



ASSET MANAGEMENT PLAN "EXECUTIVE SUMMARY"



*To ensure our municipal assets are maintained and renewed
in a responsible and financially sustainable manner.*

2020

INTRODUCTION

Asset Management Programs should **not** be static documents that are reviewed once and filed away. These plans need to evolve over time, with the addition of more detailed and updated information on an annual basis. The AMP needs to integrate with and work in concert with your annual capital program. Municipal Council's should be reviewing and approving updated Asset Management Plans annually as part of their capital budget process.

The Township of Norwich created and approved its first Asset Management Program in 2014. This document has been expanded and improved each year since with additional information being derived from Road Needs Studies, Parks Master Plan, Bridge Inspections, and updated replacement values based on third party quotes and/or recent projects completed, making this document a wealth of information that allows for better long-term capital planning and the basis of our annual capital budget. Utilizing the information in our plan we have compiled 20-Year Capital Programs for each of our departments, shown in Appendixes Q through V of the plan.

With new legislative requirements included in Ontario Regulation 588/17, *the Infrastructure for Jobs and Prosperity Act 2015*, our Asset Management Plan has continued to evolve with the addition of "Levels of Service" and "Risk Ratings" for most of our asset classes. In order for our plan to add these new elements, it was necessary for staff to add a great deal of new additional information into our asset database. While staff have made significant progress in adding this information and calculating these new elements, there is still much work to be completed in order to fully comply with this new legislation by the established deadlines in 2023 and 2025.

These new attributes will allow the municipality to better prioritize and plan for infrastructure investment and renewal:

"Levels of Service": Need to be set/adopted for each asset class. These will allow the municipality to measure the effectiveness of its plan and strive towards or maintain our assets at the approved/expected levels of performance for each asset group. The 2020 AMP includes "Levels of Service" for Roads, Bridges, Culverts, Parking Lots and Storm Water assets. Levels of Service will be added to the remaining asset classes prior to the 2023 and 2025 deadlines contained within the new legislation.

"Risk Ratings": Need to be put in place for each asset class. Risk Ratings are formula-based calculations for each asset, which take into the "*probability*" and "*consequence*" of the failure of the particular asset. Utilizing the resulting risk rating, the municipality can then prioritize the refurbishment or replacement of the asset within its overall plan. Factors such as age, condition, replacement costs, usage, and criticality are utilized in these calculations. Risk Ratings have been added to our plan for Roads, Bridges, Culverts, Parking Lots and Storm Water assets and are in the process of being added to our remaining asset classes.

Utilizing these new attributes, municipalities will be able to better manage and track the life-cycle costs for each asset and plan for the long-term sustainability and eventual renewal of these assets.



Within this Executive Summary of our AMP you will find our Asset Report Card for 2020, Overall Costs required for our Program, the Funding Shortfall that we are currently experiencing in trying to fund this Program.

A large financial shortfall in funding Asset Programs is a common element across all municipalities in Ontario right now. For 2020, the Township of Norwich will need to find about \$2.049 million dollars in annual funding in order to overcome our current Infrastructure Gap. While the municipality has taken large steps forward each year to move towards a fully-funded program, new assets, escalating costs for existing assets, and plans for more additions in the future have impacted our progress. That being said, a continued commitment to add 1% to our levy on an annual basis which is dedicated to asset management and renewal, will see this infrastructure gap disappear in approximately 13 years.

The full 2020 Asset Management Program document is also attached to this Executive Summary for Council's information, review and approval.



ASSET REPORT CARD – 2020

ASSET CLASS	DESCRIPTION	CURRENT CONDITION	\$'S NEEDED TO REPLACE	\$'S NEEDED PER YEAR	AVERAGE AGE	AVERAGE CONDITION RATING	AVERAGE RISK RATING	GRADE	NOTES
PAVED ROADS	423.19 lane km of Paved Roads; 137.3 km of LCB; 285.89 km of HCB	Varies greatly across Township	\$51,782,220	\$2,589,111	25.34 Years Old	5.42 <i>(Fair)</i>	5.8 <i>(Low)</i>	D+	Targeted Average Condition Rating is between 6.0 and 7.0 Asset Class is currently under-funded.
UNPAVED ROADS	297.7 lane km of unpaved roads	Good	N/A	N/A	N/A	6.53 <i>(Good)</i>	N/A	B+	Targeted Average Condition Rating is between 6.0 and 7.0
BRIDGES	40 Bridge Structures; Variety of Types	23 in Good or better 14 in Fair	\$11,012,834	\$183,547	53 Years Old	6.0 <i>(Good)</i>	6.8 <i>(Low)</i>	B-	All bridge structures rated below 6.0 are included in 20-Year Program
CULVERTS	539 Culverts; 16 span greater than 3 metres	Fair	\$696,230	\$31,850	35.04 Years Old	4.37 <i>(Fair)</i>	5.46 <i>(Low)</i>	C	Buried assets – tough to properly evaluate condition
SIDEWALKS	196 sidewalk sections; total length of 30,389 metres	Poor	\$9,116,700	\$260,477	30.25 Years Old	2.2 <i>(Poor)</i>	TBD	C-	Age-based conditioning not accurate; new Street Logix software to be used for future ratings
PARKING LOTS	20 parking structures; 15 paved – total 28,745 m2 5 gravel – total 4,450 m2	Good	\$1,437,250	\$71,863	7.5 Years Old	6.83 <i>(Good)</i>	5.51 <i>(Low)</i>	B	Paved lots in good condition due to recent re-investments; gravel lots can be maintained indefinitely
STORM SEWER: TRUNK PIPING	70 sections; Total of 15,517 metres of pipe	Fair	\$2,327,519	\$31,034	33.53 Years Old	5.57 <i>(Fair)</i>	5.13 <i>(Low)</i>	C	Buried assets – tough to properly evaluate condition
STORM SEWER: CATCH BASINS	749 Catch Basins + associated lateral piping	Good	\$1,872,500	\$24,967	29.55 Years Old	6.06 <i>(Good)</i>	4.23 <i>(Low)</i>	B	Buried assets – tough to properly evaluate condition
STORM SEWER: DITCHING	<i>Inventory in Progress</i>								Currently part of road structures; new legislation requires ditching to be part of storm water infrastructure
BUILDINGS	39 Separate Structures;	Fair	\$37,895,000	\$759,700	52.56 Years Old	4.84 <i>(Fair)</i>	TBD	B-	5 Historic + 10 other buildings will not be replaced when useful life expires
STRUCTURES	54 Various structures; 17 new structures to be added in future	Fair to Good	\$3,948,500	\$190,950	18.52 Years Old	4.04 <i>(Fair)</i>	TBD	B+	Age-based condition ratings not reflective of actual condition
VEHICLES / MACHINERY	50 Vehicles/Machinery	Fair to Good	\$9,020,200	\$55,765	9.68 Years Old	4.0 <i>(Fair)</i>	TBD	B+	All vehicles/machinery on regular rotating replacement schedule
FURNISHINGS / EQUIPMENT	Pooled Assets	Good	N/A	N/A	N/A	<i>Not Calculated</i>	<i>Not Calculated</i>	B+	Replaced on regularly scheduled basis; adequate budget for replacement schedule

OVERALL COSTS FOR ENTIRE ASSET MANAGEMENT PROGRAM

Asset Class	Total \$'s Required for Full Replacement	Annual \$'s Required to Fund AMP
Paved Road Structures	\$51,782,220	\$2,589,111
Bridge Structures	\$11,012,834	\$183,547
Culverts	\$1,910,986	\$31,850
Sidewalks	\$9,116,700	\$260,477
Parking Lots	\$1,437,250	\$71,863
Storm Sewer – Trunk Piping	\$2,327,519	\$31,034
Storm Sewer – Catch Basins & Laterals	\$1,872,500	\$24,967
Buildings	\$37,985,000	\$759,700
Structures	\$3,948,500	\$190,950
Vehicles & Machinery	\$9,020,200	\$555,765
Furnishings & Equipment	n/a	\$85,300
TOTAL	<u>\$130,413,709</u>	<u>\$4,784,564</u>

FINANCIAL SHORTFALL

As shown above, the annual requirement to adequately fund our Asset Management Plan is **\$4,784,564**. For 2020, funding that was budgeted to offset our capital program was as follows:

Funding Source	Budget \$'s Available
Tax Revenue	\$2,261,950
Grant Funding (<i>excludes one-time funding</i>)	\$473,376
TOTAL	<u>\$2,735,326</u>

Based on the above, the Township of Norwich is **under funding** its Capital Program by an amount of **\$2,049,238** on annual basis.



LONG-TERM PLAN FOR SUSTAINABILITY

As there is currently a significant difference between the annual requirements needed to expend on our Asset Management Program and the annual funding available to offset these costs, measures need to be undertaken in order to lessen this “infrastructure gap”.

With about \$2.049 Million Dollars in underfunding to overcome, there is no easy fix. It is going to take a long-sustained effort to attain a fully-funded program. While Infrastructure Grants and Debenture Debt funding can be utilized to help deal with the backlog of assets that are past their useful life, neither of these funding sources is consistent and sustainable from year to year. Over time, additional tax funding for capital needs to be built into the annual municipal budget in order to overcome this infrastructure gap.

To illustrate how this can be accomplished:

If an additional 1% was added to the Annual Budgeted Tax Levy each year specifically targeted to Capital Needs and decreasing the Infrastructure Gap, (assuming a modest 1.5% Cost of Living Increase in the Overall Budgeted Levy each year) the funding shortfall could be overcome in 13 years.

Extra Infrastructure \$'s

2020	\$128,650
2022	\$375,317
2024	\$638,270
2026	\$918,447
2028	\$1,216,838
2030	\$1,534,488
2032	\$1,872,497
2033	\$2,049,496

Using the same methodology as above:

2% Annual Increase would allow the municipality to reach this goal in **2028**.

While these increases might be difficult to sustain over the full length of the plan due to other budgetary pressures, every year that the municipality is able to include these targeted increases in the final approved budget brings the Asset Management Plan one step closer to being a fully-funded program.

