



Town of Newmarket  
395 Mulock Drive P.O. Box 328,  
Newmarket, Ontario, L3Y 4X7

Email: [info@newmarket.ca](mailto:info@newmarket.ca) | Website: [newmarket.ca](http://newmarket.ca) | Phone: 905-895-5193

## **Corporate Asset Management Progress Report 2023 Annual Update Information Report**

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Department(s): Corporate Asset Management

Author(s): Lisa Ellis, Manager Corporate Asset Management

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In accordance with the Procedure By-law, any member of Council may make a request to the Town Clerk that this Report be placed on an upcoming Committee of the Whole agenda for discussion.

### **Executive Summary**

During the 2023 Budget process Council requested more information on the services provided to the community.

To provide better information regarding services staff began to ask even more questions:

- Do we know which assets provide the services and what condition these assets are in?
- Do we know when the assets will need to be repaired and replaced and what the long-term costs are to continue to provide these assets?
- Which of our services do we consider CRITICAL? (i.e., Failure would result in significant impact to the health, safety, or quality of life of our citizens)
- Are we investing enough in our assets to ensure our most critical services can be sustained? How do we know?
- Do we have the information we need to ensure that we can continue to provide these services over the long term?

The Core Asset Management Plans answered some of these questions. However, two challenges continue to be identified that affect staffs' ability to help Council better understand the services provided to the public and their corresponding costs.

- 1) Insufficient information available to answer the questions noted above.

2) We need a system to put the data.

As a result of these questions and challenges identified by staff the organization has set **three key priorities for in 2023:**

1. **Informed Service Delivery (ISD)** project – to help Management link service delivery to the services they provide. (Project Managed by Financial Services)
2. **Data Strategy (DS)**– to answer the question of how the entire organization can leverage data in support of making business decisions, and to build a plan that weaves the role of people, processes, and technology together, (Project Managed by Manager, Data analytics and Geo Spatial Services) and
3. **Enterprise Asset Management (EAM) Roadmap** – to provide clear guidance to staff on next steps needed to be ready for Enterprise Asset Management system (EAM) implementation. This roadmap is intended to educate staff on the components of an EAM and how the organization can best leverage technology. (Project Managed by ITPMO)

Beyond the three priorities identified above staff also continue to make progress towards Council's vision for Asset Management in the following areas as established by the 2016 Asset Management Strategy:

- Asset Management Policy
- Asset Management Strategy
- Asset Inventory and Condition Assessments
- Levels of Service
- Risk Assessment and Management
- Lifecycle Planning and Investment Prioritization:
- Financial Planning and Funding Strategies:
- Performance Measurement and Reporting:
- Community Engagement and Communication and,
- Compliance with Regulatory Requirements

This report provides a brief update on these:

- i) achievements,
- ii) challenges and
- iii) future plans (time frames to be determined)

for each of these other activities identified in the Asset Management Strategy.

## Purpose

The purpose of this report is to update Council on the progress of Asset Management during 2022 and provide details on upcoming work for the next several years. This review will address the Town's progress in implementing its asset management plan, any factors impeding our ability to implement the asset management policy, strategy and plans including recommendations or strategies that the Town could employ to address these challenges. [Insert purpose of report here]

## Background

Providing this update to Council on the Town's achievements, challenges, and future plans as it relates to implementing Asset Management achieves several important purposes:

- ✓ **Compliance with Regulations:** Providing updates on the Town's asset management implementation demonstrates compliance with O.Reg 588/17 and helps to raise awareness as to how the Town is fulfilling its responsibilities.
- ✓ **Accountability and Transparency:** Updating Council ensures accountability by keeping staff, stakeholders, and the public informed about the progress made in implementing asset management practices. It also promotes transparency by sharing information on how public funds are being utilized and managed.
- ✓ **Effective Decision Making:** Asset management updates enable Council to make informed decisions regarding the management of infrastructure assets. By understanding the progress, opportunities, and challenges, decision-makers can allocate resources effectively, prioritize maintenance and replacement projects, and develop strategies to address infrastructure gaps or deficiencies.
- ✓ **Resource Planning and Optimization:** The update helps the Town assess the progress of our asset management initiatives, identify potential areas for improvement, and explore opportunities for resource optimization. It allows the Town to evaluate the effectiveness of asset management strategies and adjust plans accordingly to enhance efficiency, reduce costs, and achieve long-term sustainability.
- ✓ **Continuous Improvement:** By highlighting the challenges faced in implementing asset management, the update supports a culture of continuous improvement. It enables the Town to learn from our experiences, adapt our approaches, and overcome obstacles to enhance the effectiveness and efficiency of asset management practices over time.
- ✓ **Stakeholder Engagement:** Regular updates on asset management initiatives foster engagement and collaboration among various stakeholders, including municipal staff, elected officials, community members, and infrastructure service

providers. It encourages dialogue, feedback, and involvement, allowing stakeholders to provide valuable insights, suggestions, and concerns that can shape the direction of asset management efforts.

## Discussion

The Town of Newmarket has been making steady progress with regards to the following areas:

**Asset Management Policy** - The asset management policy establishes the guiding principles, objectives, and commitments of the municipality regarding asset management.

- I. Achievements
  - Council adopted the Town's Asset Management Policy in June of 2019. The policy aligned with current applicable legislation, regulatory requirements, and other organizational policies.
- II. Challenges
  - The policy does not specifically address how asset management will be delivered across the organization.
  - The policy has not been incorporated into other organizational policies.
- III. Future plans
  - Develop an Asset Management Framework for the organization to clarify roles and responsibilities for Asset Management across the organization. This framework will then inform a new policy which will be expanded to include how Asset Management will be adopted across the organization.
  - A staff review of existing policies to ensure that an asset management lens is considered for these policies.
  - That any new policies consider the guiding principles as outlined in the Asset Management Policy.

**Asset Management Strategy:** The Asset Management Strategy outlines the long-term vision, goals, and objectives for the Town to manage the Asset Management Program effectively.

- I. Achievements
  - Performance modeling is now available for core assets because of purchasing the Decision Optimization Tool (DOT) from Infrastructure Solutions which includes some deterioration curves. (2021) This software helps staff to identify optimal alternatives at the project, program, and service level levels.
  - Staff have completed the Town's first asset hierarchy.
  - Staff have engaged a consultant to help the organization develop a formal cost model for services. **(ISD)**
  - Staff have issued an RFP for assistance with developing a roadmap to help the organization advance an **EAM**.

- A scope of work has been issued to develop a roadmap for PWS to implement the recommendations from the asset management strategy and plans in their area.
- II. Challenges
- Roles and responsibilities for asset management related activities at all levels of the organization need to be better defined so asset management to expand responsibility for asset management beyond the Corporate Asset Management Office as outlined in the AM strategy.
- III. Future plans –
- Staff to develop processes and define asset interventions to allow for better prediction of future asset performance in DOT resulting in potential cost avoidance as the result of better lifecycle planning.
  - Improve Asset Management Governance/Framework for the organization to clarify roles and responsibilities for Asset Management across the organization.

**Asset Inventory and Condition Assessment:** Reporting will cover the status of the inventory of assets owned by the municipality as well as provide updates on the condition assessment process.

- I. Achievements
- The 2023 Infrastructure Report card has been published and has been shared with Council in an information report. This report will also be made available on the Town's website.
  - Building condition assessments have been completed for all Facilities.
- II. Challenges
- Developing the report card takes significant effort to update from the Asset Management Office.
  - Process challenges exist for condition assessments. These challenges result in the organization not being able to use this information to inform decision making.
  - Asset inventories are not consistently updated.
  - No data owners assigned.
- III. Future plans
- Data Analytics and Geospatial Service is moving ahead with the development of a **data strategy**.
  - Staff are looking to create an automated process for the creation of Infrastructure Report Cards.
  - A policy and process for condition assessments to be developed that will support multi-year capital planning.

**Levels of Service:** Reporting on progress in setting up or refining levels of service identified in the Asset Management Plans.

- I. Achievements

- Staff have prepared both customer and technical levels of service as part of the Asset Management Plans for Core Assets. These service levels have been published on the Town's website as part of the Asset Management Plans.
- II. Challenges
    - Setting the targets for customer service levels is proving challenging as a result of not having the necessary information to support the analysis required to set the targets.
  - III. Future plans
    - The Informed Service Delivery project (**ISD**) is intended to help staff gather the necessary information to support setting the targets that are required by July 1, 2023.

**Risk Assessment and Management:** Reporting on the progress and outcomes of risk assessment exercises conducted for assets.

- I. Achievements
  - A roadmap for a risk management system was devised during the 2021 AMP to expand the scope of risk-based decisions beyond decision packages.
  - The Town has incorporated a risk framework into the decision package that is part of the budget process.
- II. Challenges
  - The risk framework that has been developed works well for planning capital delivery. The same framework is not well accepted when planning for the operating costs.
- III. Future plans
  - It is recommended that staff develop an enterprise risk framework that is Newmarket specific. This framework would be a standard method used to assess risk. This framework would be approved by Council and reviewed annually as part of the budget process.

**Lifecycle Planning and Investment Prioritization:** Reporting should cover the development or enhancement of lifecycle planning processes.

- I. Achievements
  - Operations & Maintenance Plan was created for Bridges.
- II. Challenges
  - Cross departmental challenges arise as a result of unclear roles and responsibilities.
- III. Future plans
  - Develop a Pump Station Maintenance Program,
  - Develop and implement processes for Condition Assessments so the information can be leveraged to inform decision making.

- Develop and implement processes that support the development of a 10-year capital plan.

**Financial Planning and Funding Strategies:** The staff should report on the financial planning activities associated with asset management. This includes updates on the development or revision of long-term financial plans, funding strategies, and capital budgeting processes. The report should highlight how these financial plans align with asset management objectives and support the sustainability of the municipality's infrastructure.

- I. Achievements
  - Rate Supported Financial plans have been updated.
- II. Challenges
  - A plan for reserve and reserve funds balances needs to be addressed by Council as identified in the Financial Strategy and the Core Asset Management Plans. Non-Core Asset Management Plans will only add to the infrastructure gap and the Town needs a plan to improve reserves.
- III. Future plans
  - Q3/Q4 of 2023 the Director Financial Services will be hosting a workshop with Council on Reserve and Reserve Funds.

**Performance Measurement and Reporting:** Municipal staff should provide updates on the development and implementation of performance measurement frameworks for asset management. This includes tracking and reporting key performance indicators (KPIs) related to asset condition, service levels, costs, and other relevant metrics. The report should highlight any significant findings, trends, or areas for improvement identified through performance measurement.

- I. Achievements
  - Customer Service and Technical KPI's have been identified as part of the Core Asset Management Plans. The 2021 data collection is complete, and 2022 data collection is in progress.
- II. Challenges
  - Timely data, using available data in decision making, using effective measures in performance planning.
- III. Future plans
  - As a result of the tool created as part of the ISD project staff will bring forward recommendations for KPI targets July 1, 2024.
  - By July 1, 2025, staff will begin reporting to Council on the identified KPI's.

**Community Engagement and Communication:** Reporting should cover the municipality's efforts to engage and communicate with the community regarding asset management. Staff should highlight the strategies employed to gather public input, share information, and raise awareness about the importance of infrastructure

management. The report should outline any outcomes or feedback received from community engagement activities.

- I. Achievements
  - Each year the Town of Newmarket undertakes a detailed budget planning process to ensure we are meeting the needs of our community now and in the future.
- II. Challenges
  - Finding new ways to engage the community and to in particular raise awareness about the importance of infrastructure management can be difficult.
- III. Future plans
  - Facebook live event
  - Budget themed game or survey
  - In-person or virtual “drop-ins” for community
  - Online engagement platform

**Compliance with Regulatory Requirements:** It is important to report on the municipality's compliance with provincial or federal regulations related to asset management. This includes providing updates on the development and implementation of asset management plans, as required by regulatory frameworks, and any other relevant compliance activities.

- I. Achievements
  - Core Asset Management Plans were completed in 2022. Non-core Asset Management Plans for Parks and Facilities are underway.
- II. Challenges
  - Setting targets for service levels to meet the 2025 requirements is proving challenging due to limited information/data availability.
  - Understanding how to include Climate Change and the anticipated costs associated with climate adaptation and mitigation for each asset category will require further direction from Council.
- III. Future plans
  - Asset Management Plans for Roadside will need to be completed by July 1, 2024.
  - The Informed Service Delivery project is anticipated to provide the additional data needed to assist staff with recommending service level targets to Council. These targets will then need to be approved by Council before July 1, 2025.
  - A workshop on the impacts of Climate Change will be presented to Council in Q3/Q4 of this year to help council understand the service level impacts, risks and costs of Climate Change. Additionally, a Climate policy would help staff to better understand how Council would like to address climate actions.



## Conclusion

The Town's focus for Asset Management practices in 2023 will be on the Informed Service Delivery Project, developing a Data Strategy and working with a consultant to develop chart a course for an Enterprise Asset Management system.

The other activities identified above provide a comprehensive overview of the progress, achievements, challenges, and future plans related to the implementation of the asset management strategy, policy, and plans.

## Business Plan and Strategic Plan Linkages

Asset Management is one of the foundational pieces for setting the stage for an extraordinary future. It is required for each of Council's 2022 to 2026 priorities and supports the following objectives:

- ✓ **Infrastructure Sustainability:** By implementing effective asset management practices, the municipality can ensure the long-term sustainability of its infrastructure assets. This aligns with the goal of maintaining and enhancing the quality, reliability, and lifespan of infrastructure assets to meet the needs of the community.
- ✓ **Service Delivery Optimization:** By understanding the condition and performance of assets, the municipality can prioritize investments, plan maintenance activities, and make informed decisions to ensure efficient and cost-effective service delivery. This helps in delivering high-quality services to residents while managing resources effectively.
- ✓ **Financial Stability and Planning:** By having a clear understanding of asset conditions and associated life cycles, the municipality can develop long-term financial plans that align with asset management objectives.
- ✓ **Risk Management:** Asset management programs are intricately linked to risk management. By assessing and monitoring asset risks, the Town can proactively identify potential failures, disruptions, or safety concerns thereby enhancing the resilience of infrastructure assets and minimizing the impact on the community.
- ✓ **Community Engagement and Satisfaction:** By ensuring the availability and reliability of infrastructure services, the municipality can meet the needs and expectations of the community. Transparent communication about asset management practices and involving the community in decision-making processes can foster trust and satisfaction among residents.
- ✓ **Environmental Sustainability:** By considering environmental factors in asset management decision-making, such as energy efficiency, climate resilience, and sustainable materials, the municipality can reduce its environmental impact and contribute to a greener and more sustainable community.

## **Consultation**

The content of this report was shared with the Asset Management Steering Committee composed of the CAO and the Commissioners from Development Infrastructure Services, Community Services and Corporate Services.

## **Human Resource Considerations**

No human resource considerations required with this report.

## **Budget Impact**

No impact associated with this report.

## **Attachments**

None

## **Approval**

Mike Mayes, CPA, CGA, DPA

Director, Financial Services/Treasurer

Esther Armchuk, LL.B

Commissioner, Corporate Services

## **Contact**

For further information please contact Lisa Ellis at ext. 2515 or [lellis@newmarket.ca](mailto:lellis@newmarket.ca)