



Corporate Services Committee Agenda

Thursday, September 7, 2017
Council Chambers
Walkerton, Ontario

1. Declaration of Pecuniary Interest
2. Action Items
 - A. Integrated Energy Performance Project - Utility Savings
 - B. Bill 6 - Proposed Municipal Asset Management Planning Regulation
 - C. Cayley Street Lease Renewal - L-10714
3. Information Items
 - A. Refresher Training - Program Budgeting
4. Next Meeting Date
September 28, 2017
5. Adjournment



Committee Report

To: Warden Mitch Twolan
Members of the Corporate Services Committee

From: Bettyanne Cobean, C.M.O.
Director of Corporate Services

Date: September 7, 2017

Re: Integrated Energy Performance Project -Utility Savings

Recommendation:

That all utilities surplus at yearend be applied to the Integrated Energy Performance Project.

Background:

On July 3rd, 2016 Council adopted Bylaw 2016-058 authorizing the Warden and the Director of Corporate Services to execute the agreement with Ecosystem Energy Services Inc. to complete the Integrated Energy Performance Project at an estimated total cost of \$3,400,000, in addition to the installation of an Electric Vehicle Charging Station at the Park Street Administration Centre.

Committee had previously authorized the Director of Corporate Services to secure long-term financing for the project to be funded annually for the next 10 to 15 years from the savings and the incentive measures.

The four County buildings involved are Brucelea and Gateway Haven Long Term Care Homes, the Bruce County Museum and Cultural Centre and the County's Administration Building. These buildings account for 82% of the County's natural gas consumption and 82% of electricity usage, excluding our Housing units.

It has previously been highlighted that the capital equipment at the County's two Long Term Care facilities has been operating since 2003. The Museum and Cultural Centre's equipment is ten years old and some heating equipment at the County Administration Building is over thirty years old. There was already a need to replace some of this equipment in 2016, with little in reserves for this purpose.



It had also been identified that electricity costs in Ontario have increased over 11% annually since 2003. In 2014 they were forecast to increase a further 42% over five years and at that rate the County will spend \$910,000 in hydro in 2019, excluding our Housing units.

The costs of the recommended energy conservation measures are expected to be offset by incentives and guaranteed energy savings averaging a payback of ten years. The bridge financing is being managed internally and long term financing will not be issued unless deemed necessary.

The County has benefited significantly by Ontario's Fair Hydro Plan and the eight per cent rebate introduced in January 2017 is expected to generate a sizeable surplus across the organization, potentially as high as \$400,000. Although not all generated from the buildings participating in the project this is an opportunity to apply the utilities accumulated surplus at yearend to the capital project reducing the debt and financing requirement.

Financial/Staffing/Legal/IT Considerations:

Based on the Feasibility Study completed by Ecosystems, the annual savings and energy incentives will more than fund the debt repayment over a period of 10-15 years. Any additional savings will be shared equally between Ecosystems and the County of Bruce. The upfront capital costs require bridge financing which could be reduced by the 2017 utilities accumulated yearend surplus for all departments, and as a result reducing the payback period.

Interdepartmental Consultation:

The Evaluation Committee, supported by their respective Directors, included the following members:

Bill Dietrich, Brucelea Haven Long Term Care Home
Ron Logan, Gateway Haven Long Term Care Home
Wayne Tanner, Bruce County Museum and Cultural Centre
Mike Berberich, Corporate Services
Gary Gray, Corporate Services



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Link to Strategic Goals and Elements:

Goal # 6- Explore alternate options to improve efficiency, service

Element # B- Develop system for measuring our processes and their successful desired outcome.

Approved by:

Kelley Coulter
Chief Administrative Officer



Committee Report

To: Warden Mitch Twolan
Members of the Corporate Services Committee

From: Bettyanne Cobean, C.M.O.
Director of Corporate Services

Date: September 7, 2017

Re: Bill 6 - Proposed Municipal Asset Management Planning Regulation

Resolution:

Be it resolved that Bruce County Council directs staff to apply for a grant opportunity from the Federation of Canadian Municipalities' Municipal Asset Management Program for Inventory Analysis Condition Assessments.

Be it therefore resolved that Bruce County commits to conducting the following activities in its proposed project submitted to the Federation of Canadian Municipalities' Municipal Asset Management Program to advance our asset management program.

Background:

The County completed a detailed Asset Management Plan that was presented to the Corporate Services Committee on November 3, 2016 and was referred to as Phase II.

The first iteration of the Asset Management Plan (2013) had been completed at a high-level using existing information, with the goal of meeting the minimum requirements defined by the Province of Ontario. The original plan included only the mandatory categories, road network, bridges and culverts and Social Housing, and identified procedural gaps and opportunities for improvement.

Under the Province of Ontario's Municipal Infrastructure Investment Initiative (MIII), municipalities were subsequently required to submit a detailed Asset Management Plan (AMP), in order to qualify for Provincial grant program funding.

In addition to meeting Provincial AMP reporting requirements, the 2016 Asset Management Plan set out a strategic framework for managing the corporation's assets, aligning core infrastructure with service objectives, documenting core practices and activities, and guiding the action and investment needed to meet key business goals.



Phase II of the Asset Management Plan captured all of the categories such as buildings and facilities, land improvement, vehicles/equipment and technology and communications.

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 regulations 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 proposed regulation is intended 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.

All municipalities will be required to develop and adopt a strategic asset management policy by January 1, 2019. At least every five years from that date the municipality would be required to review the policy and if necessary update it.

The policy would include:

- Which municipal goals, plans (e.g., official plan, strategic plan, master plans) or policies the municipality's asset management plan would support
- A process for how the asset management plan would affect the development of the municipal budget and any applicable long-term financial plans
- The municipality's approach to continuous improvement and adoption of best practices regarding asset management planning
- The principles that would guide asset management planning in the municipality, which would be required to include the principles in section 3 of the *Infrastructure for Jobs and Prosperity Act, 2015*
- A commitment to consider in asset management planning:
 - the actions that may be required to address the risks and vulnerabilities that may be caused by climate change to the municipality's infrastructure assets, including to: operations requirements (e.g. increased maintenance schedules); levels of service (e.g. raising or lowering levels of service); and lifecycle management; and the anticipated costs that could arise from these impacts, and adaptation opportunities that may be undertaken to manage these potential risks
 - mitigation approaches to climate change, such as greenhouse gas emission (GHG) reduction goals and targets
 - disaster planning and any required contingency funding.



- 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
- A discussion of capitalization thresholds used to determine which assets are to be included in the asset management plan and how this compares to the municipality's Tangible Capital Asset policy, if one is in place
- A commitment to coordinate planning between interrelated infrastructure assets with separate ownership structures by pursuing collaborative opportunities with neighbouring municipalities and jointly-owned municipal bodies
- Identification of who would be responsible for asset management planning, including an executive lead and how council will be involved; and
- A commitment to provide opportunities for municipal residents and other interested parties to provide input into asset management planning

As well, by January 1, 2021 Phase I and II requirements will be due that not only includes all infrastructure assets but also:

1. Current Level of Service
2. Inventory Analysis
3. Estimated Costs to Sustain Current Levels of Service
4. Municipalities with population over 25,000: Estimates costs to service growth

For Phase III (January 1, 2022)

1. Proposed levels of Service
2. Inventory Analysis (updated from Phase I and II)
3. Lifecycle Management Strategy
4. Financial Strategy
5. Addressing Shortfalls
6. Population over 25,000: Financial Strategy to Service Growth
7. Population over 25,000: Risk Analysis

Although the County has taken great strides to date this latest requirements as a result of Bill 6 and the proposed regulation will require significant internal and external resources. To assist us to date Public Sector Digest (City Wide) was engaged to complete Phase II of the original requirements, as well as to include and update conditions and replacement costs for the infrastructure categories in the original Asset Management Plan (Phase I).



The Federation of Canadian Municipalities (FCM) launched a 5 year, \$50 million program to help Canadian municipalities make informed infrastructure investment decisions based on sound asset management practices. Eligible activities include assessing the physical condition of assets which is a need for Bruce County. This fund has a rolling application deadline but requires a resolution of Council to apply. If approved maximum funding is up to 80% of total eligible projects, to a maximum of \$50,000. Projects must be completed within 11 months from the time FCM approves the project for funding.

Financial/Staffing/Legal/IT Considerations:

A Request for Proposal would be issued to complete the Conditioning Analysis and the costs would be financed by the grant if successful, or alternate sources of funding as approved by Committee at a future date.

Interdepartmental Consultation:

A working group of staff from the Finance Division and Housing Division has reviewed the criteria and supports the application to assist with financing an external source to complete the conditioning analysis.

Link to Strategic Goals and Elements:

Goal # 9 - Coordinate concerted efforts to advance our agenda

An Asset Management Plan will provide the foundation for a number of Strategic Plan Initiatives, but most significantly will assist in advancing our agenda with senior levels of government to provide adequate funding to sustainably finance infrastructure in Bruce County.

Approved by:

Kelley Coulter
Chief Administrative Officer



Committee Report

To: Warden Mitch Twolan
Members of the Corporate Services Committee

From: Bettyanne Cobean, C.M.O.
Director of Corporate Services

Date: September 7, 2017

Re: Cayley Street Lease Renewal

Recommendation:

That the Cayley Street Lease Renewal for Lease L-10714 be approved; and that a By-Law be introduced to authorize the execution of the Lease Agreement.

Background:

The current leases for the Cayley Street facility are in renewal state and negotiations with CBRE Limited, the property and land management firm engaged by Ontario Infrastructure and Land Corporation, the agent for the Crown (the tenant) are complete for the Crown Attorney Building at 215 Cayley Street.

The lease for the main Court Building was completed earlier this year and the bylaw was adopted by Council at the August 3rd session. The Crown Attorney Building lease expires March 31, 2018. I have been discussing tenant leasehold improvements with the Transaction Manager at CBRE Limited. No lease improvements are being requested at the time of this renewal.

A 5% increase to the base rate over the term of the five-year lease has been agreed to by the tenant. The rate would increase to \$10.75 per square foot in addition to operating costs based on actuals. Operating costs are approximately \$10.95 per square foot for a total square foot lease at \$21.70.

Ontario Infrastructure and Lands Corporation applies a real estate fee of \$1.50 per square foot of the rentable area of the premises plus applicable sales taxes to the brokerage (CBRE). This real estate fee is common across the Province and is repaid during the term of the lease although the landlord is required to pay the brokerage fees in year one. I negotiated with CBRE Limited in order that the first year per square footage rate be increased to \$12.25 (\$10.75 + \$1.50) to recover the real estate fee in year one, rather than over the five year term of the lease, to which they have agreed. The 90 day termination clause remains.



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Once lease negotiations have been agreed upon for the remaining leases, I will report the results to the Committee and a by-law will also be required to authorize the execution of the remaining lease agreements.

Financial/Staffing/Legal/ITS Consideration:

There are no staffing, legal or IT considerations associated with this report. Financial implications are identified in the following table:

Lease #	L-10714
Location	215 Cayley Street, Walkerton
Expiry Date	March 31, 2018
Description	Crown Attorney Building
Rentable Square Footage	3,215
Current Rate (p.s.f.)	\$10.25
Proposed Rate (2018) (p.s.f.)	\$10.75
Real Estate Fees (p.s.f.)	\$1.50
Operating Costs (2016) (p.s.f.)	\$10.95
Annual Increase	\$1,607.50

Interdepartmental Consultation:

None

Link to Strategic Goals and Elements:

None

Approved by:

Kelley Coulter
Chief Administrative Officer