



MEMBER BULLETIN

June 29, 2017

AMP Regulations a Critical Step Towards Full Cost Recovery for Water

The government of Ontario is currently consulting on its proposed municipal Asset Management Planning (AMP) regulation, which aims to standardize how and when municipalities report on the state of their core infrastructure. The proposal has adopted many of the recommendations that OSWCA tabled as part of our formal submission in 2016 (attached to this bulletin), as well as in numerous briefing meetings over the last year.

The proposal is important because it continues to push municipalities towards full-cost recovery for their underground utilities. Below are truncated sections of the regulatory proposal that speak to this issue:

- **“Current Levels of Service** being provided by each category of infrastructure asset would be required. For core infrastructure assets, municipalities would measure current levels of service and be required to monitor performance measures relevant to their municipality that address service delivery and asset operation, such as energy usage and cost.”
- **Asset Inventory Analysis** would be summarized by asset class, including type and quantity, total replacement value, and average age. The inventory analysis would also include the municipality’s approach to assessing asset condition.
- **Estimated Cost to Sustain Current Levels of Service** (i.e., total cost of maintenance, renewal, rehabilitation, replacement, disposal, upgrades, new construction) each year, as well as any significant operating 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.
- A **financial strategy** that contains the following items, each year for the ten-year period aligned with the proposed levels of service section of the asset management plan:
 - estimated capital expenditure forecasts (i.e., total cost of maintenance, renewal, rehabilitation, replacement, disposal, new construction and



- capacity upgrade activities), and significant operating costs, including energy costs, related to lifecycle activities;
- revenue dedicated to capital financing;
- estimated capital reserve contributions and withdrawals; and,
- estimated debt service payments.
- Finally, municipalities would be required to outline key assumptions made to develop the financial strategy, and other alternative funding options that were considered (e.g. increasing debt, property taxes, user-fees, etc.).

The province is now consulting for the final time on its regulatory proposal. This is the final opportunity to provide your input before the proposed regulation is submitted for consideration by decision makers. Attached is the proposed OSWCA submission.

If you have any additions or subtractions from this report, please provide them to Patrick McManus (905-629-7766 ext 222 or patrick.mcmanus@oswca.org), by **no later than July 19**.