



Ontario
Home Builders' Association

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Joshua McCann
Ministry of Economic Development, Employment and Infrastructure
Infrastructure Policy Division
900 Bay Street, Floor 5 Mowat Block
Toronto, ON M7A 1C2

Re: Proposed municipal asset management planning regulation
EBR Registry Number: 013-0551

Background:

The *Infrastructure for Jobs and Prosperity Act, 2015*, was proclaimed on May 1, 2016 and includes an authority for the province to regulate municipal asset management planning. The purpose of the proposed regulation is to implement best practices throughout the municipal sector and provide a degree of consistency to support collaboration between municipalities, and among municipalities and the province. The regulation would balance valuable consistency with appropriate flexibility, and would include phased implementation. The regulation would provide certainty around future provincial asset management planning requirements, and would be supported by the collection of selected data to capture the key aspects of municipal asset management: resilience and sustainability. This regulation would aim to help municipalities more clearly identify what their infrastructure needs are, and therefore help them work towards a more sustainable position regarding the funding of their infrastructure.

OHBA General AMP Commentary:

The Ontario Home Builders' Association (OHBA) is broadly supportive of measures to establish mechanisms to encourage evidence-based and strategic long-term infrastructure planning that supports job creation, economic growth and the protection of the environment. The *Infrastructure for Jobs and Prosperity Act, 2015* which was proclaimed on May 1, 2016, offers an important function to ensure that the government, and every broader public sector entity (as defined in section 2), must consider a specified list of infrastructure planning principles when making decisions respecting infrastructure. While almost all municipalities in Ontario have an asset management plan, significant differences remain in the completeness, level of detail, and methodology and assumptions used to develop these plans. OHBA is strongly supportive of the implementation a Municipal Asset Management Planning (AMP) Regulation that will enhance AMP by incorporating specific requirements and providing greater transparency, consistency and accountability in communities throughout Ontario.

OHBA notes that in 2015, the Ministry of Municipal Affairs and Housing established a number of technical working groups to provide recommendations with respect to regulations that would implement the amendments to the *Development Charges Act* as was at the time proposed by the *Smart Growth For Our Communities Act, 2015* (Bill 73). These legislative amendments and the Regulations resulting from the legislative amendment ensured that municipal Development Charges Background Studies would have a strong link to correlate with municipal AMPs through life cycle (maintain and replace) costing for infrastructure. OHBA submissions to the Ministry of Infrastructure in both 2015 and 2016 stated that it would be critical for the Municipal Asset Management Planning regulations under the *Infrastructure for Jobs and Prosperity Act, 2015* establish a strong link to the *Development Charges Act, 1997* to ensure

greater consistency, accountability and transparency. OHBA also recommended in August 2016 that the Ministry of Infrastructure work closely with the Municipal Finance Policy Branch at the Ministry of Municipal Affairs to ensure the municipal infrastructure AMPs are integrated into municipal financial policy and municipal land use planning processes.

OHBA is pleased that these industry recommendations have been adopted and incorporated into the proposed AMP (013-0551). OHBA is supportive of language in the proposed Strategic Asset Management Policy section that there would be a process to ensure that asset management planning would be aligned with Ontario's land-use planning framework, including any relevant policy statements issued under section 3(1) of the *Planning Act*; provincial plans as defined in the *Planning Act*; and, municipal official plans. Furthermore, OHBA is supportive of proposed requirements in Phase I that in the Greater Golden Horseshoe, growth demands must conform to forecasted growth for the municipality as set out in the Growth Plan and reflected in municipal plans. This requirement is necessary to ensure that large municipalities analyze the links between providing levels of service, costs and the impacts of growth. Lastly, OHBA is also supportive of the statement that municipalities continue to be expected to comply with the asset management plan requirements within the *Development Charges Act, 1997* and its regulations in order to be able to levy a development charge. The direct connection between municipal AMPs and regulations under the DCA that came into effect on January 1, 2016 (O.Reg 82/98) are a critical component of the proposed AMP regulation.

OHBA Commentary on Proposed Regulation:

OHBA is supportive of many of the principles in the proposed regulation and applaud the government for its support of detailed, transparent and accountable financial plans. The rigour associated with a potential evidence-based review provides for better outcomes as it ensures public and transparent scrutiny of the AMP outcomes a concept that underpins a successful AMP.

OHBA supports a number of key components of the proposed Municipal Asset Management Planning Regulation:

- J OHBA is generally supportive of the proposed elements of a Strategic Asset Management Policy. We are also supportive of the proposed timeline for municipalities to develop and adopt a strategic asset management policy by January 1, 2019 and for a review cycle of five years. Regarding the contents of the Strategic Asset Management Policy:
 - OHBA is supportive of articulating which municipal goals, plans (e.g., official plan, strategic plan, master plans) or policies the municipality's asset management plan would support, and for a process to be established for how the AMP would affect the development of the municipal budget and any applicable long-term financial plans
 - OHBA is very supportive of a process to ensure that AMP would be aligned with Ontario's land-use planning framework, including any relevant policy statements issued under section 3(1) of the *Planning Act*; provincial plans as defined in the *Planning Act*; and, municipal official plans
 - While OHBA previously recommended in August 2016 (EBR Submission 012-8153) that a strategic asset management policy be prepared and approved by council by January 1, 2018; OHBA recognizes this is no longer a realistic target and we are therefore generally supportive of the newly proposed staggered timeline for municipalities to adopt a strategic asset management policy:
 - Phase I would address core infrastructure assets, and would be required to be completed by Jan 1, 2020.
 - Phase II would expand on Phase I by including all infrastructure assets in the plan by Jan 1, 2021.
 - Phase III would require further details to be provided for all infrastructure assets by Jan 1, 2022.
- J Within Phase I and Phase II, OHBA is supportive of a plain language explanation of the current levels of service being provided by each category of infrastructure asset would be required. OHBA also supports the level of detail being proposed to require that municipal infrastructure assets be summarized by asset class, including type and quantity, total replacement value, and average age. The inventory analysis would also discuss the municipality's approach to assessing asset condition using industry-accepted engineering practices, and summarize the information available on the condition of the assets.

- J OHBA support an estimate of the capital expenditures (i.e., total cost of maintenance, renewal, rehabilitation, replacement, disposal, upgrades, new construction) needed each year, as well as any significant operating costs, including energy costs, for the ten years following the year that the current levels of service are established, to maintain the current levels of service over the long term.
- J It is important that the proposed regulation include the approach to developing the estimate and be based on the lifecycle management activities expected. Assumptions regarding anticipated future changes in population and economic activity would be included.
- J OHBA recognizes that some smaller municipalities have voiced concerns with respect to the costs of the potential requirements of the regulation. While OHBA believes the long-term financial benefits to Municipal AMPs outweigh the short-term costs associated with complying to the regulation, we are supportive of consideration for a 25,000 threshold to comply with the Municipal AMP Regulation.
- J Municipalities with a 2016 Statistics Canada census population of 25,000 or greater would be required to identify which estimated capital expenditures and significant operating costs, including energy costs, would be related to new construction and upgraded capacity of existing assets, including the extension of services to previously unserved areas and expansion of services to meet growth demands. OHBA also supports that within the Greater Golden Horseshoe, growth demands must conform to forecasted growth for the municipality as set out in the Growth Plan and reflected in municipal plans.
- J Within Phase III, OHBA supports the additional requirements that the AMP would discuss why the proposed levels of service are appropriate for the municipality, how they differ from the current levels of service, when they would be achieved, and how they would take affordability and sustainability into account.
- J OHBA has consistently supported the documentation of lifecycle management activities that the municipality would undertake to maintain the proposed levels of service and manage risk.
- J OHBA supports the proposed 10-year financial strategy within Phase III to be aligned with the proposed levels of service, which would include estimated capital expenditure forecasts, and significant operating costs, including energy costs, related to lifecycle activities. This strategy would also include revenue dedicated to capital financing, estimated capital reserve contributions and withdrawals and estimated debt service payments.
- J OHBA is supportive of municipalities being required to outline any ongoing funding shortfall that exists between investments required to fund the activities in the lifecycle management strategy and the ability of the municipality to fund these activities, and how the municipality intends to address this shortfall.
- J To ensure greater accountability and transparency, OHBA is supportive of the AMP being required to be approved by a licensed engineering practitioner representing the municipality, and the executive lead of the municipality prior to it being presented to the municipal council for approval. Furthermore, OHBA is supportive of the requirement to provide council with an annual update on asset management planning progress, starting in 2021.
- J To ensure transparency with stakeholders and the public, OHBA supports the requirement to post their strategic asset management policy and AMP on the municipality's website.
- J Lastly, OHBA is very supportive of the provincial recognition that municipalities continue to be expected to comply with the asset management plan requirements within the *Development Charges Act, 1997* and its regulations in order to be able to levy a development charge.

OHBA appreciates the Ministry of Infrastructure's attention to this matter and support of infrastructure asset management planning. OHBA looks forward to ongoing and future consultation with the industry and dialogue with our municipal partners as a Regulation is developed. OHBA is the voice of the residential construction industry in Ontario. Our members have built over 700,000 homes in the last ten years in over 500 Ontario communities. Our association includes over 4,000 member companies organized into a network of 29 local associations across the province, contributing over \$56 billion to Ontario's economy and employing over 335,000 people.

Sincerely,



Mike Collins-Williams (MCIP, RPP)

Director, Policy

Ontario Home Builders' Association