



Report to: General Committee

Meeting Date: October 19, 2020

SUBJECT: Asset Management Plan Progress Update - Revised
PREPARED BY: Sameem Shah, Project Manager, Sustainability & Asset Management

RECOMMENDATION:

1. That Council receive the Asset Management Plan Progress Update.

EXECUTIVE SUMMARY:

This report is revised to include additional detail on the 2019 Asset Management Plan updates by staff as requested by General Committee on Sept 21, 2020. The highlighted section below contains the revision requested.

This first annual update to Council aligns with the management commitment made in response to the Auditor General's 2019 Asset Management Audit Report.

City Staff confirm that the City is currently in compliance with O. Reg. 588/17 and the development of 2021 Asset Management Plan is on schedule to meet the July 1, 2021 deadline as per the timelines provided in O. Reg. 588/17.

PURPOSE:

The purpose of this report is to provide an annual progress update to keep Council informed on the development of City of Markham Asset Management Plan, Strategy and compliance with Ontario Regulation 588/17 as recommended in the 2019 Asset Management Audit by MNP, the City's Auditor General.

BACKGROUND:

As part of 2014 renewal of the Municipal Funding Agreement, municipalities were mandated to create an Asset Management Plan by December 31, 2016 to be eligible for Federal Gas Tax Funds. Throughout 2015 and 2016 Staff developed an Asset Management Plan in accordance with Ministry of Infrastructure's — Building Together: Guide for Municipal Asset Management Plans as mandated. Council approved the 2016 Asset Management Plan on November 16, 2016.

In 2017 the Province implemented the Asset Management Planning for Municipal Infrastructure Regulation, O. Reg. 588/17, which took effect on January 1, 2018.

As noted earlier, in 2019, as part of the four year audit plan, MNP LLP performed an audit of City of Markham 2016 Asset Management Plan and staff work to date in implementing the plan.

The Auditor General Report was presented to General Committee on October 7, 2019 and Council on October 16, 2019.

The report contained the AG's observations, recommendations and timelines for required action on the recommendations. The report also included City of Markham management responses to the recommendations made by the Auditor General and associated timelines with reference to availability of resources and regulatory expectations.

DISCUSSION:

This update is in response to the AG's recommendation that Council receive annual updates from Staff on the Asset Management Plan progress and compliance with O. Reg 588/17. Staff confirm the City is currently compliant with the Regulation.

As per Auditor General's recommendations and O. Reg. 588/17, the City of Markham, under the direction of the Asset Management Steering Committee (AMSC), must develop a formal annual review process to document progress on the Asset Management Plan and Strategy. The results of the annual review are to be reported to the AMSC and to Council.

Members of the AMSC meet monthly to provide direction on the development of Asset Management Plan and to monitor its progress. Table-1 shows the members of AMSC.

Table – 1

Chair	Graham Seaman, Director, Sustainability & Asset Management
Member	Brian Lee, Director, Engineering
Member	Joel Lustig, Treasurer, Financial Services
Member	Mary Creighton, Director, Recreation Services
Member	Morgan Jones, Director, Operations
Member	Nasir Kenea, Chief Information Officer, ITS
Member	Phoebe Fu, Director, Environmental Services

A working group was created under the direction of AMSC, with Staff from all relevant departments, to update the 2016 Asset Management Plan to address recommendations made by the Auditor General in the "City of Markham – Asset Management Audit" report and ensure compliance with the O. Reg. 588/17. This updated plan will come forward for Council approval prior to July 1, 2021.

Staff has made the following progress in updating the 2016 Asset Management Plan:

- The inventory update has been completed based on the latest information received from relevant departments. This includes capturing any formerly missing assets, any new assets and deleting any disposed assets.
- Asset replacement values have been updated to record the latest replacement costs of different city owned assets.

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- The average Asset Condition Rating has been updated based on the latest information from actual condition assessment reports. This approach ensures that the asset condition is not rated solely on its remaining useful life but also on its actual condition to represent the effectiveness of city's capital replacement program and planning strategy. This better aligns with the City's practice of planning work by condition rather than age.
 - Staff have moved from a three point Asset Condition Rating System to a five point Asset Condition Rating System that will allow better resolution of the asset condition and more efficient planning of lifecycle activities and is aligned with current industry best practice.
 - The Financial Strategy has been updated by Finance staff including updated Cashflow Projections.

In addition to updating the content of 2016 Asset Management Plan with the updated asset inventory, replacement costs and conditions, the 2021 Asset Management Plan update will also address the following expectations of the O. Reg. 588/17:

- Every municipality shall prepare an asset management plan in respect of its core municipal infrastructure assets (water, waste water, storm water, road, bridge or culvert) by July 1, 2021
- Asset management plan must include the current levels of service being provided, determined in accordance with the qualitative descriptions and technical metrics provided in the regulation and based on data from at most the two calendar years prior to the year in which all information required under this section is included in the asset management plan
- Portion of the population and employment forecasts allocated to the City of Markham in the official plan of York Region
- Climate Change Strategy for each asset category

FINANCIAL CONSIDERATIONS

Not applicable

HUMAN RESOURCES CONSIDERATIONS

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

BMFT –Stewardship of Money and Resources

BUSINESS UNITS CONSULTED AND AFFECTED:

This report was developed in consultation with Engineering, Environmental Services, Financial Services, Information Technology Services, Operations, Recreation and Sustainability and Asset Management departments.

RECOMMENDED BY:

Graham Seaman
Director, Sustainability & Asset Management

Trinela Cane
Commissioner, Corporate Services

Arvin Prasad
Commissioner, Development Services

ATTACHMENTS:

Not applicable