FI2025-09
Asset Management Plan Update

Introduction

O. Reg. 588/17
ASSET MANAGEMENT PLAN
DEVELOPMENT CYCLE

- The Township of Oro-Medonte continues its commitment to **responsible infrastructure planning** and **financial sustainability**.

- This update fulfills Phase 3 requirements of **Ontario Regulation 588/17**, addressing proposed levels of service, detailed risk assessments, lifecycle strategies, and funding strategies.

- Engaged with UrbanRe to assist the Township with preparing this Annex and demonstrate compliance.

- The report emphasizes a shift toward **condition-based asset management**, climate resilience planning, and strategic long-range financial forecasting to close a projected **investment gap**.

Asset Management Plan Annex 2025

2025 AMP Annex

Focus on Asset Management

Regulation: Required by Ontario Reg 588/17
Strategic Planning: Evaluating needs and priorities Township-wide
Long-Term Planning: Anticipating lifecycle costs and managing infrastructure sustainably

Work Completed to Date

2022: Initial core asset plan
2024: AMP covering all assets
2025: Annex addressing proposed LOS, risk, lifecycle cost updates

Continuous Improvement

AMP is a living document that improves with better data, projections, and alignment with community priorities

2025 AMP Annex

Purpose of the AMP Annex

New 2025 Requirements
Proposed Levels of Service (LOS)
Risk assessment for achieving LOS
Lifecycle activities and cost impacts

Outcome
Expanded evaluation of asset portfolio and investment needs
Compliance with Section 6 of O.Reg. 588/17

2025 AMP Annex

Approach

Departmental Reviews
- LOS definitions and targets by asset class
- Risk identification and mitigation strategies
- Lifecycle activities and funding needs

Integration
- Consolidation of findings into one document
- Cost projections tied to financial strategy

2025 AMP Annex

Notable Findings by Asset Class (1/2)

Asset Class	Proposed LOS	Key Risks	Cost Impacts vs 2024 AMP
Water	LOS unchanged; Separate planning for MSC assets	Risk of expansion: staffing, technical capacity, compliance	No net change
Wastewater	New Craighurst system increases LOS; MSC	Commissioning & operational integration risks	User fee-based financial plan
Stormwater	CLI-ECA compliance activities added	Non-compliance risk; liability from flooding	Increased O&M budget
Roads	LOS maintained	Drainage needs could impact road quality	Aligned with 2024 projections

Notable Findings by Asset Class (2/2)

Asset Class	Proposed LOS	Key Risks	Cost Impacts vs 2024 AMP
Bridges & Culverts	Reduce bridges with load restrictions from 7 to 4	New load impacts on road traffic volumes; Unplanned repairs	No net change
Facilities	Simcoe Woods Centre; Office; 5-year external inspections	Operating cost risk for new centre; accessibility gaps in community halls	Increases are within 2024 AMP envelope
Vehicles & Equipment	New monitoring systems; fleet acquisition strategy	Downtime from multifunctional unit repairs	No major change
Land Improvements	New parkland; Annual external playground inspections	Playground replacement & accessibility improvements	Minor net increase

Financial Strategy

Financial Impacts
Annual infrastructure requirement unchanged at $21.8M
Projected long-term requirements exceed capital reserve contributions

Response Strategies
Refining projections and reducing lifecycle costs
Maintain LOS within cost envelope where possible
Respond to growth-related costs via development charges and user fees
Align with water/wastewater financial and compliance plans

2025 AMP Annex

Next Steps for AM

MSC Assets

Municipal Services Corporation Assets:
Separate AMP for MSC assets supporting long-term financial sustainability, starting next update.
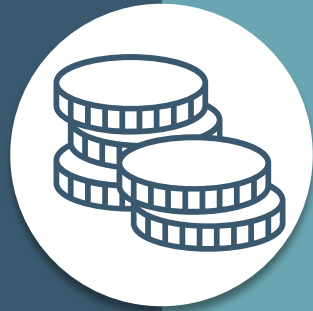
Climate Risks

Climate Risk Integration:
Corporate Climate Action Plan in 2025 to inform and be reflected in LOS and lifecycle planning.

Data Improvements

Data & Forecasting Improvements:
Expanded asset inspections (facilities, fleet, rural drainage).
Updated cost projections and lifecycle needs.

Financial Strategy

Financial Strategy Overview

- The 2024 AMP estimated **$21.8 million annually** would be required to maintain existing levels of service across its asset base.

- The Township is implementing strategies to reduce long-term asset costs while ensuring expenditures remain aligned with financial resources.

- This includes refining asset inventory, condition assessments, and financial data to enhance the accuracy and reliability of future budget forecasts.

- Funding sources include the **capital reserve levy**, user fees, development charges, parkland contributions, and external grants.

- Approximately **$2 million per year** is allocated to servicing legacy debt obligations, which constrains financial flexibility.

| Asset Category	Asset Replacement Value	Estimated Remaining Useful Life	Annualized Funding	Reinvestment Rate
Water Services	$ 59,933,332	68%	$ 1,224,358	2.04%
Communal Tile	$ 3,360,279	29%	$ 89,624	2.67%
Storm and Drainage	$ 18,278,222	66%	$ 441,888	2.42%
Roads	$ 441,061,661	22%	$ 7,459,500	1.69%
Associated structures	$ 9,703,483	25%	$ 550,481	5.67%
Bridges	$ 51,553,500	0%	$ 925,000	2.23%
Culverts		15%		
Associated structures		48%	$ 223,000	
Vehicles	$34,600,000	48%	$ 1,817,261	5.25%
Buildings	$ 148,622,864	46%	$ 6,858,721	4.61%
Equipment	$ 14,241,601	25%	$ 1,121,323	7.87%
Land Improvements	$ 12,486,592	4%	$ 1,075,196	8.61%
Total	**$ 793,841,534**		**$ 21,786,352**	**2.74%**

Overview of Municipal Reserves & Reserve Funds

- Capital levy contributions are essential for maintaining reserves and paying off debt, but it's been challenging to fund future replacement costs, which impacts infrastructure maintenance.

- Without enough funds for future replacements, there's a risk of deteriorating infrastructure, higher maintenance costs, and service disruptions. Properly funding reserves is crucial for reliable services and asset upkeep.

- For 2025, the capital levy is set at $7.2 million, an increase of $1.0 million from 2024, with $200,000 for debt repayments and $800,000 for capital reserves. In 2026, the levy is expected to rise to $8.4 million, up by $1.2 million from 2025, with $300,000 for debt repayments and $900,000 for capital reserves.

- Since a long-term plan has just been reviewed this budget year, there has been no consideration for how the capital budget levy should balance debt repayments with the amount needed to fund future replacement costs. This oversight impacts the municipality's ability to maintain infrastructure and ensure reliable services.

- Current reserves are insufficient for future expenses, so adjustments are needed. A flexible financial planning approach, including thorough long-term analysis and annual management, is being developed through refined asset management and long-term financial planning..

- While adding an additional capital renewal contribution to future tax levy increases is a starting point, it remains insufficient to meet future needs.
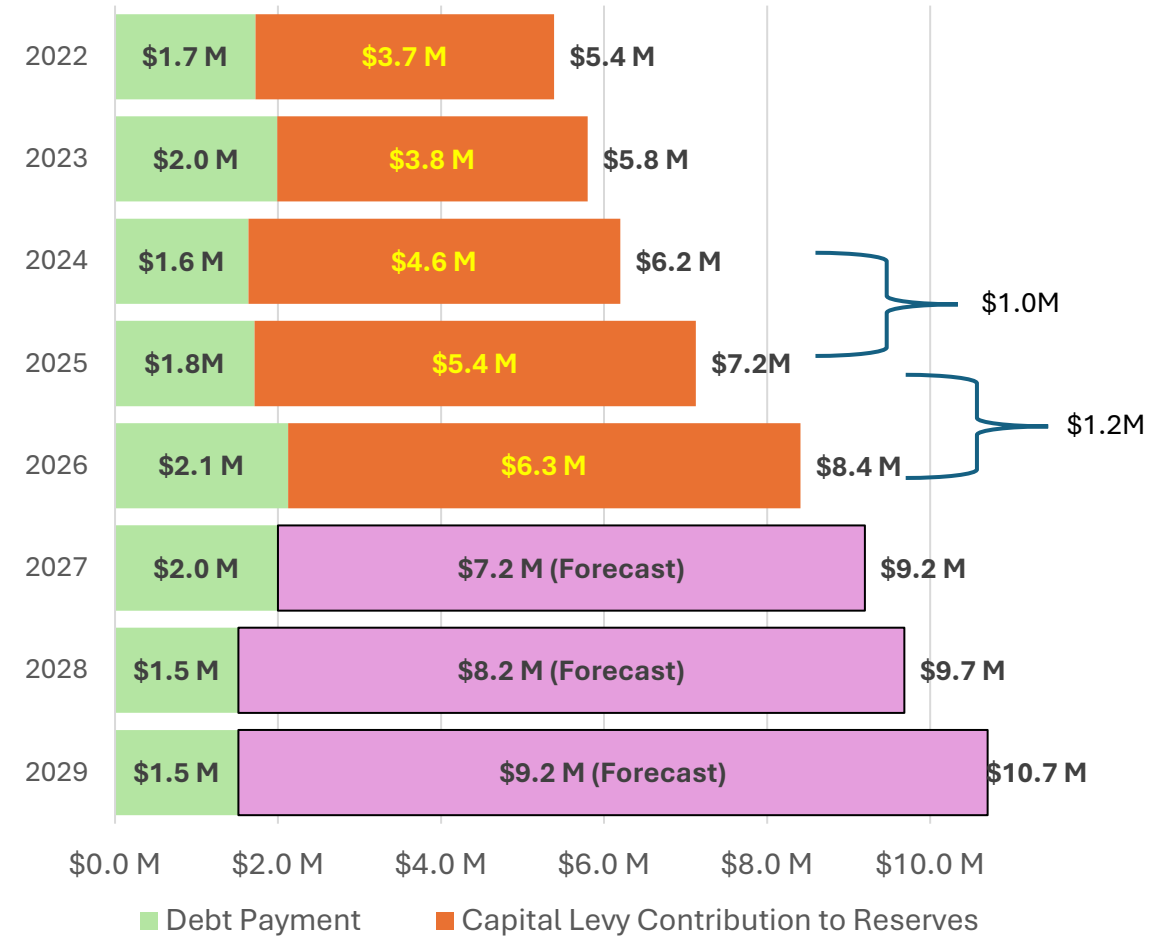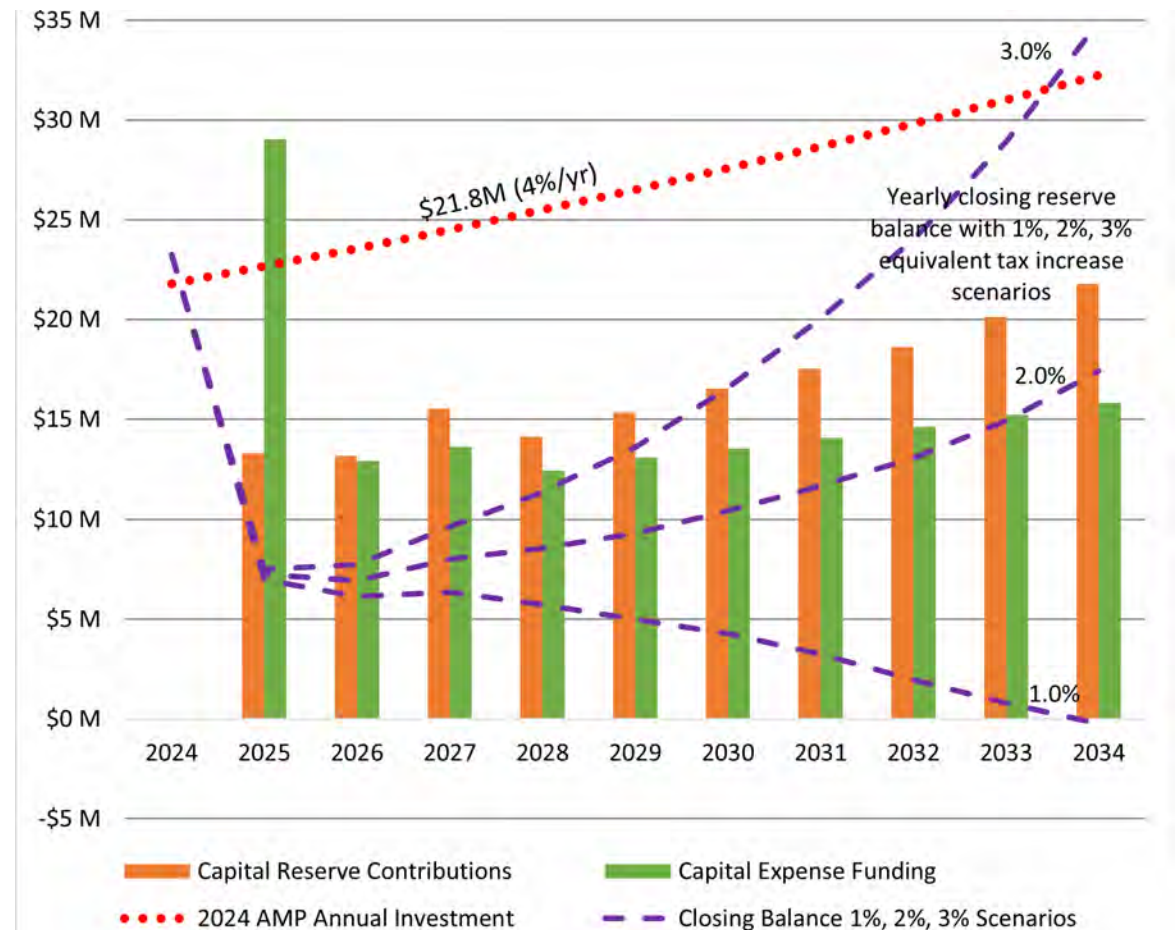
Full AMP Spend Scenario: 2025-2034

- The graph illustrates how projected capital contributions, spending, and reserve balances evolve under 1%, 2%, and 3% levy increase scenarios. Despite higher levies, all three options lead to a projected shortfall of roughly $10M by 2034.

- Forecasting includes 4% annual inflation and assumes full Asset Management Plan–level spending ($21.8M) 2030-2034, amplifying financial pressure.

- 2025 sees a major spending spike ties to large capital projects and constrained by $2M in yearly debt servicing.

- Without revisiting how projects are paced and how revenue is raised, the Township's reserves will be inadequate to meet long-term infrastructure needs.
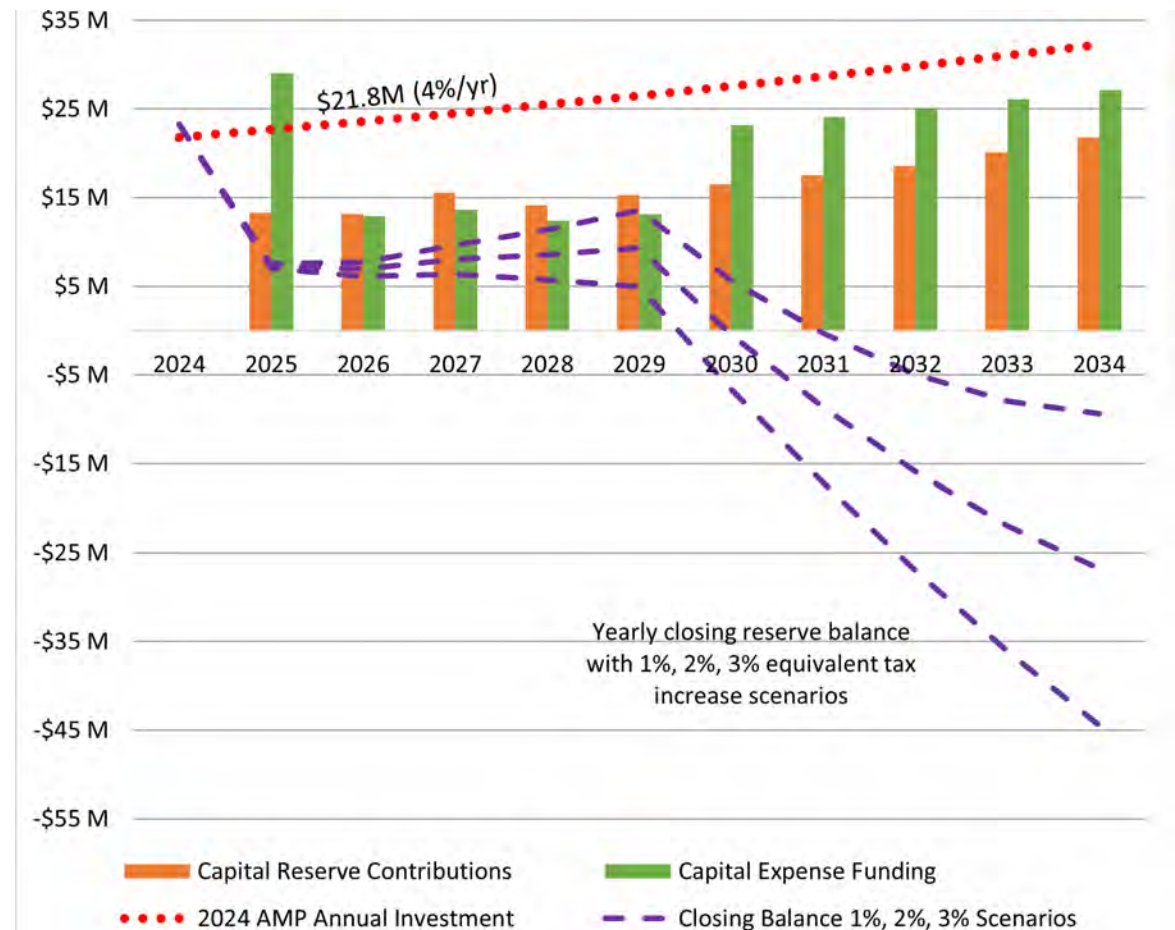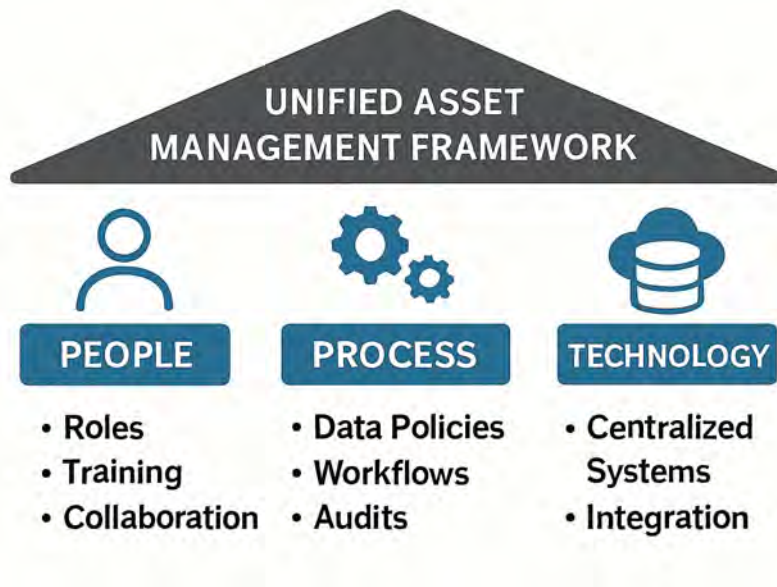
Moderated Spend Scenario: 2025-2034

- This graph models capital spending based on historical averages (2026–2029), rather than full AMP-level investment — with 4% annual inflation applied.

- Under this moderated approach, reserve balances begin to recover by 2026 in the 2% and 3% levy increase scenarios.

- The 3% scenario reaches sustainability by 2029, while the 2% scenario catches up by 2033–2034.

- The 1% scenario remains unsustainable throughout, consistently falling short of capital funding needs.

- Even in the best-case scenario, reserve levels barely meet projected needs, leaving little room for contingencies or growth — reinforcing the need for strategic investment and disciplined reserve contributions.

Next Steps & Continuous Improvement

Strategic Roadmap Overview

UNIFIED ASSET MANAGEMENT FRAMEWORK

PEOPLE
- Roles
- Training
- Collaboration

PROCESS
- Data Policies
- Workflows
- Audits

TECHNOLOGY
- Centralized Systems
- Integration

- Unified framework supports forecasting, compliance, and service delivery
- Policy-led coordination across departments and platforms
- Actionable data to guide Council decisions and community investments

Data Management Roadmap

01a - Data Policy Framework

a) Data Policies and Practices

Create an asset data policy framework, stating how data will be collected, managed, and utilized. Consider roles and timeframes. Create asset hierarchies and specify data entry requirements.

01b - Data Policy Framework

b) Asset Condition, Risk, LOS Frameworks

As part of Data Policies and Practices, state practices for how asset condition and risk will be assessed and how these will be integrated into asset data records. Also define the specific performance metrics to be collected and monitored to support Levels of Service.

02 - Database Selection and Procurement

Define database needs to guide the procurement of a new data management solution. The solution may include procurement of new data management software and enhancing existing systems and datasets (e.g. GIS) through improved coordination.

Criteria for selecting preferred long-term asset data management approach have been drafted by Oro-Medonte, and reflect considerations such as data policy, data needs, level of effort, and cost.

04 - Implementation and Training

Train staff with data management roles on the new interface. Where relevant, assist staff to migrate data into the new data architecture. Clean and update existing datasets and enter into the selected database. Plan and conduct field activities to fill data gaps. Maintain processes to manage changes to how data is entered, accessed, and altered.

03 - Database Configuration

Configure the preferred option for a data management solution to correspond to municipality specifications, including access permissions, security, dataset architecture, and data fields. Conduct beta testing with sample data.

05 - Management and Reporting

Support teams to continue onboarding key database functions and reporting responsibilities. Configure dashboards and outputs to generate reports on asset condition, maintenance needs, and financial implications.

06 - Monitoring and Improvement

Monitor for suitable results in data outputs. Check in with staff and teams to see how processes are working. Continue to update and improve in data management.

Financial & Risk Management

FINANCIAL & RISK READINESS

ASSET RENEWAL COSTS

DC ASSETS | REFINE

RESERVES | DEBT vs. LEVY

GROWTH & RISK PREPAREDNESS

- Refine 10-year asset cost forecasts with new data
- Align growth-related assets within capital planning
- Balance levy allocation between debt, growth, and renewals
- Prepare for future risks through proactive investments

Conclusion

We're building the capability, the culture, and the connection between asset management and everyday processes — aligning them with long-term financial planning to create reliable, resilient infrastructure for generations.

Questions