

Final State of Infrastructure Report**Report Purpose**

To provide Council with a final State of Infrastructure Report that Administration will use for Capital planning.

Our Strategic Goals

Goal 3 - Responsible Development

Goal 4 - Municipal Excellence

Goal 3 Priority - Investment in our infrastructure that supports development and complete communities

Goal 4 Priority - Optimal use of resources that meets the community's needs

Report

As Strathcona County continues our asset management journey, understanding the complete state of our infrastructure is an integral part of our maturity. Outlined in the Asset Management Policy is the Asset Value Delivery Model; State of Infrastructure is one of the six key pillars to establish within the asset management program.

Mature asset management programs are becoming an increasing requirement for grant funding at both the provincial and federal level. There is a continued emphasis to expand municipal asset management programs to ensure sustainable use of resources while allowing flexibility for community investment in both core and non-core categories. Ensuring that the County can meet asset management criteria through grant requirements will secure much needed investment resources from various government agencies. An asset management program will support and rely heavily on the long-term fiscal sustainability framework to forecast future investment requirements that do not negatively hinder growth and the community.

The risk of not completing this work or leveraging this report for decision making, will have lasting effects on our community. Grant opportunities will become increasingly challenging to obtain and will likely be ineligible without an asset management program. Asset lifecycle decisions will be based less on risk and the services they support and will further drive asset inequity impacts across the asset categories.

Strathcona County assets support highly regarded services that the community relies on. Understanding the full lifecycle, condition, future anticipated replacement values, and projected financial funding help to illustrate a complete State of Infrastructure for our County. This a core competency to establish and manage within the asset management program for the County.

Municipalities with mature asset management programs endeavour to build a complete state of infrastructure report. In developing the Strathcona County report, communities across Canada that have completed such reports, as well as FCM (Federation of Canadian Municipalities) were utilized to gain perspective in what should be included, how to structure the report, and what assumptions should be made when forecasting. Based on a horizon scan across Canada, the following was determined:

- Condition rating would be measured on a five point scale for consistent application across all asset categories.
- Assets were categorized into nine asset categories. These were based on similar asset categorization criteria as referenced in the horizon scan. These are not the same categories as outlined in the capital reporting sections of the financial statements.
- Only current assets would be considered within the report, and all replacement forecasts would be calculated based on a similar and comparable asset type.
 - This means no service level adjustments, functional improvements or growth factors were assumed in the future forecast replacement figure.
 - Land, engineering costs, potential legal costs, shipping, or foreign exchange rates were also disregarded from the replacement forecast as there are too many unknown factors to account for, thus the assumption would be too subjective for a reliable forecast.

A five point condition rating scale was established with the following criteria. Life expectancy was also calculated with technical condition rating data if applicable, based on various assets within the categories:

A – Very Good	Excellent physical condition and no work is required. Asset life expectancy is between 90-100%.
B – Good	Acceptable physical condition with minimal short term failure risk. Only minor work is required. Asset life expectancy is between 40-89%.
C – Fair	Asset is visibly degraded but is unlikely to fail in the short term. End of life options will likely need to be evaluated in the medium term. Asset Life expectancy is between 20-39%.
D – Poor	Asset is significantly degraded, and failure is likely in the short term. End of life options will likely need to be evaluated in the short term. Asset life expectancy is <20%.
F – Very Poor	Failed or failure imminent/ safety risk present. Refurbishment, replacement, or removal is required as a priority.

The nine asset categories included:

- Transportation
- Utilities
- Municipal Properties
- Recreation, Parks, and Culture
- Transit
- Fleet
- Emergency Services
- Information Technology Services
- Enforcement Services

Within each category, a brief description on the types of assets within each category are defined within the report.

The State of Infrastructure Report is a compilation of asset data and financial modeling across the organization. Data analysis included the following:

- 4.3 million asset records.
- 31 asset management systems or data sets.
- Analysis began March 2023 and concluded December 2023.
- Assumptions or calculations were made uniformly across all categories/levels.
 - Example: If a half ton pickup truck was \$35,000 to replace, we would assume that all pick-up trucks were the same.
- An inflationary factor of 2.5% was utilized.
- If an asset had an expected useful life of twenty years, we would assume it would be replaced in year twenty.

Administration drew the following conclusions from the State of Infrastructure Report:

- Overall, the state of assets is in fair health. The spread of assets across the various condition ratings illustrates both a community with aging infrastructure, but also a growing community with investments in new infrastructure as well.
 - It is important to note that a mature asset management program would not look to have the majority of assets in any one health score. It is important to have a spread across all categories, as we see within the County report.
- Although this is a long-range forecasting tool, all the asset categories have a reinvestment gap, based on the blended ten year assumptions within our 10 year capital plan.
- Although we wouldn't look to close the reinvestment gap, it is important to manage that gap. Reinvestment management would include:
 - Financial resource allocations
 - Recreation Infrastructure Levy is a good example of this
 - Service levels
 - Functional improvements
 - Risk tolerance
- Priority decisions within the next ten years will help manage reinvestment pressures; and communicate to the community anticipated renewal and growth in our capital infrastructure.

Council and Committee History

July 18, 2023	Council was provided with an Introduction to State of Infrastructure report.
April 5, 2023	Capital Outlook – Facilitated Planning Session.

Other Impacts

Policy: SER – 014/005 Asset Management Policy

Legislative/Legal: N/A

Financial/Budget: N/A

Interdepartmental: All departments managing assets.

Master Plan/Framework: Long Term Financial Sustainability Framework

Communication Plan

Publish enclosure 2 on the public website.

Enclosures

- | | |
|---|--------------------------------------|
| 1 | SOIR Presentation |
| 2 | Final State of Infrastructure Report |