

8,442 assets



# Risk Profile

$$\text{LIKELIHOOD} = (A + B + C) / 3$$

What increases LIKELIHOOD of non-delivery of service?



Factors	LOW	MODERATE	HIGH
<b>A – Condition</b>	Very Good (1)	Good (2); Fair (3)	Poor (4); Very Poor (5)
<b>B – Performance</b>	Always Reliable (1)	Usually Reliable (3)	Not Reliable (5)
<b>C – Climate Change</b>	No or limited impact, quick recovery or mitigation in place (1)	Limited impact with slower recovery; mitigation plan not in place (3)	Moderate or high impact; no or limited mitigation plan (5)

# Risk Profile

$$\text{CONSEQUENCE} = \text{D} + \text{E}$$

What increases the CONSEQUENCE of non-delivery (or failure of an asset)?



Factors	Low	Moderate	High
<b>D – Impact</b>	Low or no impact (0)	Moderate impact (1)	High impact (2)
<b>E – Importance</b> of the asset in delivering service	Low importance (1)	Moderate importance (2)	High importance (3)

# Risk Profile

Compare between asset categories

Help prioritize projects for investment to improve condition, extend useful life.

Help inform the Asset Management Strategy

$$\text{Risk} = \text{LIKELIHOOD} \times \text{CONSEQUENCE}$$

**A – Condition**

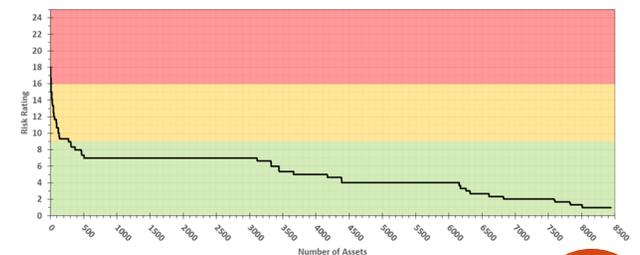
**B – Current Performance**

**C – Climate Change Vulnerability**

**D – Impact of Failure**

**E – Importance of Asset (for delivering service)**

$$\text{Risk} = (A + B + C) / 3 \times (D + E)$$

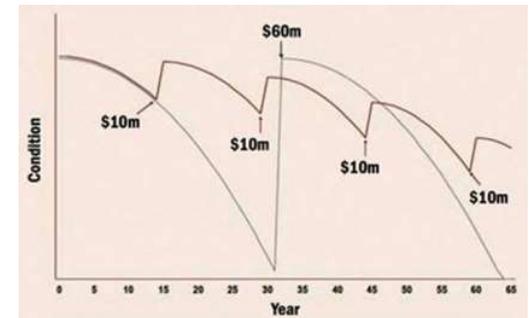
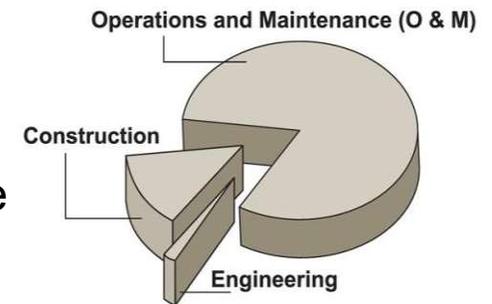


# Asset Management Strategies

## Lifecycle Approach



- Construction
- Operation and Maintenance
- Renewal / Rehabilitation
- Replacement
- Disposal
- Expansion Activities



# Financing Strategy

## Annual Lifecycle Costs and Current Capital Funding

- Average annual lifecycle cost of assets (at proposed levels of service) estimated at **\$20.9 million**
- Current capital funding is approximately \$9.7 million
- Annual lifecycle funding gap estimated at \$11.2 million
- Financing strategy designed **to close the annual lifecycle funding gap by 2032**

Asset Category	Annual Lifecycle Cost	Current Capital Funding Capacity
Bridges & Culverts	1,894,801	
Roads	5,632,000	
<u>Stormwater Mains</u>	1,356,249	
Buildings	2,634,049	
Fleet	1,264,144	
Equipment	514,695	
Parks & Yard Improvements	1,097,148	
<b>Total Tax Supported</b>	<b>14,393,087</b>	<b>6,738,138</b>
<u>Watermains</u>	1,700,629	
Buildings	1,199,015	
Fleet	52,999	
Equipment	7,531	
Yard Improvements	3,703	
<b>Total Water</b>	<b>2,963,876</b>	<b>1,504,426</b>
Sanitary Sewers	1,964,293	
Buildings	1,525,184	
Fleet	52,999	
Equipment	7,531	
Yard Improvements	3,703	
<b>Total Wastewater</b>	<b>3,553,710</b>	<b>1,488,690</b>
<b>Grand Total</b>	<b>20,910,673</b>	<b>9,731,254</b>

# Financing Strategy



## Impact Analysis

- The estimated impact on **property tax bills** to achieve full lifecycle funding by 2032 is an increase of **approximately 5.3% annually** from 2023 to 2032
  - 2022 increase was 4.7% (\$96 per average household)
  - Impacts could be mitigated by reviewing existing user fees (e.g., Parks & Recreation fees, building permit fees, etc.), and exploring new funding sources (e.g., stormwater fees)
- For **water/wastewater**, the total revenue generated from user fees would need to increase by **approximately 7.9% annually** to achieve full lifecycle funding by 2032
  - 2022 increase was 3% (\$31 per average household)
  - Impacts should be assessed in detail through a rate review to consider the effects of customer growth

# Roadmap – Next Steps

## Regulatory Compliance

- **Annual Report to Council:** current progress of asset management
- **Full Update of AMP:** by 2027
- **Enhancements:** green assets, assessment of vulnerabilities caused by climate change

## Operationalizing Asset Management

- Policy and Governance
- People and Leadership
- Data and Information
- Planning and Decision-Making
- Contribution to Asset Management Practice

## Recommendations in AMP 2022

- **Condition Assessments:** roads, bridges, buildings, pipes, stormwater
- **Performance Data:** expand collection of performance data to be able to track and report whether the Municipality is on target to meet the proposed LOS
- **Financing Strategy:** update Water and Wastewater Rate Study