THE ASSET MANAGEMENT PLAN

CASE STUDY: CITY OF KENORA

Lauren D’Argis
Corporate Services Manager
Community Context

- Population: 15,348 (2011)
- High social costs due to unorganized surrounding territories
- High capital & service delivery costs due to unique geography
- Highly taxed already

Fiscal challenges:
- Reduced OMPF funding
- Property assessments rising, tax rates falling
AMP Planning & Development

State of the Data

- *Had*: PSAB 3150 data
- *Needed*:
  - Condition ratings
  - Replacement costs
- *Used*: Asset Management System:
  CityWide Tangible Assets

Leadership & Expertise

- Finance takes the lead on the MIII challenge
- MIII Capacity Funds, hired Public Sector Digest Inc. to complete the AMP
Sources of Data

- PSAB 3150 data
- GIS asset maps
- Legacy knowledge from former employees
- Age-based ratings – except bridges
- Replacements costs difficult to compare with other muni’s
2012 Total Replacement Value

- Storm Sewer Network, $33,608,460, 8%
- Sanitary Sewer Network, $112,657,425, 25%
- Road Network, $76,136,551, 17%
- Bridges & Culverts, $95,146,015, 21%
- Water Network, $126,429,896, 29%
Challenges & Successes

**Challenges**
- Estimates
- Missing condition assessments
- Fully depreciated roads not in PSAB data
- Balancing need vs. funding with condition vs. performance
- More guidance/samples needed from the province
- Too many priorities

**Successes**
- Satisfied MIII program requirements
- Built council support for reserves
- Reports useful as communication tool
The AMP

<table>
<thead>
<tr>
<th>Total Replacement Value</th>
<th>$444m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets per household</td>
<td>$62k</td>
</tr>
<tr>
<td>Annual deficit</td>
<td>$7.3m</td>
</tr>
<tr>
<td>Daily investment per household</td>
<td>$4.07</td>
</tr>
</tbody>
</table>

Recommendations

- Raise taxes by 2.2%, above inflation for 10 years
- Allocate 100% of gas tax revenue to bridges and culverts
- Continue increasing sanitary rate revenues by 10% per year until 2017, with 4.5% increase in 2018 to reach full funding
- Continue increasing water rate revenues by 10% per year until 2016, with 7.4% increase in 2017 to reach full funding
# Infrastructure Report Card

**The City of Kenora**

1. Each asset category was rated on two key, equally weighted (50/50) dimensions: Condition vs. Performance, and Funding vs. Need. See the "What condition is it in?" section for details on the grade on the Condition vs. Performance dimension. The "How do we reach sustainability?" section for details on the grade on the Funding vs. Need dimension.

2. The 'Overall Rating' below is the average of the two ratings.

### Asset Category

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Condition vs. Performance</th>
<th>Funding vs. Need</th>
<th>Overall Grade</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road Network</td>
<td>C</td>
<td>F</td>
<td>F</td>
<td>While more than 70% of the municipality’s roads and sidewalk network is in fair to excellent condition, the remaining is in poor to critical condition. Further, nearly 90% of the appurtenances are in poor to critical condition. The average annual revenue required to sustain Kenora’s paved road network is approximately $2,850,000. Based on Kenora’s current annual funding of $1,255,000, there is an annual deficit of $1,595,000.</td>
</tr>
<tr>
<td>Bridges &amp; Culverts</td>
<td>C+</td>
<td>F</td>
<td>D</td>
<td>With 95% of the municipality’s superstructures and substructures in fair to excellent condition and the remaining in critical condition, the municipality received a Condition vs. Performance rating of 'C+'. The average annual revenue required to sustain Kenora’s bridges &amp; culverts is $3,335,000. Based on Kenora’s current annual funding of $900,000, there is an annual deficit of $2,435,000.</td>
</tr>
<tr>
<td>Water Network</td>
<td>C</td>
<td>F</td>
<td>F</td>
<td>While nearly 60% of the municipality’s water mains are in fair to excellent condition and the remaining is in poor to critical condition. Further, 100% of the facilities assets (based on replacement value), and 85% of the appurtenances are in fair condition. The average annual revenue required to sustain Kenora’s water network is approximately $1,948,000. Based on Kenora’s current annual funding of $789,000, there is a deficit of $1,159,000.</td>
</tr>
<tr>
<td>Sanitary Sewer Network</td>
<td>C</td>
<td>F</td>
<td>F</td>
<td>While 64% of the municipality’s sanitary sewer mains are in fair to excellent condition, the remaining 36% are in poor condition. Further, the vast majority, 91%, of its facilities assets are in fair to excellent condition, based on replacement value. However, 64% of the appurtenances are in poor to critical condition. The average annual revenue required to sustain Kenora’s sanitary sewer network is approximately $1,685,000. Based on Kenora’s current annual funding of $288,000, there is an annual deficit of $1,397,000.</td>
</tr>
<tr>
<td>Storm Sewer Network</td>
<td>D+</td>
<td>F</td>
<td>F</td>
<td>All 100% of the municipality’s storm sewer mains are in excellent condition. Further, 98% of the catch basins are in fair to excellent condition. The average annual revenue required to sustain Kenora’s storm sewer network is approximately $86,000. Based on Kenora’s current annual funding of $150,000, there is an annual deficit of $706,000.</td>
</tr>
</tbody>
</table>
“There was no surprise. Everybody already knew we were in a hole. Council had already approved increases for water and sewer over the next three years to try and get some work happening.”

– *Charlotte Caron, Manager of Property & Planning*

“We can’t afford these increases. The onus is on the upper levels of government. We can’t let the federal and provincial governments off the hook, we didn’t build 19 bridges in this municipality.”

– *Mayor Canfield* *

“It’s time the city started making some sound financial management decisions and stopped making political decisions.”

– *Councillor Louis Roussin* *

*Source: kenoradailyminerandnews*
Moving Forward

A priority for Finance

• Verify data
• Monitor political decisions
• Perform annual review of AMP
• Determine levels of service
• Integrate AMP with Official Plan, Strategic Plan, and Budget
Questions?

Lauren D’Argis
Corporate Services Manager
City of Kenora