

Municipality Of Chatham-Kent

Finance, Budget, Information Technology & Transformation

Administration

To: Mayor and Members of Council

From: Gord Quinton, MBA, CPA, CGA
Chief Financial Officer / Treasurer /
GM, Finance, Budget, Information Technology & Transformation

Date: January 4, 2021

Subject: MFOA – Request for Asset Management Plan Extension

Recommendation

It is recommended that:

1. Council support Administration's request and the Municipal Finance Officers' Association of Ontario by passing the resolution attached requesting a one year extension of deadlines in O. Reg. 588/17: Asset Management Planning for Municipal Infrastructure under the *Infrastructure for Jobs and Prosperity Act, 2015*.

Background

This report is at the request of Chatham-Kent municipal and Public Utilities Commission (PUC) staff and the Municipal Finance Officers' Association of Ontario (MFOA) representing all Ontario municipalities with respect to the high time requirements, cost, and administrative burdens of expanded Asset Management Plan (AMP) reporting requirements in the midst of the Covid-19 Pandemic.

Comments

The MFOA has asked its member municipalities to pass resolutions in support of the October 22, 2020 letter it sent to the Honourable Laurie Scott, Minister of Infrastructure (Attachment A). With pandemic workloads, it is recommended to delay the July 1, 2021 requirements to July 1, 2022.

If a delay is approved, Chatham-Kent municipal and PUC staff would begin working on the 2021 through 2024 AMP new legislated requirements in one document that would be completed in the spring of 2022 prior to the July 1, 2022 extended deadline. This would keep Chatham-Kent in compliance to be eligible for Federal and Provincial grants for the 2022-2027 AMP cycle. In 2021, Chatham-Kent received Federal Gas Tax, Provincial Gas Tax, Connecting Link Funds and several unique infrastructure grants that require our AMP to be compliant with legislation.

If the delay is not approved, Chatham-Kent municipal and PUC staff will endeavor to meet the minimum new requirements by the July 1, 2021 deadline. The entire refreshed AMP would still not be completed until spring 2022.

Areas of Strategic Focus and Critical Success Factors

The recommendation in this report supports the following areas of strategic focus:

Economic Prosperity:

Chatham-Kent is an innovative and thriving community with a diversified economy

A Healthy and Safe Community:

Chatham-Kent is a healthy and safe community with sustainable population growth

People and Culture:

Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

Environmental Sustainability:

Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendation in this report supports the following critical success factors:

Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

Has the potential to support all areas of strategic focus & critical success factors

Neutral issues (does not support negatively or positively)

Consultation

The General Manager of Infrastructure and Engineering Services and the General Manager of Public Utilities Commission were consulted and support the recommendation.

Financial Implications

There are no immediate financial implications to this report. Any consultant cost to support the 2021 AMP requirements are funded from 2021 Lifecycle allocations of the municipality and PUC and have no direct impact on the 2021 Tax or Rate based budgets.

Prepared by:

Gord Quinton, MBA, CPA, CGA
Chief Financial Officer / Treasurer /
General Manager, Finance, Budget, Information Technology & Transformation

Consulted and confirmed the content of the consultation section of the report by:

Tim Sunderland
General Manager, Public Utilities
Commission

Thomas Kelly
General Manager, Infrastructure &
Engineering Services

Attachments:

A – MFOA Letter to MOI extending AMP deadlines

B – Chatham-Kent Resolution on Request for Asset Management Plan Extension

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Hon. Laurie Scott
Minister of Infrastructure
5th Floor
777 Bay St.
Toronto, ON M7A 2J3

October 22, 2020

Dear Minister Scott,

RE: One-year extension of deadlines in O. Reg. 588/17: Asset Management Planning for Municipal Infrastructure under the Infrastructure for Jobs and Prosperity Act, 2015

I am writing on behalf of the Municipal Finance Officers' Association of Ontario, and the municipalities it serves, to request a one-year extension of all upcoming deadlines in O. Reg. 588/17: Asset Management Planning for Municipal Infrastructure under the Infrastructure for Jobs and Prosperity Act, 2015 (O. Reg. 588/17).

The Municipal Finance Officers' Association of Ontario (MFOA) is the professional association of municipal finance officers with more than 2,300 individual members. We represent individuals who are responsible for handling the financial affairs of municipalities and who are key advisors to councils. MFOA is a strong advocate for best practices that encourage long-term fiscal sustainability, including long term financial planning and asset management planning.

In recent years, MFOA and the Province have worked together to support municipalities on their asset management (AM) journeys. Our collaboration has resulted in a range of useful resources, including tip sheets, a strategic AM planning policy development toolkit, a guide on creating AM communities of practice, an AM framework, a self assessment tool, training, and the provision of professional one-on-one AM consulting, among other supports. MFOA, like the Province, believes in the fundamental importance of AM planning.

But we have also heard our members. As noted in your statement to the Standing Committee on Finance and Economic Affairs on July 30, 2020, municipalities were "among the hardest hit" by the economic shutdown necessitated by the COVID-19 pandemic. This hit has and continues to be both financial and operational in nature. Since March, municipalities have declared states of emergency, redeployed resources, contained costs (including hiring freezes), and rightly prioritized the immediate needs of stakeholders. Given these pressures, municipalities have not had the capacity to work on meeting the 2021 deadline in O. Reg. 588/17 and as we are in a second wave and a return to a modified stage 2 in some parts of the Province with no end in sight and the possibility of extended restrictions elsewhere, it is unlikely that current capacity challenges will be resolved in the short-term.

We are also concerned that revenue losses in some municipalities will result in re-evaluations of capital plans, including AM plans. AM planning completed during a period of high revenue uncertainty is unlikely to be very reliable. Plans done after a revenue re-evaluation post COVID provides confidence that AM plans have taken into account the COVID impacts and that they are more up to date and robust.

Similar to the Public Sector Accounting Board's one-year deferral of the effective date of upcoming standards, MFOA recommends a one-year extension of all upcoming deadlines in O. Reg. 588/17. In the short-term, an extension will help municipalities focus on pandemic management. In the long-term, extending timelines will ensure municipalities can produce meaningful work that embodies the spirit of AM that reflects new post COVID realities.

Throughout the pandemic, we have seen how much can be achieved when municipalities and the provincial government work together to achieve a common goal. Should you wish to follow up on this letter, please contact MFOA Executive Director, Donna Herridge (donna@mfoa.on.ca).

Sincerely,

A handwritten signature in dark ink, reading "Trevor Pinn". The signature is written in a cursive style with a large initial "T".

Trevor Pinn, CPA, CA
President

cc. Hon. Steve Clark, Minister of Municipal Affairs and Housing



MFOA Request for One Year Extension of Deadlines in O. Reg. 588/17

WHEREAS the COVID-19 pandemic has had significant financial and operational impacts on Ontario municipalities;

AND WHEREAS municipalities have had to divert resources towards addressing the immediate needs of the pandemic and maintaining service delivery standards despite evolving restrictions and limited funds;

AND WHEREAS the Government of Ontario has delayed timelines with respect to several pieces of legislation;

AND WHEREAS the Government of Ontario has regulated municipal asset management through O. Reg. 588/17: Asset Management Planning for Municipal Infrastructure under the *Infrastructure for Jobs and Prosperity Act, 2015*;

AND WHEREAS O. Reg. 588/17 mandates that every municipality shall prepare an asset management plan in respect of its core municipal infrastructure assets by July 1, 2021, and in respect of all of its other municipal infrastructure assets by July 1, 2023;

AND WHEREAS the key components of an asset management plan as required by the regulation are:

1. Infrastructure asset inventory
2. Levels of service
3. Lifecycle management and financial strategy

AND WHEREAS there is a concern amongst Municipal Finance Officers' Association of Ontario (MFOA) members and their municipalities that current capacity challenges (redeployment of staff, and lack of available resources) will result in limitations for purposeful asset management planning;

AND WHEREAS Ontario municipalities do not anticipate the current capacity challenges to be resolved in the short-term;

NOW THEREFORE BE IT RESOLVED that **THE MUNICIPALITY OF CHATHAM-KENT** supports MFOA's letter to the Ministry of Infrastructure requesting a one-year extension of deadlines in O. Reg. 588/17: Asset Management Planning for Municipal Infrastructure under the *Infrastructure for Jobs and Prosperity Act, 2015*; so that all municipalities can focus on the immediate needs of the pandemic and engage in municipal asset management planning when capacity challenges are resolved.