Township of Huron-Kinloss

2025 Asset Management Plan

Agenda

REGULATORY CONTEXT

2025 ASSET MANAGEMENT PLAN

QUESTIONS

Regulatory Context

Background and Context

- As part of the Infrastructure for Jobs and Prosperity Act, 2015, the Ontario government introduced Regulation 588/17 - Asset Management Planning for Municipal Infrastructure (O. Reg 588/17).

- Requires Ontario municipalities to develop an asset management policy and AMPs between 2022 and 2025 with increasing complexity.

- As part of our current engagement, PSD Citywide developed an AMP that meets the requirements of O. Reg 588/17 - 2025 requirements.

Ontario Regulation 588/17

Requirement	2019	2022	2024	2025
1. Strategic Asset Management Policy	✓		✓	
2. Asset Management Plans		✓	✓	●
State of infrastructure for core assets		✓		
State of infrastructure for all assets			✓	●
Current levels of service for core assets		✓		
Current levels of service for all assets			✓	
Proposed levels of service for all assets				●
Lifecycle costs associated with current levels of service		✓	✓	
Lifecycle costs associated with proposed levels of service				●
Growth impacts		✓	✓	●
Financial strategy			✓	●

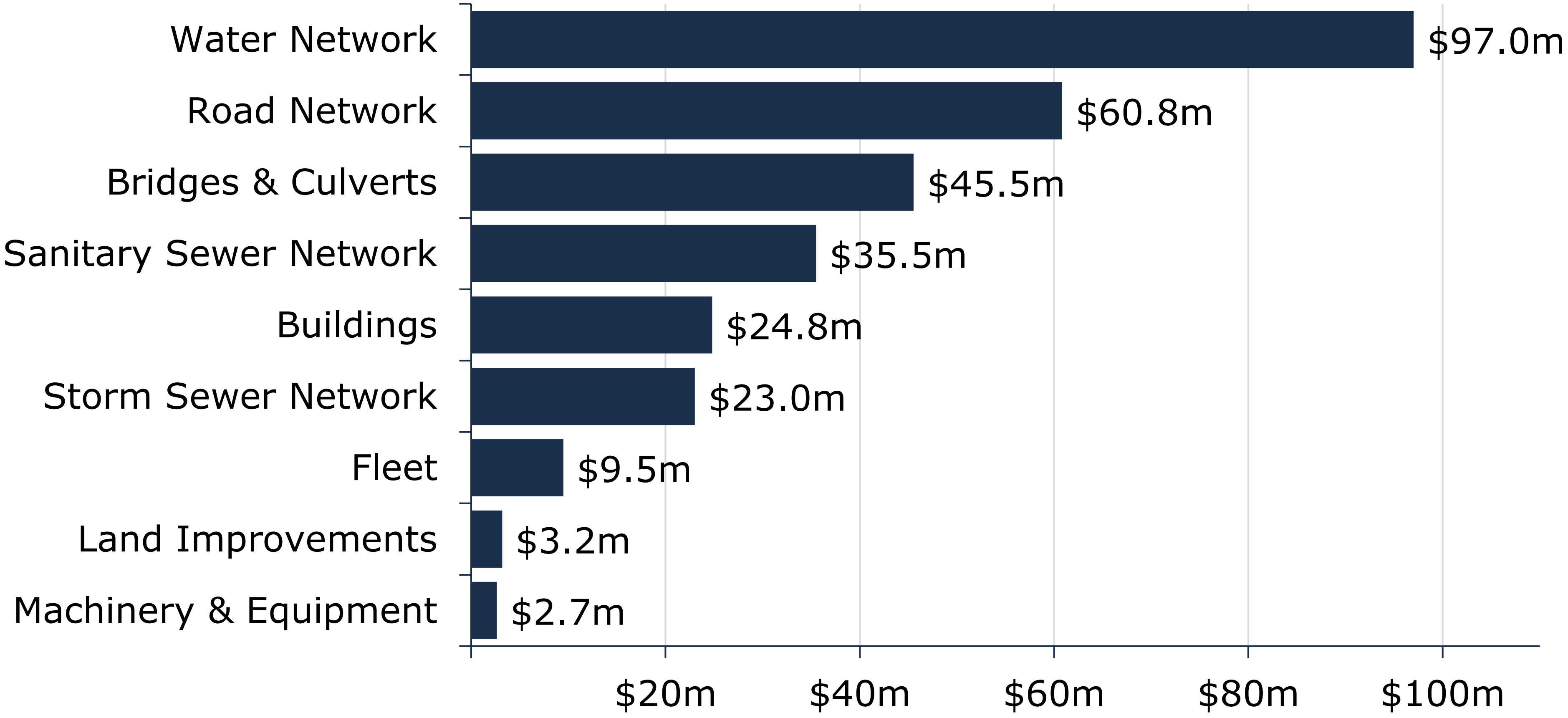
2025 Asset Management Plan

AMP 2025

- Core assets include roads, bridges & culverts, water network, storm sewer network and sanitary sewer network infrastructure.
- Non-core assets includes all other capital assets, including buildings, fleet, machinery and equipment, and land improvements.
- Supports efficient use of funds on infrastructure programs
- Provides an important tool for communicating internally and externally

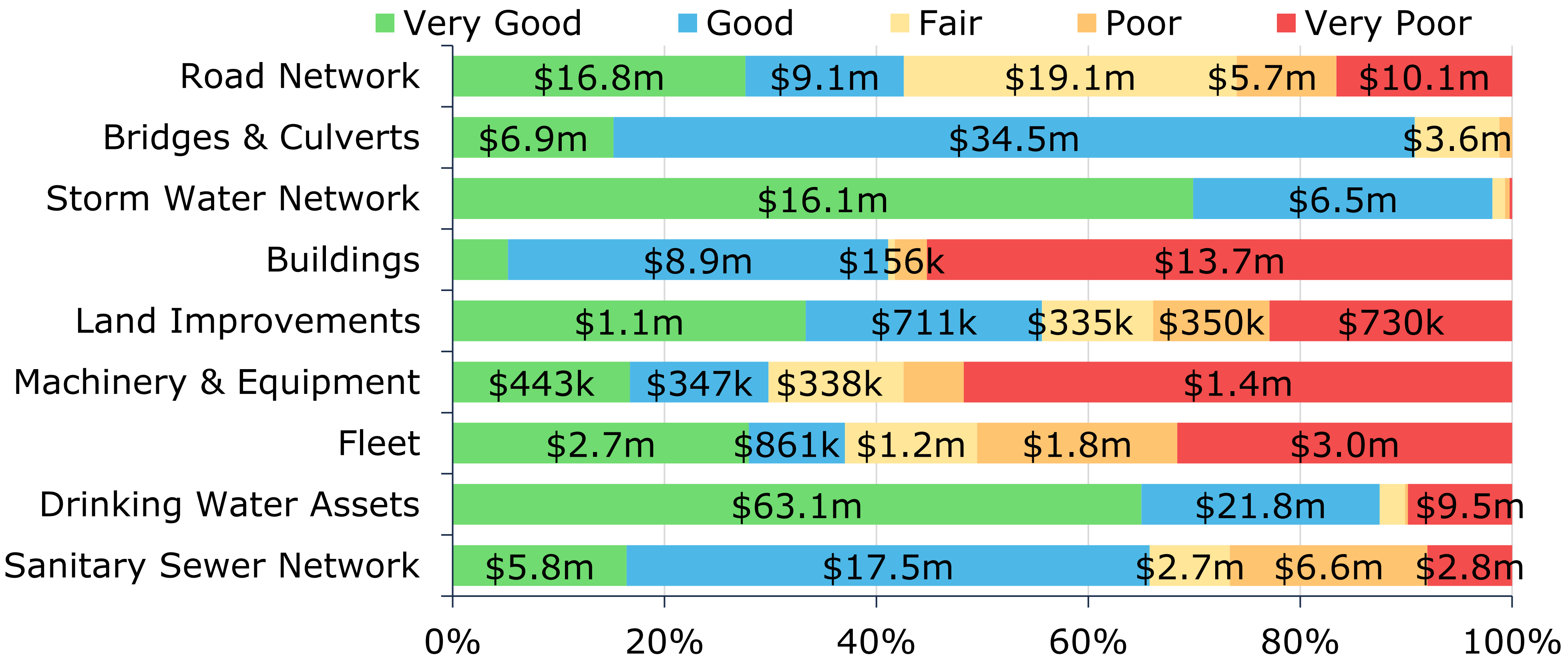
Replacement Cost

- Total Current Replacement Cost = **$302 million**



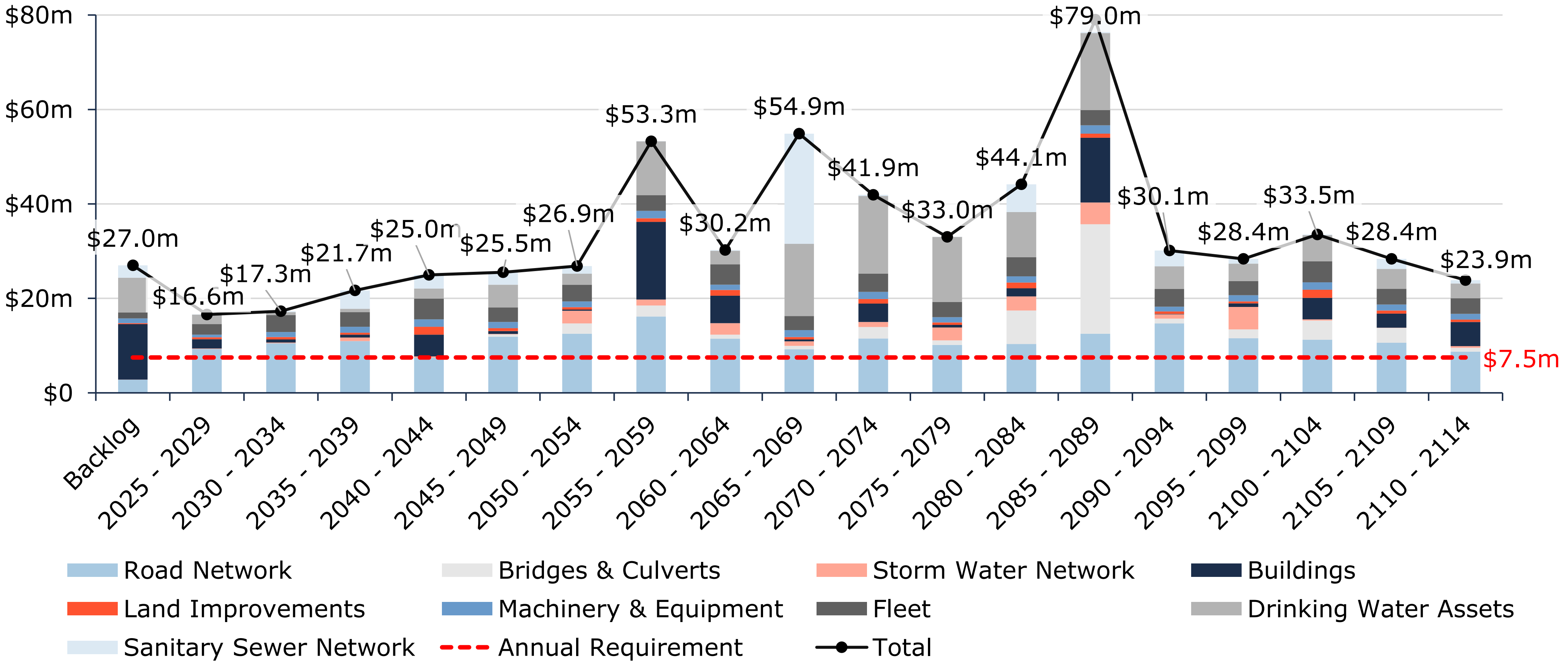
Asset Condition

- 81% of the Township's infrastructure portfolio is in fair or better condition
- Overall average condition is Good or 69%



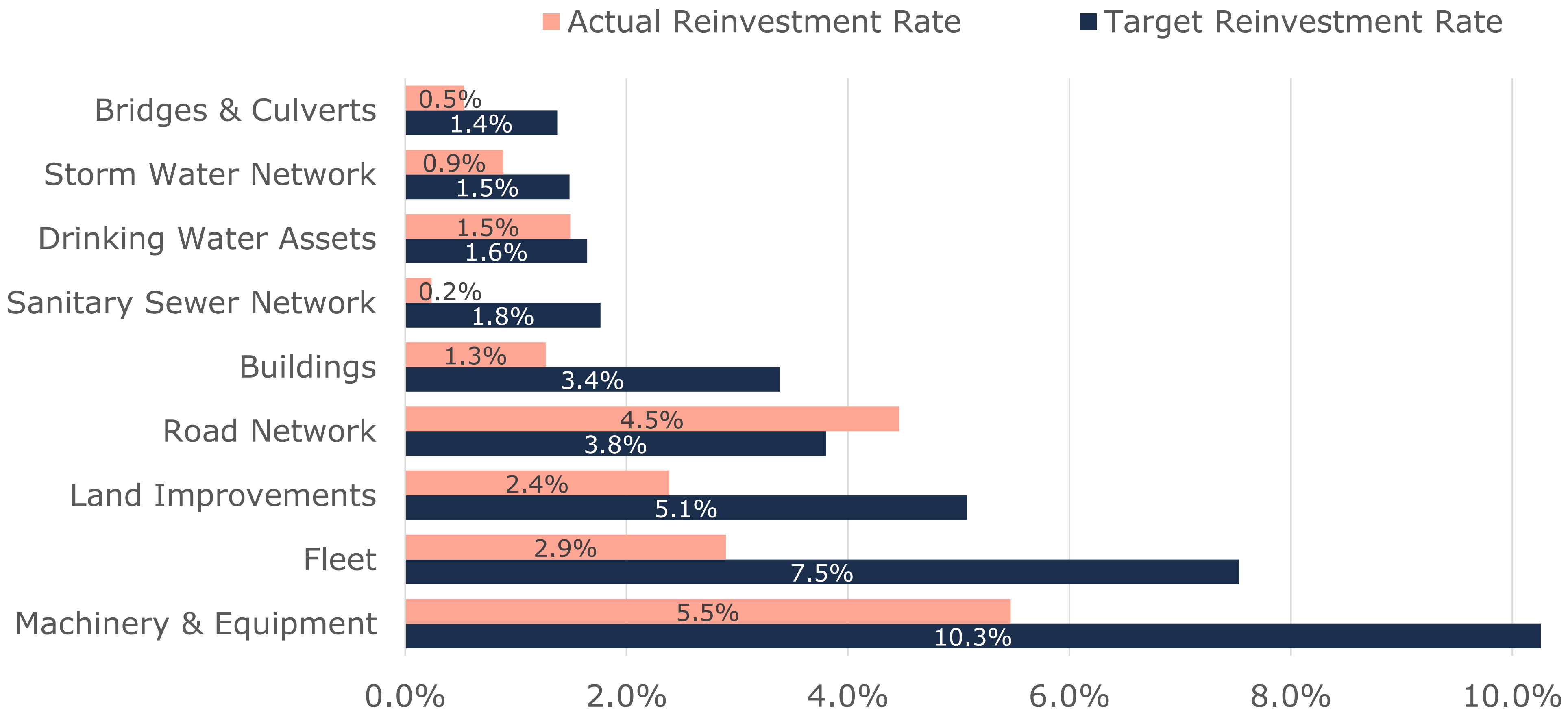
System-Generated Annual Capital Requirements

- Based on the current replacement cost of the portfolio, the average annual capital needs over the lifecycle off all assets total $7.5 m (red dotted line).



Current Funding Levels

- At existing levels, the Township is funding 75% of its annual capital requirements for all infrastructure analyzed.



Infrastructure Deficit

Asset Type	Annual Capital Requirement	Funding Available	Annual Capital Deficit
Road Network	$2,312,145	$2,714,510	$(402,365)
Bridges & Culverts	$625,614	$242,812	$382,802
Buildings	$341,661	$204,576	$137,085
Stormwater System	$839,187	$315,150	$524,037
Land Improvements	$161,745	$76,000	$85,745
Machinery & Equipment	$271,896	$144,927	$126,969
Vehicles	$714,653	$275,000	$439,653
Water Network	$1,595,475	$1,446,265	$149,210
Sanitary System	$625,952	$84,625	$541,327
Total	**$7,488,328**	**$5,503,864**	**$1,984,464**

Proposed Levels of Service: Scenario Modelling

Scenario 1: Maintain Existing Service Levels

- **Approach:** This scenario assumes a phased annual tax increase of approximately 0.8%, 0.4% increase in water rates, and 4.7% for wastewater rates, achieving full funding in 15 years to maintain existing service levels.

Scenario 2: Incremental Service Improvements

- **Approach:** This scenario assumes a phased annual tax increase of approximately 1.9%, 1.4% for water rates, and 5.4% for wastewater rates, to support gradual improvements to existing services.

Scenario 3: Transform Service Delivery

- **Approach:** This scenario assumes a phased annual tax increase of approximately 2.5%, 3.1% for water rates, and 6.0% for wastewater rates, to support the transformation and modernization of current service levels

Scenario Analysis

Scenario	Increase Required (15 Years)	Key Risks/Trade-offs
Maintain	Taxes: 0.8% Water Rates: 0.4% Sanitary Rates: 4.7%	▪ Requires lowest tax and rate increases ▪ Maintains current service levels ▪ Supports long-term financial stability and aligns with the Township’s strategic goal to enhance service delivery through responsible planning and innovation monitoring
Improve	Taxes: 1.9% Water Rates: 1.4% Sanitary Rates: 5.4%	▪ Requires moderate tax and rate increases ▪ Aims at addressing emerging pressures or optimizing service delivery in key areas ▪ Gradual enhancements may create short term financial pressure
Transform	Taxes: 2.5% Water Rates: 3.1% Sanitary Rates: 6.0%	▪ Highest tax and rate increases ▪ Highest service reliability and long-term sustainability ▪ Unrealistic due to limited organizational readiness combined with high uncertainty, implementation complexity, and perception of over investment relative to core service needs.

All Assets – Scenario 1

✓ Maintain Current Service Levels

- ☑ Ensures Long-Term Asset Sustainability
  - Provides the necessary resources to maintain and renew infrastructure at optimal times, reducing lifecycle costs.
- ☑ Maintains Service Reliability
  - Maintains core infrastructure in line with community expectations, ensuring safe, reliable, and continuous service delivery.
- ☑ Delivers Full Value for Tax Dollars
  - Avoids deferring costs to future generations by funding renewal needs as they arise, preserving asset condition and community equity.
- ☑ Supports Risk Management
  - Addresses critical needs early, reducing risk of failure.

Next Steps

Continuous Improvement

- Continue to refine the inventory and align with operations

Updates and Reviews

- Annual Reviews
- Updates to AMP – every 5 years
- Revise levels of service and performance measures based on the most recent data

Questions?

psdcitywide