

Clause 11 in Report No. 12 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on September 21, 2017.

11

Response to Ministry of Infrastructure
Proposed Municipal Asset Management Planning Regulation

Committee of the Whole recommends adoption of the following recommendations contained in the report dated August 11, 2017 from the Commissioner of Environmental Services and the Commissioner of Transportation Services:

1. Council endorse comments submitted to the Ministry of Infrastructure in response to Environmental Bill of Rights Posting No. 013-0551: Proposed Municipal Asset Management Planning Regulation.
2. The Regional Clerk circulate this report to the local municipalities.

Report dated August 11, 2017 from the Commissioner of Environmental Services and the Commissioner of Transportation Services now follows:

1. Recommendations

It is recommended that:

1. Council endorse comments submitted to the Ministry of Infrastructure in response to Environmental Bill of Rights Posting No. 013-0551: Proposed Municipal Asset Management Planning Regulation.
2. The Regional Clerk circulate this report to the local municipalities.

2. Purpose

This report requests Council endorsement of staff comments provided to the Ministry of Infrastructure (the Ministry) answering the Environmental Bill of Rights Posting No. 013-0551: Proposed Municipal Asset Management Planning Regulation. These comments were submitted on July 24, 2017 (Attachment 1). As part of the Region's submission, staff requested that the Ministry consider any additional comments received from Council in September.

3. Background and Previous Council Direction

Province is seeking feedback on Proposed Municipal Asset Management Planning Regulation

On May 1, 2016, the Province proclaimed the *Infrastructure for Jobs and Prosperity Act, 2015*, which includes the authority to regulate asset management planning of identified public bodies, including municipalities.

Subsequently, the Ministry issued a discussion paper entitled “Potential Municipal Asset Management Planning Regulation” on July 19, 2016, seeking input on a future regulation to advance municipal asset management planning and help optimize infrastructure investments across Ontario. The Ministry held municipal consultation sessions in July 2016 to present the discussion paper, which staff attended. In response to the Province’s discussion paper, staff proposed recommendations for regulation content, which were approved by Council in [September 2016](#).

On May 25, 2017 the Ministry issued the “Proposed Municipal Asset Management Planning Regulation” (Regulation) to implement best practices throughout the municipal sector. The Regulation is intended to provide certainty around future provincial asset management planning requirements and support resilience and sustainability as key aspects of municipal asset management planning.

Some Council endorsed recommendations, submitted in 2016, were incorporated into the Regulation including modifications to the transitional time to develop an asset management plan and the requirement for Council approval of the asset management plan, however, several recommendations remain unanswered.

Region’s unanswered recommendations were resubmitted to the Ministry

Several comments not addressed in the Region’s recommendations from 2016 have been reiterated in the latest Regional comments. These include recommendations to address conflicting requirements among legislation, e.g. the *Development Charges Act, 1997* and to ensure lifecycle planning consider the full remaining life of all assets, and not be limited to a ten year timeframe, as currently proposed.

Specific to the *Development Charges Act*, staff suggested that one potential resolution to avoid conflict between the pieces of legislation would be to remove the asset management requirements from the *Development Charges Act* as each piece of legislation contains specific and differing asset management

requirements. Inconsistent requirements make compliance to both pieces of legislation quite challenging.

The Regulation identifies two specific tools to achieve improved infrastructure planning and investments across Ontario, including requirements to develop a Strategic Asset Management Policy and Asset Management Plans.

4. Analysis and Implications

Corporate and departmental asset management plans are well underway

Through Council's leadership, the Region has committed to ensuring infrastructure and services are sustainable through the approval of a Corporate Asset Management Policy in 2013 and receiving bi-annual reports on the Region's Corporate State of Infrastructure, beginning in 2013.

In 2012, a Regional Corporate Asset Management Steering Committee was established to provide direction and develop an asset management framework and policies, drive an aligned approach and consistent reporting.

In 2016, a Corporate Asset Management Working Group was established to facilitate implementation of the Region's Corporate Asset Management Framework across all infrastructure.

Implementation of the Corporate Asset Management Policy is identified in the 2015-2019 Corporate Strategic Plan and is currently being achieved through development of service specific Asset Management Plans.

Region's asset management implementation efforts generally align with proposed legislated requirements

Core infrastructure assets including roads, bridges, culverts, any assets used in the collection, conveyance/distribution, treatment or disposal of water/wastewater and stormwater management systems, will require a Council-approved Phase I Asset Management Plan. To meet Phase I requirements, plans must include documenting current levels of service, inventory analysis, and estimated costs to maintain current levels of service.

Building on Phase I plans, to meet Phase II Asset Management Plan requirements, all tangible capital assets directly owned by a municipality or consolidated on the financial statements of a municipality must be included. In the Region's case, this includes assets managed by police, paramedics, housing, transit, forestry, waste, property services as well as information technology assets in addition to the core infrastructure assets noted above in Phase I.

Phase III Asset Management Plans include additional requirements for all assets, including proposed levels of service, lifecycle management strategy and risk analysis.

Table 1 summarizes the proposed Regulation phases, implementation dates, with a comparison to the current status of the Region's Corporate Asset Management Plan. As can be seen in the table, the Corporate Asset Management Plan is expected to meet requirements of the proposed Regulation well before their proposed implementation dates.

Table 1
Proposed Asset Management Regulation Phases and Implementation Dates

Phase outlined in the Regulation	Implementation Date as Proposed in the Regulation	Status
Strategic Asset Management Policy	January 1, 2019	- Corporate Asset Management Policy to be updated by Q4 2017 and brought forward for Council approval in Q1 2018
Phase I Asset Management Plan (Core Assets)	January 1, 2020	- Draft plans will be completed by Q4 2017
Phase II Asset Management Plan (All Corporate Assets)	January 1, 2021	- Some of these plans have been initiated and work is underway to complete in 2018 - Corporate Asset Management Plan to be brought forward for Council approval in Q2 2018
Phase III Asset Management Plan (Additional plan requirements for all Corporate Assets)	January 1, 2022	- Once Phase I and II Asset Management Plans are complete, additional requirements will be incorporated to align with the Regulation

Six recommendations were forwarded to the Ministry for consideration

In response to the Province's "Proposed Municipal Asset Management Planning Regulation", staff reviewed the Regulation and provided recommendations on its design and content, found in Attachment 1. Staff noted that a fully integrated asset lifecycle management planning approach is required to balance cost,

performance and risk to achieve optimal levels of services provided. These comments were also provided comments to inform a letter to the Ministry from the Regional Public Works Commissioners of Ontario (RPWCO).

In general, themes of staff recommendations were as follows: request that the Regulation provide more rigorous requirements to incorporate risk into the Asset Management Plans; to remove the requirement that Asset Management Plans be approved by a licensed engineering practitioner; that the Regulation require a complete asset lifecycle planning approach; clarification of the Regulation to avoid conflicts with other legislation, specifically in relation to the *Development Charges Act*; allow municipalities to define levels of service, working with stakeholders and Council; and to provide more detail surrounding the reporting requirements, definition of energy costs and consider the timing of the municipal elections, when finalizing required implementation dates.

5. Financial Considerations

Region well positioned to meet the financial planning and reporting requirements as outlined in the proposed Regulation

The Region has been focused on planning and building funding for asset management that is sufficient and sustainable over the long-run. Contributions to asset replacement reserves have increased significantly in recent years due to Council's adoption of the Regional Fiscal Strategy and approval of the Water and Wastewater Financial Sustainability Plan. However, preliminary estimates detailed in a [May 2017](#) report to Council show a funding shortfall resulting in unfunded, tax levy supported asset management activities that will need additional revenue sources to be fully funded in a financially sustainable way.

As the Region continues to develop its asset management plans, estimates of the related financial requirements will be refined to ensure that the full life cycle costs of all assets are understood and addressed. Any additional financial requirements will be assessed as part of the Region's long-term fiscal analysis, which will inform the next multi-year budget. The budget process will lead to a financial strategy that will confirm actual spending requirements and assess available revenue sources and level of service options to mitigate tax rate impacts where possible and remain consistent with the Fiscal Strategy.

6. Local Municipal Impact

The purpose of the Proposed Municipal Asset Management Planning Regulation is to implement asset management best practices throughout the municipal sector and provide greater consistency to support collaboration across the

Response to Ministry of Infrastructure
Proposed Municipal Asset Management Planning Regulation

municipal sector and with the Province. Staff will continue to share and learn asset management knowledge and best practices with local municipalities to provide a common approach to Regional residents and businesses.

7. Conclusion

Staff support proposed asset management planning regulation as positive step

Staff support the proposed asset management planning regulation in principle as a positive step forward for long-term infrastructure sustainability across Ontario. Staff will continue to monitor the Regulation as it comes into effect to ensure the Region's Corporate Asset Management Policy and asset management plans align with legislated requirements.

For more information on this report, please contact James Steele, Director, Infrastructure Asset Management at 1-877-464-9675 ext.73018. The Senior Management Group has reviewed this report.

August 11, 2017

Attachment

#7841846

Accessible formats or communication supports are available upon request



Environmental Services
Transportation Services

July 24, 2017

Joshua McCann
Senior Policy Analyst
Ministry of Infrastructure
Infrastructure Policy Division
Inter-Governmental Policy Branch
900 Bay Street, Floor 5, Mowat Block
Toronto, Ontario M7A 1C2

Dear Mr. McCann:

Re: York Region Comments on Proposed Municipal Asset Management Planning Regulation – EBR Number 013-0551

York Region staff thank the Ministry of Infrastructure (Ministry) for the opportunity to comment on the Proposed Municipal Asset Management Planning Regulation (the Regulation). Municipalities such as York Region are strong partners with the Province in meeting the goals outlined in the proposed Regulation.

York Region is committed to ensuring its infrastructure and services are sustainable over the long term. Regional Council's leadership on sustainable asset management is clear, as shown by numerous Council decisions, including its approval of an Asset Management Policy in 2013 as well as receiving bi-annual reports on the Region's Corporate State of Infrastructure.

We respectfully submit the following comments for your consideration when finalizing the Regulation and any proposed guidance documents.

York Region staff support the ongoing development and implementation of a Municipal Asset Management Planning Regulation

York Region staff strongly support a Municipal Asset Management Planning Regulation. A consistent, streamlined standard for asset management planning will foster a culture of improved asset management across the Province.

Staff have outlined key recommendations below. Detailed comments and rationale for each recommendation can be found in the attached table (Appendix 1).

York Region staff propose six key recommendations for the Ministry to consider when finalizing the regulation

York Region staff recommend that the Ministry consider the following comments and recommendations, which are focused on ensuring an effective and implementable asset management regulation under the *Infrastructure for Jobs and Prosperity Act, 2015*.

It is recommended that:

1. A risk framework be outlined within the policy section. This would better align asset management planning with cost and performance. Also, the application of this requirement should be limited initially to large municipalities (populations over 25,000) in the initial iteration of the Regulation.
2. While Regional staff support the requirement to have municipal Council approve the asset management plan, we suggest that the requirement to have a licensed engineering practitioner approve the asset management plan be removed.
3. The Regulation require a complete asset lifecycle management planning approach that includes operational costs and events as noted in Appendix 1, rather than the partial approach currently proposed. This requirement should also be limited to large municipalities in the initial iteration of the Regulation.
4. The Regulation identify whether municipal asset management planning requirements under the Regulation have priority in the event of a conflict with other legislation. Requirements under the Regulation related to municipal asset management plans may overlap or potentially be inconsistent with existing regulations under other legislation referencing municipal asset management plans (e.g. *Development Charges Act, 1997* requiring full lifecycle data while this proposed regulation stipulates only ten years). Alternatively, the Province could remove the requirement for an asset management plan under the *Development Charges Act, 1997*.
5. The Ministry avoid defining levels of service. Rather, a framework should be provided for municipalities to create levels of service based on key principles (e.g. qualitative levels of service that meet community expectations based on appropriate balance of cost, risk and performance) to ensure value from assets through specific levels of service approved by municipal Council rather than prescribed by the Regulation.
6. The Ministry consider:
 - Providing examples for energy costs and include other typical expenses that would be included in lifecycle costs for assets.

- o Outlining more detailed requirements for annual reported data and whether that data will be published publically as part of this Regulation's annual reporting.
- o Scheduling the approval requirement to adopt a strategic asset management policy following the late 2018 election of new municipal Councils by shifting the approval date to July 1, 2019 or January 1, 2020 (from the currently proposed date of January 1, 2019).

York Region Council endorsed comments will be submitted following Council meeting on September 21

Due to timing of the consultation period, York Region Council endorsement of staff comments was not possible prior to submission. Consequently, this response will be considered by Council in September and any comments made by Regional Council will be communicated to the Ministry in late September 2017. It is requested that the Ministry consider any supplementary comments from Regional Council as a part of this submission.

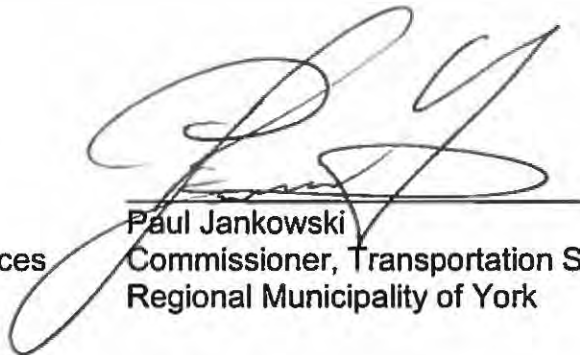
Staff would like to thank the Ministry for considering York Region's comments and for engaging municipalities on the proposed Municipal Asset Management Planning Regulation.

If you have any questions regarding this response, please contact Robert Lash, Manager, Corporate Asset Management at Robert.Lash@york.ca or 1-877-464-9675 ext 75121.

Sincerely,



Erin Mahoney, M.Eng
Commissioner, Environmental Services
Regional Municipality of York



Paul Jankowski
Commissioner, Transportation Services
Regional Municipality of York

Attachment

#7708397

Copy to:

Fred Jahn, Chair, Regional Public Works Commissioners of Ontario
Dianne Saxe, Environmental Commissioner of Ontario

**York Region Comments
 Consultation on Proposed Municipal Asset Management Planning Regulation
 EBR Number 013-0551**

Recommendation	Rationale
<p>1. A risk framework be outlined within the policy section. This would better align asset management planning with cost and performance. Also, the application of this requirement should be limited initially to large municipalities (populations over 25,000) in the initial iteration of the Regulation. Consideration of a framework could include asset class function, risk rating, failure modes, effects, probability and identification of mitigation and cost. Along with this recommendation an overview statement to provide risk context and stress the importance of risk management in asset management planning is also recommended, such as; "Asset Management Planning is required to translate an organization's strategic objectives into asset-related decisions, plans and activities, using a risk based approach at the best possible lifecycle cost to ensure value from assets."</p>	<ul style="list-style-type: none"> • A risk based approach that balances best possible lifecycle cost and desired level of service is typically a best in class asset management approach; therefore, regulatory requirements in this area would ensure consistent outcomes across all municipalities. • A standard risk framework developed by municipalities would allow levels of service to be developed to manage both risk and prioritization methods for infrastructure needs related to rehabilitation or replacement investment decisions in the future. • Throughout the proposed Regulation, risk management is only referenced twice and is not clear. For example; risk is identified for climate change and the risk of asset management plans not being successful. It is suggested consideration be given to provide risk related to assets and infrastructure for planning and to strengthen the description of risk given to highlight the important relationship risk has with levels of service, and cost for services. • Recommendation should be limited to large municipalities (possibly requiring it in phase three dependant on the impact) as not all have the near-term capacity to carry out this effort. Also, smaller municipalities have lower serviced populations and consequently likely have less risk associated with fewer assets.
<p>2. While Regional staff support the requirement to have municipal Council approve the asset management plan we suggest that the requirement to have a licensed engineering practitioner approve the asset management plan be removed.</p>	<ul style="list-style-type: none"> • Senior management responsible for service delivery of an integrated asset management approach should be responsible for both approval and delivery of the asset management plan. • This recommended approach would provide the required coordinated effort integrated across the organization to achieve the best possible value from assets.

Recommendation	Rationale
<p>3. The Regulation require a complete asset lifecycle management planning approach that includes operational costs and events, rather than the partial approach currently proposed. The proposed Regulation only identifies some areas of lifecycle management such as risk (climate change) and cost (lifecycle costs, including energy costs). A complete lifecycle approach for assets would include areas such as all lifecycle costs to operate for both capital investments and operating costs, key asset performance indicators year over year, risks or failures including the consequences of those failures that occur year over year. Staff further recommend that this requirement be limited to large municipalities in the initial iteration of the Regulation and could possibly be prescribed and complied with over a longer timeline.</p>	<ul style="list-style-type: none"> • Data from operational events involving in-service assets is required to make evidence-based decisions that are fully justifiable and transparent. This could include historical asset failures (risk) along with investments/expenses to plan, build, procure, operate, maintain and decommission (all costs) including asset functional performance linked to levels of service. • Asset investment decisions and ongoing “in-service” asset decision making that only consider average age and current point-in-time condition assessment data only account for part of an asset’s lifecycle history. Complete lifecycle data is required to make well informed, cost effective decisions. If complete data is not factored in with short-term forecasts, long-term forecasts become less accurate, less cost effective and difficult to justify and defend. • This recommendation supports improved decision making based on actual and complete asset lifecycle data in the case of ongoing maintenance determination, restoration and replacement decisions and in the case of expansion of services to meet growth demands through Master Plan, environmental assessment and budget processes. • This recommendation should be limited to large municipalities (possibly requiring it in phase three dependant on the impact) as not all municipalities have the near-term capacity to carry out this effort. Also, smaller municipalities have lower serviced populations and consequently likely have less risks associated with fewer assets.

Recommendation	Rationale
<p>4. The Regulation identify whether municipal asset management planning requirements under the Regulation have priority in the event of a conflict with other legislation. Requirements under the Regulation related to municipal asset management plans may overlap or potentially be inconsistent with existing regulations under other legislation referencing municipal asset management plans (e.g. <i>Development Charges Act, 1997</i> requiring full lifecycle data while this proposed regulation stipulates only ten years). Alternatively, the Province could remove the requirement for an asset management plan under the <i>Development Charges Act, 1997</i>.</p>	<ul style="list-style-type: none"> • This will reduce duplication, staff effort and provide clear direction for meeting regulatory requirements. • Ensuring coordinated requirements under various provincial regulations better aligns effort across various regulatory instruments. The <i>Development Charges Act</i> is more comprehensive requiring the full lifecycle of the assets as opposed to the proposed Regulation, which stipulates only ten years. • Should documentation and analysis be consistent, this will help ensure comparable municipal asset management data for public viewing across both regulations. • In the case of the <i>Development Charges Act</i>, one option could be to remove the requirement for an asset management plan, which would eliminate any potential conflicts with the proposed Regulation.

Recommendation	Rationale
<p>5. The Ministry avoid defining levels of service. Rather, a framework should be provided for municipalities to create levels of service based on key principles (e.g. qualitative levels of service that meet community expectations based on appropriate balance of cost, risk and performance) to ensure value from assets through specific levels of service approved by municipal Council. The levels of service should be regularly reviewed based on the regulatory key principals in consultation with the community to determine financial impact of reduction, maintenance of or increase in service provided when developing and sustaining levels of service to ensure adequate value from assets to meet specific levels of service approved by Council rather than prescribed by the Regulation.</p>	<ul style="list-style-type: none"> • A mandated framework for levels of service would allow municipalities to work with their Council and stakeholders to set required levels of service that meet the organizational objectives and customer expectation. This would also provide levels of service based on asset or asset classes and their outputs related to performance to ensure effective value is delivered by the assets. • Currently, future service levels are often defined through other initiatives, such as master plans, official plans and annual budgeting processes, and should be recognized as community input and continue as prescribed. • In some cases, the prescribed level of service is not controlled by a municipality. This includes data showing areas with fire flow and per cent of properties serviced by fire flow. In the case of York Region, the nine local municipalities are responsible for fire hydrants and fire protection, not York Region. • This approach would allow municipalities to develop a lower or higher level of service based on community needs (e.g. road condition, service repair time, etc.).

Recommendation	Rationale
<p>6. The Ministry consider:</p> <ul style="list-style-type: none"> ○ Providing examples for energy costs and include other typical expenses that would be included in lifecycle costs for assets. ○ Outlining more detailed requirements for annual reported data and whether that data will be published publically as part of this Regulation's annual reporting. ○ Schedule the approval requirement to adopt a strategic asset management policy following the late 2018 election of new municipal Councils by shifting this approval date to July 1, 2019 or January 1, 2020 (from the currently proposed date of January 1, 2019). 	<ul style="list-style-type: none"> ● Energy cost examples help clarify the scope of the Regulation and provide further context when staff are preparing the required analysis to work towards meeting the requirements. ● With data requirements outlined, municipalities will better understand how it will be used and ensure it is prepared for public viewing. This will also assist the regulator to align requirements with other legislated published data such as the <i>Safe Drinking Water Act, 2002</i> and the <i>Development Charges Act, 1997</i> to eliminate regulatory differences resulting in potential conflicts. ● Outgoing municipal Councils could be reluctant to approve the strategic asset management policy in early 2018 as the municipal elections approach in late 2018. Meanwhile new Councils will be sworn in around December 2018, leaving little time for new Councils to fully understand the implications of the policy. Moving the approval required to mid-2019 or early 2020 would eliminate this issue.