

# STAFF REPORT

**Department: Finance**

**Date: October 8, 2024**

**Item: 2024 Asset Management Plan**

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**Recommendation:**

**Whereas** the Town of Espanola is committed to the strategic management and sustainable investment in our municipal assets to provide efficient and reliable services to our community; And

**Whereas** the Asset Management Plan provides a comprehensive overview and strategy for managing our infrastructure with the goal of achieving consistency and sustainability over the long term; And

**Whereas** the 2024 Asset Management Plan has been developed with a base year of 2022, which establishes a clear benchmark for asset conditions, reinvestment requirements, and levels of service;

**Be It Resolved That** the Council of the Town of Espanola hereby approves the 2024 Asset Management Plan as presented; And

**Further That** this plan will guide the development of future budgets and capital planning processes, ensuring alignment with the strategic priorities and objectives of the municipality.

**Background:** The 2024 Asset Management Plan (AMP) was prepared in compliance with the Ontario Regulation 588/17 under the Infrastructure for Jobs and Prosperity Act. It aims to establish priorities for asset management to assist in decision-making and provide guidance on capital investment based on the condition and performance data from the 2022 base year.

On April 14, 2024 Council attended training on Asset Management: Starting the conversation for sustainable service delivery.



**Analysis:**

Asset management is the practice of managing a municipality's physical assets, such as buildings, infrastructure, parks, and community centres, in a strategic and effective manner, with an underlying awareness of various factors that impact communities.

Here is an overview of the Towns of Espanola's major asset categories as of December 31, 2022:

Major Service Category	Number (or length) of Assets	Replacement Approach	Replacement Cost	Condition	Condition Approach
Facilities (Buildings)	101	CPI Tables/User-Defined	59,733,841	Fair	Age Based
Transportation System	809	CPI Tables/User-Defined	49,633,132	Good	Condition inspection/Age Based
Drinking Water Services	849	CPI Tables	34,024,106	Good	Age-Based
Wastewater	989	CPI Tables	28,762,445	fair	Age-Based
Vehicles, Machinery & Equipment	191	CPI Tables/User-Defined	29,128,800	Poor	Age-Based
Storm Sewer System	2018	CPI Tables	19,593,578	Fair	Age-Based
Bridges and Culverts	13	CPI Tables	2,322,109	Good	Condition inspection/Age Based
<b>Total</b>	<b>4970</b>	<b>Mixed</b>	<b>223,198,011</b>	<b>Fair</b>	<b>Mixed</b>

Please note that related book value (historical cost) at December 31, 2022 is \$101,788,287. The difference between book value and replacement costs demonstrates the variance between what was originally paid to purchase or construct an asset and the current market cost required to replace that asset today, illustrating changes in market conditions, inflation, and the need for strategic financial planning to ensure sufficient funding for current and future asset renewals.

In addition to full replacement and its related annual replacement requirement, Council and staff also need to consider the annual lifecycle events of assets. Annual lifecycle events are routine and planned maintenance activities carried out on infrastructure assets to ensure they continue to operate efficiently and sometimes to extend their useful life.



Here is a summarized list of lifecycle events for the next ten (10) years (2023 to 2032):

	Backlog	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Grand Total
Facilities (Buildings)	1,763,546	1,173,051	2,817,084	248,950	813,740	40,404	609,080	439,925	687,549	255,840	2,859,220	11,708,389
Transportation System	0	1,763,546	1,175,074	2,819,108	250,975	815,766	42,431	611,108	441,954	689,579	257,871	8,867,412
Drinking Water Services	0	492,800	573,100	560,340	289,300	225,500	721,050	330,000	464,200	629,200	722,700	5,008,190
Wastewater	0	105,119	130,287	168,415	135,929	160,003	88,226	131,928	121,772	159,353	215,503	1,416,535
Storm Sewer System	0	207,835	219,768	285,276	258,551	216,847	96,335	284,778	165,634	167,188	350,348	2,252,560
Vehicles, Machinery & Equipment	343,846	736,199	251,950	845,595	1,123,268	1,388,580	334,261	709,591	936,068	391,150	341,593	7,402,101
Bridges and Culverts	0	0	0	0	0	0	0	0	0	0	0	0
<b>Grand Total</b>	<b>2,107,392</b>	<b>4,478,550</b>	<b>5,167,263</b>	<b>4,927,684</b>	<b>2,871,763</b>	<b>2,847,100</b>	<b>1,891,383</b>	<b>2,507,331</b>	<b>2,817,177</b>	<b>2,292,310</b>	<b>4,747,235</b>	<b>36,655,187</b>

Ideally a municipality aims to fund both the annual replacement requirements and annual lifecycle events for its infrastructure assets. The infrastructure owned by the Town of Espanola has an annual replacement requirement of \$5,312,303 and an average annual lifecycle cost of \$3,500,000. In 2024, the town budgeted a capital investment of \$1,899,602.

It's important to note that our current re-investment in infrastructure is largely sustained by infrastructure grants, underscoring how critical these funds are to our asset management efforts. Without these grants, our ability to address and prevent further infrastructure deterioration would be severely compromised.

**Existing Policy:** Asset Management Policy [Policy No. F06-01876](#)

**Strategic Goal:** Goal 3 - Infrastructure

**Financial Commitment:** None at this time. As per legislated requirements, a financial plan will be prepared in reference to a more refined and elaborated asset management plan to be presented to Council in 2025. Staff will target Council's future consideration of incremental increases in asset management reserve investments from the current \$1.9 million to reach the full amortization of \$2.2 million by 2026 with the intent of ultimately targeting the annual lifecycle cost of \$3.5 million in future years and continuing toward the aspirational goal of \$8 million or as it may evolve which represents the full annual amount needed to fund both the annual replacement requirement and annual lifecycle cost.

**Budgeted:** N/A Yes  No

**Implementation:** To be considered as part of annual budget processes. This strategic financial plan relies on phased budget increases, leveraging new revenue streams, and implementing cost-saving measures, ensuring infrastructure resilience while adapting to community demands.

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**Prepared By:** Julie Bouthillette, Treasurer

**Department Manager:**

**CAO/Clerk:** Joseph Burke



**Approval of Recommendation:** Yes  No

**Comments:**