Chapter 8
Asset Management Plan

8. Asset Management Plan

8.1 Introduction

The changes to the D.C.A. (new section 10(c.2)) in 2016 require that the background study must include an Asset Management Plan (A.M.P) related to new infrastructure. Section 10 (3) of the D.C.A. provides:

The A.M.P. shall,

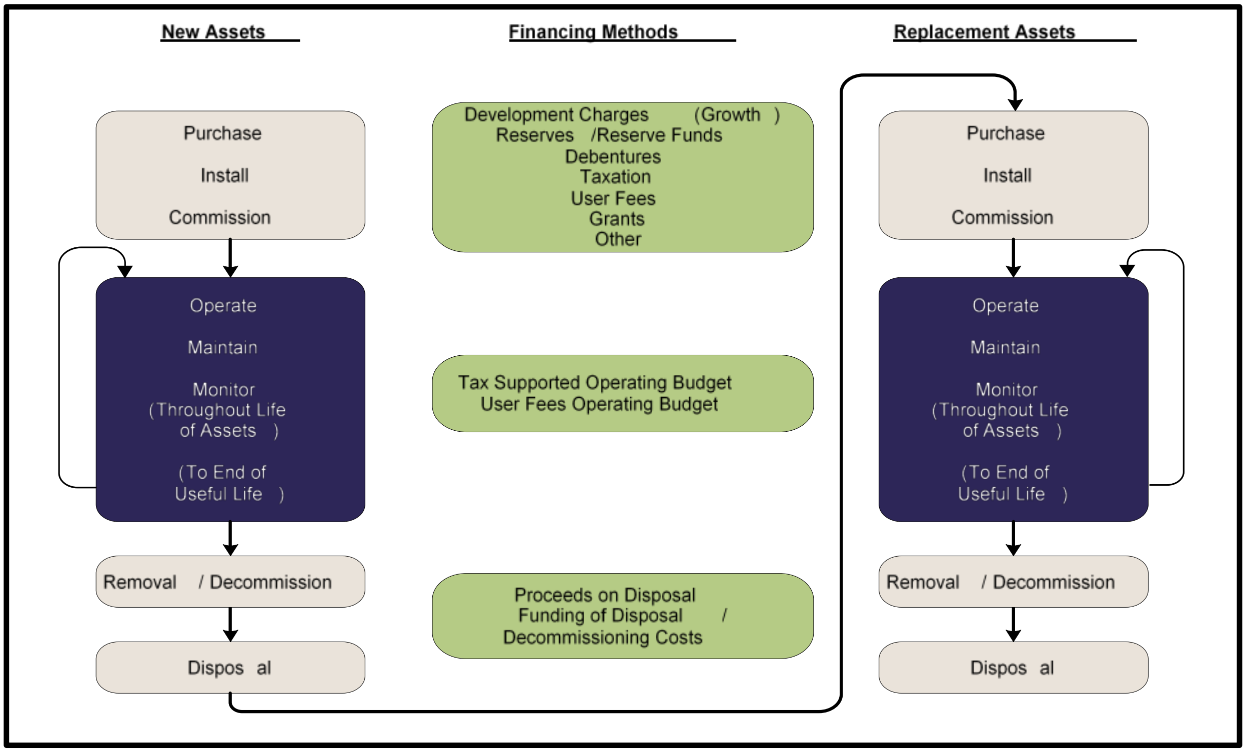
a) **deal with all assets whose capital costs are proposed to be funded under the development charge by-law;**
b) **demonstrate that all the assets mentioned in clause (a) are financially sustainable over their full life cycle;**
c) **contain any other information that is prescribed; and**
d) **be prepared in the prescribed manner.**

At a broad level, the A.M.P. provides for the long-term investment in an asset over its entire useful life along with the funding. The schematic below identifies the costs for an asset through its entire lifecycle. For growth-related works, the majority of capital costs will be funded by the D.C. Non-growth-related expenditures will then be funded from non-D.C. revenues as noted below. During the useful life of the asset, there will be minor maintenance costs to extend the life of the asset along with additional program related expenditures to provide the full services to the residents. At the end of the life of the asset, it will be replaced by non-D.C. financing sources.

In 2012, the Province developed Building Together: Guide for Municipal Asset Management Plans which outlines the key elements for an A.M.P., as follows:

State of local infrastructure: asset types, quantities, age, condition, financial accounting valuation and replacement cost valuation.

Desired levels of service: defines levels of service through performance measures and discusses any external trends or issues that may affect expected levels of service or the municipality's ability to meet them (for example, new accessibility standards, climate change impacts).



Asset management strategy: the asset management strategy is the set of planned actions that will seek to generate the desired levels of service in a sustainable way, while managing risk, at the lowest lifecycle cost.

Financing strategy: having a financial plan is critical for putting an A.M.P. into action. By having a strong financial plan, municipalities can also demonstrate that they have made a concerted effort to integrate the A.M.P. with financial planning and municipal budgeting, and are making full use of all available infrastructure financing tools.

The above provides for the general approach to be considered by Ontario municipalities. At this time, there is not a mandated approach for municipalities hence leaving discretion to individual municipalities as to how they plan for the long-term replacement of their assets. The County updated it's A.M.P. in 2017, however, the A.M.P. did not address all assets included in the D.C. Background Study or growth-related assets. As a result, the asset management requirement for this D.C. Background Study must be undertaken in the absence of this complete information.

In recognition to the schematic in Section 8.1, the following table (presented in 2019$) has been developed to provide the annualized expenditures and revenues associated with new growth. Note that the D.C.A. does not require an analysis of the non-D.C. capital needs or their associated operating costs so these are omitted from the table below. Furthermore, as only the present infrastructure gap has been considered at this time within the A.M.P., the following does not represent a fiscal impact assessment (including future tax/rate increases) but provides insight into the potential affordability of the new assets:

1. The non-D.C. recoverable portion of the projects which will require financing from County financial resources (i.e. taxation, rates, fees, etc.). This amount has been presented on an annual debt charge amount based on 20-year financing.

2. Lifecycle costs for the 2019 D.C. capital works have been presented based on a sinking fund basis. The assets have been considered over their estimated useful lives.

3. Incremental operating costs for the D.C. services (only) have been included.

4. The resultant total annualized expenditures are $18 million.

5. Consideration was given to the potential new taxation and user fee revenues which will be generated as a result of new growth. These revenues will be available to finance the expenditures above. The new operating revenues are $16.6 million. This amount, totalled with the existing operating revenues of $189.9 million, provides annual revenues of $206.5 million by the end of the period.

6. In consideration of the above, the capital plan is deemed to be financially sustainable.

Table 8-1
Oxford County
Asset Management – Future Expenditures and Associated Revenues (2019$)

Description	2028 (Total)
Expenditures (Annualized)	
Annual Debt Payment on Non-Growth Related Capital[1]	$2,441,687
Annual Debt Payment on Post Period Capital[2]	$1,740,725
Lifecycle:	
Annual Lifecycle - County Wide Services	$617,987
Annual Lifecycle - Area Specific Tax-Supported Services	$55,510
Annual Lifecycle - Area Specific Services[3]	$1,303,201
Sub-Total - Annual Lifecycle	$1,976,699
Incremental Operating Costs (for D.C. Services)	$13,584,574
Total Expenditures	**$18,002,960**
Revenue (Annualized)	
Total Existing Revenue[4]	$189,920,158
Incremental Tax and Non-Tax Revenue (User Fees, Fines, Licences, etc.)	$16,604,508
Total Revenues	**$206,524,666**

[1] Non-Growth Related component of Projects including 10% mandatory deduction on soft services

[2] Interim Debt Financing for Post Period Benefit

[3] All infastructure costs included in Area Specifc by-laws have

[4] As per Sch. 10 of FIR