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IT IS RECOMMENDED THAT this staff report is received. The content may be used to facilitate discussions that rationalize increasing capital asset funding through levies in each jurisdiction.

CARRIED

BACKGROUND

The *Infrastructure for Jobs and Prosperity Act, 2015 (IIPA)*, proclaimed on May 1, 2016, designates regulatory authority over municipal asset management planning to Ontario. According to the IIPA, municipal asset management planning is relegated to O. Reg 588/17, effective January 1, 2018. The objective of the regulation is to promote continuous infrastructure asset management planning by requiring municipalities to develop Strategic Asset Management Policies, Asset Management Plans and Financial Planning Framework. The legislation requires municipalities to revisit the process every five years. Although the Conservation Authorities Act does not require conservation authorities to perform asset management functions, given the TRCA's vast array of assets, staff nevertheless began creating a management plan and completing condition assessments.

On February 26, 2021, the Board received TRCA's Asset Management Strategy. The report described administrative buildings and conservation parks' infrastructure State of Good Repair (SOGR). It also characterized the service levels at each of these assets facilitates. One objective of the Strategy report was to demonstrate the bilateral relationship between SOGR and service levels. That is, SOGR declines proportionately as the frequency and number of people who utilize these assets increases. While asset expansion (increased number of parks & buildings) is typically required to enhance service levels, maintaining existing service levels requires effective and efficient upkeep of existing TRCA assets.

In addition to maintaining consistent customer and municipal partner service levels, the Strategy report intended to highlight that asset management practices lead to land sustainability, and infrastructure durability. Indeed, the development of active asset management practices may facilitate growth through effective resource management. This approach realizes TRCA's commitment to strengthening partner relationships by assisting them to protect investments in public infrastructure within their communities.

The majority of TRCA's tangible capital assets are long-lived. They require significant ongoing operational, maintenance and renewal (lifecycle) investments to ensure structural integrity remains safe and thereby fit for customer usage. Well-maintained assets also ensure TRCA continues to support the vast array of programs the Authority offers to customers from municipalities within its jurisdiction. Meticulously managing TRCA assets is crucial to supporting sustainable operations and preserving corporate integrity. Responsible capital resource management ensures that assets are managed in a way that balances service levels, risk, and affordability, which, collectively, promote operational excellence.

In addition to assessing SOGR and service level deliverability, TRCA's comprehensive asset management plan intends to support municipal capital funding requests. This process is

supported by three critical TRCA guiding documents: 1. Asset Management Policy; 2. Asset Management Plan; and, 3. Capital Plan.

1. **Asset Management Policy:** The Policy establishes an organization-wide asset management framework that directs and enables coordinated and sustainable asset management practices. It focuses on assets TRCA owns or manages which materially impact capital and/or operating budgets. In addition to creating an inventory, monitoring, and evaluating asset risk & performance, the Policy requires lifecycle preventative maintenance cost optimization in a fiscally responsible manner, while creating integrated financial and business plans that focus on service level excellence. The Policy was approved by TRCA's Board in November 2017 through Resolution A202/17.
2. **Asset Management Plan:** In a February 26, 2021 Board Report staff wrote TRCA's Asset Management Plan will resemble the key principles in O. Reg. 588/17. To maintain asset management plan consistency and standardization throughout municipal sector, the Authority will adopt key legislative components: infrastructure asset inventories, lifecycle management, short & long-term financial strategies & planning, and service level review.
3. **Capital Plan:** The Plan will create a financial structure that systematically guides acquisition, disposition, maintenance, operation, planning and rehabilitation decision-making. Its objective is to integrate TRCA's capital asset financial planning into the plans funding partners develop to streamline funding requests and minimize mid-year unexpected capital requests. An integral component of this process is the completion of facility condition assessments (FCA). Although not a legislative requirement for Conservation Authorities, TRCA completed this best practice lifecycle asset management analysis recently.

Following the guiding materials, over the past year staff commissioned a variety of facility condition assessments for TRCA's real property. With respect to the capital prioritization process, this report for information prioritizes the real property at TRCA's administrative buildings and public facilities.

RATIONALE

The rationale for selecting TRCA's administrative buildings and public facilities is that they constitute key locations for the day-to-day operations of staff, they provide an important benefit to the public who utilize TRCA's programs and services, and they form one of the largest groups of amortized assets value (next to flood control and erosion control infrastructure). In terms of scope, the following properties were considered with independently commissioned FCAs: three administrative buildings (Boyd, Restoration Services & Swan Lake), and 12 conservation parks (Albion Hills, Boyd, Black Creek Pioneer Village, Bruce's Mill, Claireville, Claremont, Glen Haffy, Heart Lake, Indian Line, Kortright Centre, Lake St. George, Petticoat Creek).

While staff utilized industry metrics regarding facility conditions, after the finalization of the FCAs staff also undertook a risk-based analysis to categorize the funding requirements into critical and preventative maintenance repairs & replacements:

- **Critical:** Not functioning as intended; significant deterioration and distress observed; significant repairs required immediately or within the next year to restore functionality. The predominate considerations in determining what items were deemed critical was the degree to which the failure of the asset would impact safety and service delivery.

- Preventative: Functioning; normal deterioration and minor distress observed; minor repairs required to maintain functionality.

The primary objective of this categorization is to:

- provide long-term sustainable levels of service that are functional and safe;
- provide municipal partners with tangible financial information that aids planning process by identifying where asset support is required within their respective jurisdictions; and,
- inform grants to senior levels of government and for fundraising purposes.

FINANCIAL DETAILS

The Capital Plan creates the appropriate funding to support existing and, in some instances, enhanced service levels that are supported by infrastructure. The year 2023 has been selected as the base year for approaching the municipalities for additional levies as the budget submissions for 2022 have previously been finalized.

Attachment I is a snapshot of the capital budget requirements for 2023 for the abovementioned administrative buildings and conservation parks, as well as 10-year capital plan to provide municipal partners a forecast for future funding requests with respect to the real property locations identified in this report. Note that the capital plan for 2023 includes the prior year (2022) state of good repair backlog and that staff have undergone a risk-based approach to identify items that are deemed critical due to the financial pressure of the upfront backlog costs resulting from the absence of any previous formal condition assessments.

For further context on each region and location, **Attachment II** is a snapshot of the gross financial expenditures required for 2023, inclusive of prior year (2022) state of good repair backlog.

Finally, to facilitate discussions with participating municipalities, **Attachment III** is the FCA's average annual gross expenditures required in each region and location on a go-forward basis over the course of the 10-year capital plan (post 2023). The average annual gross expenditure requirements are decreased post 2023 once the SOGR backlog projects are accounted for. Priority and funding requirements (i.e. critical vs preventative) will be reassessed annually for the above overview and reported to the Board as part of the plan to strengthen current budgeting processes and to provide confidence to TRCA's partner municipalities for budget and levy discussions.

Relationship to Building the Living City, the TRCA 2013-2022 Strategic Plan

This report supports the following strategies set forth in the TRCA 2013-2022 Strategic Plan:

Strategy 1 – Green the Toronto region's economy

Strategy 3 – Rethink greenspace to maximize its value

Strategy 4 – Create complete communities that integrate nature and built environment

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Attachments: 3

Attachment 1: Gross Expenditures for 2023 and 10-Year Capital Plan

Attachment 2: Gross Expenditures for 2023, Inclusive of Prior Year (2022) SOGR Backlog

Attachment 3: 10-Year Capital Plan – Average Annual Gross Expenditures (Post 2023)