



Report

Subject: 2025 Asset Management Plan

Department: Corporate Services

Division: Finance

Report #: CPS-2025-058

Meeting Date: 2025-07-14

Recommendations

That report CPS-2025-058, 2025 Asset Management Plan, be received; and

That Council approve the 2025 Asset Management Plan as presented; and

That Council direct staff to develop and present an asset renewal funding strategy for Council approval as part of the 2026 budget process.

Overview

Town staff, in partnership with SLBC Inc., are presenting the Town's 2025 Asset Management Plan in accordance with O. Reg. 588/17. The 2025 Asset Management Plan builds on the 2022 and 2024 Asset Management Plans for Core and Non-Core assets. The 2025 Asset Management Plan, as presented, indicates an asset renewal funding gap of \$19.4 million per year. As part of the 2026 budget process, staff will develop and present an asset renewal funding strategy for Council approval.

Background

In many parts of Ontario, existing infrastructure is degrading faster than it is being repaired or replaced, putting services at risk. To help address this issue, the province implemented the Asset Management Planning for Municipal Infrastructure Regulation, O. Reg. 588/17 (as amended by O. Reg. 193/21). The goal of this regulation is to help improve the way municipalities plan for their infrastructure. The regulation builds on the progress municipalities have made while bringing consistency and standardization to asset management plans to help spread best practices throughout the sector and enable the collection of comparable data.

In July 2022, Council approved the Asset Management Plan for Core Infrastructure Assets (includes Roads, Bridges, Water, Wastewater, Stormwater) and in July 2024 the

Town's Asset Management Plan update approved by Council incorporated Non-Core Infrastructure (Parks, Facilities, Fleet, IT, Library, Fire, Traffic, Transit, and Cemetery) into the Town's Asset Management Plan. The 2025 Asset Management Plan incorporates additional considerations for state of infrastructure, and current and proposed levels of service.

Analysis/Current Situation

Effective management of the Town's assets is a collaborative effort across all departments to continuously assess, evaluate, and improve asset management programs to deliver reliable municipal services in a cost-effective manner that mitigates risk. The Town is currently implementing an asset management system that will gather many datapoints that are useful to the asset management program to make better asset management decisions. Additionally, the Town is implementing various condition assessment programs, such as building condition assessments, to validate Town asset's state of infrastructure and limit the reliance on age-based assessments. In the 2025 Asset Management Plan, the majority of Transportation (i.e. roads and bridges) asset renewal needs were based on observed condition. The asset renewal needs in most other areas needs to be validated through condition assessment programs.

The 2025 AM Plan is compliant with Section 5 of O. Reg. 588/17: Asset Management Planning for Municipal Infrastructure, covering all core and non-core Town-owned infrastructure and incorporates considerations for current levels of service and proposed levels of service. This plan builds upon the 2022 and 2024 plans and recommends actions and financial strategies to maintain current service levels within an acceptable level of risk over the next ten (10) years. The financial strategy section of this asset management plan compares the budgeted annual funding available to the forecasted needs, to provide an estimated infrastructure funding gap for capital renewal and provides some high-level optional strategies for managing this gap going-forward.

According to the 2025 Asset Management Plan, funding needs to support rehabilitation, renewal and replacement of existing assets are in the range of \$38.5 million annually. The Town's 2025 operating budget provides approximately \$19.1 million in asset renewal funding annually, leading to an asset renewal funding gap of approximately \$19.4 million. To address this gap, staff propose to develop an asset renewal funding strategy as part of the 2026 budget process that would explore opportunities such as redirecting budget capacity from debt retirements to asset renewal funding in order to narrow the gap. It is important to note that funding strategies take time with incremental progress achieved through successive budgets. Other strategies to be considered to narrow the gap include:

- increasing funding from tax and user rate sources
- seeking more grant funding from senior levels of government where available
- reducing the actual need by evaluating the criticality of the need vs the consequence of asset failure. In other words, some assets can be run to failure rather than kept in a state of good repair if they are not critical.

- Continuing the progress towards condition assessments to validate asset renewal needs on assets based on age-based assessments

Growth and upgrade needs over the next ten years totals approximately \$44.9 million or \$4.5 million annually. Staff note that the \$11.0 million Library expansion was not presented in the 2025-2034 capital program due to funding constraints. As a result, it is not reflected in the 2025 Asset Management Plan, but it is important to note as a potential growth project.

Funding for growth comes from several sources, such as development charges and funding from senior levels of government. Staff monitor development charge collections and these have been rather slow given the contraction in the sector overall for development. Additionally, funding from senior levels of government seems to be focussed on housing development and while the Town has submitted applications for funding for water and wastewater infrastructure, these applications have not been successful. It is assumed that the lack of success is largely due to the lower projected growth opportunities in Orangeville. Staff will continue to monitor funding for growth and provide updates to Council as required.

Corporate Implications

The Asset Management Plan and corresponding program is a key input into the Town's Long-term Integrated Financial Strategy. The program will inform future annual budget processes and will facilitate evidence-based decision-making in how the Town's assets are operated, maintained, renewed, and replaced to optimize costs and mitigate risks over the asset's useful life and provide council approved levels of service to residents and the community.

The 2025 Asset Management Plan identified an asset renewal funding gap in the range of \$19.4 million annually. Staff proposed to develop an asset renewal funding strategy as part of the 2026 budget process.

Conclusion

Effective asset management promotes evidence-based decision making by incorporating risk and criticality into decision-making for annual operations and long-term capital investments. The 2025 Asset Management Plan is a significant step forward in the Town's journey towards building a holistic culture of asset management. The Town is implementing an asset management system to support its critical asset management function and provide more and better data for improved decision-making. Staff have identified an asset renewal funding gap and propose to develop a strategy to narrow this gap during 2026 budget development.

Strategic Alignment

Strategic Plan

Strategic Goal: Future-Readiness

Objective: Sustainability – Secure the financial viability of the municipality

Notice Provisions

Not Applicable

Respectfully submitted,

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Attachment(s): 1. 2025 Asset Management Plan