



Town of Erin

Corporate Report

Department: Corporate Services

Business Unit: Finance

**Presented/
Prepared By:** Oliver Gob, Director of Finance & Treasurer

Report Number:
F2022-14

Meeting Date:
6/30/2022

Subject

2021 Asset Management Plan

Recommendation

Be it resolved that Council hereby receive report number F2022-14 “2021 Asset Management Plan” for information.

And that Council approve the 2021 Asset Management Plan.

Highlights

2021 Average Annual Investment required is \$5.162m versus \$4.5m in the 2020 AMP. 2021 Annual Deficit is \$1.953m versus \$2.3m in the 2020 AMP. Decrease in annual deficit primarily owing to increases in the Canada Community Building Fund (CCBF), formerly known as the Federal Gas Tax Fund and OCIF grant. Assuming that the OCIF grants are not available in future years and the decrease in forecasted debt payments can be redirected to capital renewal requirements, increasing tax revenues by 1.2% for the next 20 years will fully fund the existing asset classes in this AMP. The 2020 AMP recommended a 1.4% increase each year.

Background

Resolution 20-184, Council hereby received report number F2020-16 “Asset Management Plan Update 2020 for information. The 2021 Asset Management Plan (AMP) builds upon the report presented to Council September 15th 2020. The 2021 AMP needs to be approved by Council in order to continue receiving the Canada Community Building Fund (CCBF).

Discussion

The 2021 AMP contains new assets acquired and retired assets disposed of in 2020 and 2021. Key features of the 2021 AMP are:

- Outlines historical investments.
- State of infrastructure based on age with the exception of bridges and culverts.
- Includes estimated costs for bridges and culverts provided by the 2021 Ontario Structure Inspection Manual (OSIM) report.
- Asset Management Recommendations.

- Excluded assets such as buildings, machinery & equipment that are funded from water rates.

The financial strategy was recalculated using funding in the 2022 Capital Budget to provide context to the longer-term financial plan. This resulted in a recommendation to increase dedicated funding by 1.2% to fully fund assets in 20 years. The Average Annual Investment Required changed from \$4.5m in the 2020 AMP to \$5.162m. The difference is owing to the changes in assets and increase of historical costs by the Non-Residential Building Construction Price Index (NRBCPI).

The Annual Deficit changed from \$2.3m to \$1.953m because of the following factors:

1. Road network funding increase is due to the change in Infrastructure Tax which increased to \$697.5k assuming that the total amount will be used for this purpose;
2. Cost estimates for bridges and culverts in 2021 OSIM report were used instead of historical values and funding includes the \$548.5k OCIF grant. This grant is then removed in the Long Term Financial Plan because the Province has not committed to 2023 and beyond;
3. CCBF increased by \$378.6k over the 2020 AMP.

The 2021 AMP is to be used for information purposes only as it provides a broader overview of the funding requirements to maintain existing assets and is not to replace capital budget processes.

Strategic Pillar

Investment in Community Assets

Financial Impact

There is no financial impact associated with the proposed recommendation.

Conclusion

That Council receive the report F2022-14 “2021 Asset Management Plan” for information. And that Council approve the 2021 Asset Management Plan.

Attachments

Appendix A – 2021 Asset Management Plan

Oliver Gob

Director of Finance & Treasurer

Nathan Hyde

Chief Administrative Officer