

Big G in Conversation: Building our city of Guelph: October 27, 2021

Transcript

Host: Wendy King

Terry Gayman, General Manager of Engineering and Transportation Services

Greg Clark, Manager of Financial Strategy and Long Term Planning.

Wendy King 0:00

Welcome to Big G in conversation, the podcast from inside Guelph City Hall. I'm Wendy King. And on today's show our focus is building our city. We're talking big budget bucks, the cost of maintaining and replacing city infrastructure. I better go find my calculator.

Welcome to Big G and conversation, where we talk all things city of Guelph and budget. And we have got a lot to unpack In this episode, Building our City. Joining me is Terry Gayman, General Manager of engineering and transportation services. And Greg Clark, manager of financial strategy and long term planning. So welcome to the show.

Guests 0:47

Hi, Wendy, thanks for having us. Yeah, thank you very much.

Wendy King 0:51

So we hear the word all the time, infrastructure. And when I think of that, I basically think, you know, buildings, roads, bridges, but what all is included in that, Terry?

Terry Gayman 1:06

So thanks. I mean, you're absolutely right. infrastructure is more than just buildings and bridges. In fact, the city owns an inventory of assets. So that's both infrastructure and other things like equipment. And more specifically, the city's asset inventory includes things like roads, bridges, facilities, pipes, structures, like retaining walls, technology even, or even more things like vehicles and buses, equipment, like pumps and mowers, and the list goes on and on. And when you total all that up, the value of all those assets for the city of Guelph is over \$4.39

billion, or about \$31,000 worth for each Guelph resident. So there's a ton there, and the numbers are big.

Wendy King 1:51

Yeah, that really puts it in perspective. So you know, in our own lives, you know, we've got our homes and you know, the plumbing and cars, and it all needs upkeep. And eventually, probably, we have to replace some things. So Greg, I guess it's just on a much larger scale.

Greg Clark 2:08

Exactly. So you know, like Terry said, we have a variety of assets. And we also have a lot of them. So it's, you know, you say, your home and you need a new roof. Well, we own, you know, hundreds of buildings that need hundreds of roofs. So that's why we have a 10 year capital plan. And we provide that to counsel each year. It allows us to map out all of those things and group those assets and make sure that we're doing things in a in a meaningful way for such a large group and diverse number of assets, you know, creating efficiencies by doing all of our roofs in one year, or in in the road case, where we're replacing pipes and sewers underneath the road, that we also plan to replace the road service at the same time. So yeah, it's definitely similar type of thing, but on a much, much broader scale.

Wendy King 2:54

So how do you even keep track of all the assets?

Terry Gayman 3:00

Maybe I'll jump on that one. So I mean, as you can imagine, with over 4 billion in assets, you have a lot to plan and track. In with like the homeowner reference, Greg just a homeowner needs to decide between, you know, repairing a roof maybe versus a driveway, for example. And the homeowner needs to plan on what needs to be done first, and how you're going to pay for it, or how much funding is needed. So for us, it really all starts with our strategic plan, and the production we take from building our future and working together for our future pillars. And those leads us to developing what we call our corporate asset management plan. So in Guelph, we introduced Asset Management Planning into the city's operations around 2016. And since then, we've matured our program into one that's recognized as a municipal leader in the field. And we're really proud of the work that happens in our asset management group and across the corporation to help us understand this

inventory and what to do with it. And the whole purpose of the plan really is to inventory what we own, determine the condition things are in, identify what service levels are being provided by them, and then use all that data to prioritize where those investments get made. So it's really all about just to try and to achieve the maximum value out of the city's assets and ensure we can keep delivering important public services well into the future for things like water supply or transportation so that the things our community relies on are there for them.

Wendy King 4:30

And so really, you have all these different timeframes to decipher to right, it's like okay, this is gonna have to be done in five years, but maybe that one we're gonna put off for 15 so all that's role a juggling act, I guess.

Greg Clark 4:46

Yeah, I get that one there Wendy. Yeah, it really is, you know, we have we have funding and we have priorities, but at the end of the day, we have to determine you know, what did you impacts level of service the most health and safety, those types of conversations and with limited funding, we have to make those decisions to do projects today that that have the biggest impact. And then for the future, we can defer those things that that maybe, you know, they don't need to be in tip top shape, or they can go a little long in the tooth before we replaced them. But we do have to make those decisions based on available funding and the impact to the the overall city budget.

Wendy King 5:27

So there's always big projects for the city wants to do. And I believe Guelph is getting a new library to replace the current one. What else is in that capital plan?

Terry Gayman 5:38

Yeah, so that's a good question that I'm sure it's one that many people are interested in. There are a number of projects in the capital plan, of course, and includes things like the south end rec center that was recently in front of our council. Transit fleet, electrification is a big one. And we do a lot of work on things like road reconstructions. So York road comes to mind as an example. Bridge replacements, like the work we're doing at speed Vale over the coming years. And then there's lots of other things we do to protect the community like stormwater pond cleanouts that help protect us from flooding. We've got digester upgrades planned for the wastewater treatment plants, we can keep treating people's

wastewater with best technology. And then things that people care about as well like playground equipment replacements, and all those things that you see in your neighborhood on a day to day basis. So there's many, many more the list really goes on. But it's all built into that capital plan.

Wendy King 6:29

So that was something I was looking at in your on the budget website, the city says it's not currently at sustainable funding. Could you explain what that means? Exactly?

Greg Clark 6:39

Yeah. So when we look at Terry's asset management plan, and the plan that that group puts together, we see that on an average year, we need a certain level of funding to keep things in a state of good repair and replacing things. So Terry's looking out over a long timeframe, 25 plus years, we then turn that into a funding need. And we say okay, if we're gonna do all this work, we need X dollars a year to fund all that. So from a tax funded or rate funded, we know that we're not quite there, we're not at 100% different services or a different places tax funded, we're at roughly 60%, some of our non tax, we're a little bit better, a little bit worse, and what our goal is over time to get us to that sustainable level of funding. And we use things like taxes and user rates as well as federal intervention programs related to gas tax, that give us a reliable annual funding source that we can do that long term planning with.

Wendy King 7:38

So that federal gas program, how does that support the project?

Greg Clark 7:44

So federal gas tax has been around since 2005. And it's a tax that everybody pays at the pump that the federal government collects, and then they distributed to municipalities on a population basis. So we've been getting an amount, like I say, since 2005. Currently, we're getting around \$8 million a year. And the program lays out a guidelines on the types of services and assets that we can use it for. And primarily, it's for replacement of existing infrastructure or improvements that impact the environment, or service standards. So for every investment, we have to provide reports back on how we improve the environment, or how we help more people. Some of the things we use it for are things like roads, where we replace road services in conjunction either with renewal of pipes or through our repaving

program, therefore, in proving the condition of the road, and impacting driving, and all those things that Terry can explain more about, but help the environment. As well, we use it to replace things like parks. So our playgrounds in our parks, they get worn out, they they become unsafe or don't meet the needs in terms of accessibility. We use this funding to renew those on a regular basis and ensure that the children and citizens have a safe and accessible place to play. So we've used that extensively in the last five years to really help our outdoor recreation areas become more sustainable.

Wendy King 9:10

This may be a totally unfair question. I know that before I even ask it. But what everybody's always thinking is how do you decide what roads get priority?

Terry Gayman 9:22

Well, maybe I'll start with that unfair question. Which is, you know, you collect data, right, so you make a data driven or data informed decision. So we have something that's basically an index of the pavement and helps us understand what condition and quality a road is in. But then you need to make an integrated decision sometimes with the things that are below the surface, which is sort of what Greg just mentioned. So maybe the sanitary sewer or the water pipe under the ground is actually what's driving the reconstruction. So we try to use as much information as we can to integrate it all together to make a decision that provides the best value for those funds in the dollars that we're spending so that we don't, you know, replace things before maybe they're at the end of their serviceable life.

Wendy King 10:09

Right. And I think we're we're talking about that sustainable funding. Basically, if I'm picking up what you're explaining to me, it means you probably can't do everything that you've got on your wish list. Would that be accurate?

Terry Gayman 10:29

So maybe I'll start and Greg, you can jump in here? Yeah, I think it depends on on what you're talking about. So in certain areas, for example, in wastewater, we may be using a rate funding system that's got us closer to sustainable funding, versus areas like tax where, you know, we might use those funds to replace a bridge or the surface of a road. And those funds may be further from sustainable. So it really does depend on kind of what asset you're talking about. But we use that kind

of combined thinking to help prioritize where those capital funds should be invested.

Greg Clark 11:09

To add to what Terry said there that that's exactly the strategy that we've gone to is we've identified that areas where we're not as sustainable, we have brought forward a strategy starting shortly after we implemented asset management in 2017, we brought it forward, where we're increasing the annual amount of transfers to our capital reserves to fund the tax supported, as well as built into our rate plans, long term strategies to get them to sustainable funding. So for a tax example, we hope to be at sustainable funding in 2037, which seems like a long ways off. But when you're talking about long lived assets that sometimes live 80 or 100 years, that's actually a pretty good pace that we're going at. And so this strategies get updated regularly, we just did the update to the asset management plan and reevaluate our strategies. We know that water, wastewater and storm are going through some master planning. So we also reevaluate their strategy. So we have that in the embedded in the way that we deal with infrastructures, that we're constantly evaluating that strategy for funding it, and how we're going to get that those funds in when we're going to be able to say we're at sustainable and what that sustainable target actually means.

Wendy King 12:22

I find it really fascinating when you're talking about how long you're looking forward. Like, I don't think we generally speaking, think about that. We think, Oh, it's this year's budget, next year's budget, but you guys are way ahead of that. Yeah. So then how does all of this get done? I mean, you can just go out and buy or hire a bunch of contractors and get all the work done, right?

Terry Gayman 12:46

Well, sometimes it can be simple. And sometimes it can be much more complicated. But certainly, you know, capital spending and contractors and construction is a big part of the work. But our asset management plan also helps us or things like how do we manage the ongoing maintenance of our assets, so we don't actually need to replace them or fully reconstruct something. And what people resources did, we need to maintain them or to deliver on those projects that the city needs so, so dearly. So we have identified the resources required to carry out the day to day maintenance, as well as the lead the larger scale renewal and reconstruction projects and have that sort of longer term vision, like you were just speaking about, Wendy, we're introducing that information through the city's asset

management plan, this November, which is just ahead of budget. And the intent there is to report further to counsel on that in 2021.

Wendy King 13:39

So a lot of the things that you are looking at, some could be weather related, I mean, COVID just threw a monkey wrench into everything. Cost of materials, I'm sure you got to take a look at that, because you don't want to buy it if it's too expensive at that exact time when you're planning, you know, some fixed up of something. So it's a kind of like a guessing game in a way, although I'm sure you've been doing it long enough, you kind of know what to look for. For the pitfalls.

Greg Clark 14:09

Yeah, from from a long term perspective, we're we're really looking at high level assumptions. So you know, we put in there we know we have x kilometers roads and x kilometers of pipe and this many vehicles and this many buses. And, you know, we come up with a best laid plan based on you know, what we know industry best practices in terms of how long something's going to live, and when it will need to be replaced and when we'll need to do things to it. And you know, we come up with a plan that encompasses all those those costs. And like you say, it's very long looking. We're out 25 years in the asset management plan. And then each year, we're sort of reevaluating what's up this year, is that the right costing is at the right timing still, so we're still bringing that that piece back to the current to always reevaluate before we go to Council and get next year's capital budget approved. To ensure that we are making the right decisions on those assets and those replacement timing.

Wendy King 15:05

Now, I'm sure we'll be doing a podcast in the future probably on transit specifically. But I did hear you mentioned when we talked about capital, some electric vehicles. So that's got to be a biggie.

Greg Clark 15:18

Yeah, the, you know, there's a bit of that in terms of, you know, we have a huge fleet, whether it's transit, or the balance of our pickup trucks and equipment, that's diesel or gas powered right now. And converting those to electric is definitely a top priority. And we have a funding strategies that that aligns with that. So while we're looking at replacement of a bus, we're also looking at what's the best technology to

replace that bus with. So we're not just always doing like, for like, we are looking at those opportunities that are either going to improve efficiency from a cost perspective, or from an environmental perspective, too. And, and we do that at our wastewater and water treatment plants, we're looking for better technology to deal with those things. You know, whether it's road construction, anything that we can look at, how do we drive efficiency, and like I say, both financially, and environmentally is always being considered when we're renewing these assets as well.

Wendy King 16:10

And just lastly, what happens to all these plants, if the funding transfers aren't approved?

Greg Clark 16:19

You know, it, we do plan for long term, and we hope for stable funding levels. But if council makes a different decision than that, then we have to adjust the budget. And for an example, you know, if they were to reduce the transfer for tax by 10%, that's about a \$3 million hit in 2021, to our plan, but the real impact is over the next 10 years, where that's over \$30 million worth of projects, we'd have to look at deferring. So what we get into is more of that prioritization more of those decision making about what's in the most critical condition, what's the most service impact. And we start to change this that level of service. So you can see things like IT services, which may be servers don't stay up as long people have trouble accessing, you know, equipment and vehicles maybe are on the road as frequently as possible, because their breakdowns are more often, or in some cases, facilities in bridges where we end up. And we've had this in the recent past where we've had to demolish two buildings and close a couple of bridges, specifically discovered in 100 steps because they were no longer safe, and they needed to be replaced before we could allow the access to them. So you know, a change of that magnitude would most likely bring about more of those types of incidents and and more common that we would have to deal with service interruption or service decreases across the board in a number of our asset categories.

Wendy King 17:39

Wow, just so much going on in the city of Guelph. You've really helped me to understand and to outline for us kind of what your plans are both near term and, you know, in the future. So, thank you so much to Terry and Greg for outlining all of that for us. We appreciate it. And I'm Wendy King with the city of Guelph, Big G in Conversation.

I'm Wendy King with the city of Guelph Big G in conversation podcast. Thanks for joining me. If you have ideas for a show or comments, you can email BigGpodcast@guelph.ca. Until next time, take care and let's keep the conversation going.

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