

# Executive Summary

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Infrastructure is inextricably linked to the economic, social and environmental advancement of a community. Municipalities own and manage nearly 60% of the public infrastructure stock in Canada. As analyzed in this asset management plan (AMP), the Municipality of Mulmur's infrastructure portfolio comprises nine distinct infrastructure categories: road network, bridges & culverts, buildings, storm, water, land improvements, vehicles, and machinery & equipment. Together, these assets had a total valuation of \$48.8 million in 2016, of which bridges & culverts comprised 44%, followed by roads at 20%.

Investments, primarily in transportation infrastructure, remained consistent until the 1990s when they had a large increase as the municipality updated or grew its asset portfolio. Expenditures have fluctuated since 2000. In the period between 2005-2009, the municipality made its largest expenditures, totaling more than \$15 million, allocated primarily to environmental infrastructure (\$7.2 million) and transportation infrastructure (\$7 million). Since 2010, expenditures have totaled \$7.4 million.

Strategic asset management is critical in extracting the highest total value from public assets at the lowest lifecycle cost. This AMP, the municipality's second following the completion of its first edition in 2013, details the state of infrastructure of the municipality's service areas and provides asset management and financial strategies designed to facilitate its pursuit of developing an advanced asset management program and mitigate long-term funding gaps.

Based on 2016 replacement cost, and a blend of age-based and assessed condition data, 63% of the municipality's assets are in good to very good condition as of 2015. However, 18%, with a valuation of \$8.7 million are in poor to very poor condition. While age is not a precise indicator of an asset's health, in the absence of observed condition assessment data, it can serve as a high-level, meaningful approximation and help guide replacement needs and facilitate strategic budgeting. More than 70% of the assets analyzed in this AMP have at least 10 years of useful life remaining. However, 6%, with a valuation of \$2.8 million, remain in operation beyond their established useful life. An additional 17%, with a valuation of \$8.3 million, will reach the end of their useful life within the next five years.

In order for an AMP to be effectively put into action, it must be integrated with financial planning and long-term budgeting. The development of a comprehensive financial plan will allow the municipality to identify the financial resources required for sustainable asset management based on existing asset inventories, desired levels of service, and projected growth requirements.

We've developed recommendations and strategies to produce full funding for both tax and rate based asset categories. The average annual investment requirement for tax funded categories is \$1,648,000. Annual revenue currently allocated to these assets for capital purposes is \$1,002,000, leaving an annual deficit of \$646,000. To put it another way, these infrastructure categories are currently funded at 61% of their long-term requirements. In 2016, the municipality has annual tax revenues of \$3,670,000. We recommend a 15 year option to phase-in full funding. This involves:

1. when realized, reallocating the debt cost reductions of \$42,000 to the infrastructure deficit.
2. increasing tax revenues by 1.1% each year for the next 15 years solely for the purpose of phasing in full funding to the tax funded asset categories covered in this AMP.

3. allocating the current gas tax and OCIF revenue to the infrastructure deficit.
4. increasing existing and future infrastructure budgets by the applicable inflation index on an annual basis in addition to the deficit phase-in.

The average annual investment requirement for water services is \$140,000. Annual revenue currently allocated to these assets for capital purposes is \$34,000, leaving an annual deficit of \$106,000. To put it another way, these infrastructure categories are currently funded at 24% of their long-term requirements. In 2016, Mulmur has annual water revenues of \$159,000. We recommend the following to achieve full funding within 15 years:

1. when realized, reallocating the debt cost reductions of \$29,000 for water services to the applicable infrastructure deficit.
2. increasing rate revenues by 3.2% for water services each year for the next 15 years solely for the purpose of phasing in full funding to water services
3. increasing existing and future infrastructure budgets by the applicable inflation index on an annual basis in addition to the deficit phase-in.

Although our financial strategies allow the municipalities to meet its long-term funding requirements and reach fiscal sustainability, injection of additional revenues will be required to mitigate existing infrastructure backlogs. The municipality has a combined infrastructure backlog of \$2.4 million, with machinery & equipment comprising 46%.

A critical aspect of this asset management plan is the level of confidence the municipality has in the data used to develop the state of the infrastructure and form the appropriate financial strategies. The municipality has indicated a very high degree of confidence in the accuracy, validity and completeness of the asset data for all categories analyzed in this asset management plan.