

Section I – Items for Board of Directors Action

TO: Chair and Members of the Board of Directors
Friday, November 22, 2024 Meeting

FROM: Kathryn Lockyer, Director, Legislative and Property Services

RE: **2024 TRCA ASSET MANAGEMENT PLAN**

KEY ISSUE

Endorsement of the Asset Management Plan (AMP) for Toronto and Region Conservation Authority (TRCA).

RECOMMENDATION:

THAT the 2024 TRCA Asset Management Plan be endorsed.

BACKGROUND

TRCA owns and operates a substantial portfolio of assets across its jurisdiction. The tangible asset portfolio includes erosion protection works and flood control infrastructure; trails and park amenities; recreational and educational centers; staff administration offices; as well as tenanted homes and historic buildings. These assets protect life, property and public infrastructure, and contribute to quality of life within the jurisdiction of TRCA. Effective management of its tangible assets is paramount to TRCA’s ability to support watershed management activities and future recreational and cultural activities for the benefit of the public.

Therefore, as part of the comprehensive Asset Management Program, TRCA outlined its Asset Management Policy (the “Policy”) in 2017, and its Asset Management Strategy (Strategy) in 2019. The Policy defines expectations around the management of TRCA’s physical assets, while the Strategy describes the principal approach and methods to be employed by TRCA to facilitate the effective and efficient management of assets, including lifecycle activities to be used to manage the risk to service delivery associated with asset creation, commissioning, operation, maintenance, and disposal.

Legislatively, the Province of Ontario enacted the Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure (O.Reg.

588/17). Under this regulation, Ontario municipalities are required to complete their asset management plans for core and non-core assets by July 1, 2024. O.Reg. 588/17 compliance is not mandatory for Conservation Authorities. However, changes to O. Reg. 686/21: Mandatory Programs and Services does require TRCA to develop and implement an asset management plan for its water and erosion infrastructure by December 31, 2024.

As a matter of alignment with its municipal partners and in keeping with O.Reg. 588/17 & 686/21, TRCA has prepared its Asset Management Plan listing core assets (Attachment 1: 2024 ASSET MANAGEMENT PLAN). Following the approval of RFP#10036270 at the Executive Committee Meeting of January 14, 2022, TRCA also implemented Enterprise Asset Management Software through its vendor PSD Citywide to consolidate assets in a database and to support effective asset management planning.

RATIONALE

Asset Management Plan (AMP)

TRCA's AMP is a document that describes the state of TRCA's assets and the approach to managing assets over their lifecycle to achieve desired levels of service. Through this document, TRCA has taken a first step towards outlining the relationship between infrastructure investments and its corresponding service levels. The AMP will serve as a guide to allow TRCA to make the best possible decisions regarding the construction, operation, maintenance, renewal, replacement, expansion, and disposal of all tangible capital (physical) assets.

The AMP is being completed in two phases with the first covering core assets within the following Service Areas:

- Flood Control Infrastructure
- Erosion Control Infrastructure
- Buildings (Administrative, Residential and Parks)
- Fleet Services

This AMP also outlines a roadmap to the inclusion of Green Infrastructure in future iterations of the document along with IT assets.

The AMP include the following for each Service Area:

- State of Local Infrastructure
- Expected Levels of Service
- Asset Management Strategy
- Financing Strategy
- Plan Improvement and Monitoring

The assets within scope of the AMP are overall in Good to Fair condition, meaning that the infrastructure is adequate for now with some elements showing general signs of deterioration that require attention and a few elements exhibiting significant deficiencies.

These assets have a total replacement cost of **\$788,667,910** in 2023 dollars, excluding land as outlined in the table below.

Service Area	Replacement Cost	Percentage of Total Replacement Cost
Flood Control Infrastructure,	\$197,746,505	25%
Erosion Control Infrastructure	\$ 376,469,600	48%
Administration Buildings	\$ 87,635,430	11%
Residential Buildings	\$ 33,360,876	4%
Parks Public Buildings	\$76,177,498	10%
Fleet	\$ 17,278,000	2%

Excluding the New Head Office, the cumulative 10-year capital cost to maintain the current service levels of assets within the Service Areas outlined in the AMP is approximately \$23.4 million annually. Furthermore, based on the current levels of annual capital availability of \$14.6 million, a

state of good repair (SOGR) shortfall of approximately \$88.0 million could be expected over the next decade.

For a more fulsome outline of TRCA's infrastructure asset inventory, levels of service, and lifecycle management and financial strategy by service area, please refer to Attachment 1: 2024 ASSET MANAGEMENT PLAN, and Attachment 2: 2024 ASSET MANAGEMENT PLAN PRESENTATION.

Relationship to TRCA's 2023-2034 Strategic Plan

This report supports the following Pillars and Outcomes set forth in TRCA's 2023-2034 Strategic Plan:

Pillar 1 Environmental Protection and Hazard Management:

- 1.1 Deliver provincially mandated services pertaining to flood and erosion hazards

Pillar 4 Service Excellence:

- 4.2 Provide and manage an efficient and adaptable organization

Pillar 4 Service Excellence:

- 4.3 Responsive relationships and a trusted brand with a reputation for excellence

Pillar 4 Service Excellence:

- 4.4 Transparent decision making and accountable results

FINANCIAL DETAILS

At this time, TRCA does not maintain a reserve for infrastructure assets. Based on staff recommendations, the utilization of reserve funds for ad-hoc emergent infrastructure capital needs are presented to the Board of Directors for approval, as required.

DETAILS OF WORK TO BE DONE

TRCA's first AMP forms a critical baseline to identify areas for improvement in lifecycle management and the need for long term investment of capital to maintain asset condition as well as service levels. Staff will do the following:

- Utilization of the Enterprise Asset Management Software to update the asset inventory database;

- Tracking operational expenses by asset category through the implementation of a work order system across Service Areas;
- Generate short and long-term capital plans through data-based analysis of asset condition and associated risk-based planning through the evaluation of the probability and consequences of asset failure;
- Provide the capital plans to the appropriate staff officials to help inform annual budget and funding discussions with participating municipalities, and prospective grant and funding applications with other levels of government; and,
- Outline strategies to minimize the funding deficit in Service Areas with greatest impact on public health and safety.

Future versions of the AMP will focus on the breadth of TRCA's Green Infrastructure. Minor updates to core assets will be completed on an ad-hoc basis, and major updates to Service Areas will follow a 5-year reporting cycle to the Board of Directors. Additionally, a State of Asset Management report will be prepared every 2 years for information to the Board, which will outline updates on TRCA's SOGR; levels of service; and financing strategy, among others.

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Attachments: 2**

Attachment 1: 2024 ASSET MANAGEMENT PLAN

Attachment 2: 2024 ASSET MANAGEMENT PLAN PRESENTATION