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**Report To: Council, July 15<sup>th</sup>, 2025**

**Report No: FS13-2025**

**Subject: Asset Management Plan, 2025**

**Recommendation:**

**That** Council receive and approves as final, the Town of South Bruce Peninsula's 2025 Asset Management Plan as prepared by PSD Citywide.

**And** that Staff review and prepare an action plan to address the recommendations contained within the report.

**Link to Strategic Planning** Goal 2: Sustainable Infrastructure.

**Background:**

On February 6<sup>th</sup>, 2024, Council awarded the contract to PSD Citywide for the preparation of the 2024/2025 Asset Management Plan to meet the reporting requirements of Ontario Regulation 588/17 Asset Management Planning for Municipal Infrastructure. The 2024 Asset Management Plan was approved by Council on August 20<sup>th</sup>, 2024.

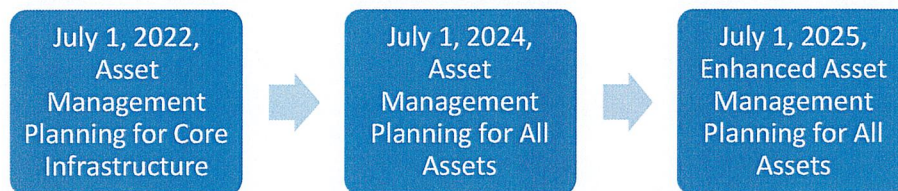
On July 2<sup>nd</sup>, 2025, the Proposed Levels of Service Report was presented to Council with the recommendation that Scenario 3 target funding by category be included in the Asset Management Plan for 2025.

### Scenario 3: Target Funding by Category

This scenario assumes an annual tax increase of 1.9% for 15 years, and water and wastewater rate increase following recommendations provided by the Water and Wastewater System Financial Plan to achieve the following targeted funding levels:

- ◆ Road Network: 50% Targeted Funding
- ◆ Bridges & Culverts: 50% Targeted Funding
- ◆ Stormwater Network: 50% Targeted Funding
- ◆ Buildings & Facilities: 100% Targeted Funding
- ◆ Machinery & Equipment: 100% Targeted Funding
- ◆ Land Improvements: 75% Targeted Funding
- ◆ Vehicles: Maintain Existing Funding
- ◆ Water Network: Achieving Recommendations from Water System Financial Plan
- ◆ Sanitary Network: Achieving Recommendations from Wastewater System Financial Plan

With the approval of the Levels of Service Report, the Town is now able to meet the third requirement of O.Reg.588/.17 with the adoption of the 2025 Asset Management Plan.



The third milestone includes the following key components:

- ✓ Proposed Levels of Service for the next 10 years (qualitative and technical) – O.Reg 588/17 tables for core infrastructure, municipality established for other assets.
- ✓ Current Performance of Assets for the next 10 years – municipality established.
- ✓ Lifecycle Activities to provide proposed service levels for the next 10 years (options, risks, etc.).
- ✓ Identify funding available for lifecycle activities. Options to maximize funding.
- ✓ Identify the funding shortfall. What lifecycle activities will be undertaken? How to manage risks from not undertaking lifecycle activities?
- ✓ Population/Employment Growth – population under 25,000; how did growth inform the identified lifecycle costs and financial strategy?

Over the past months staff and the management team have been working collaboratively with PSD Citywide (PSD) and their primary consultant Moya Taylor, to bring to fruition a 2025 Asset Management Plan.

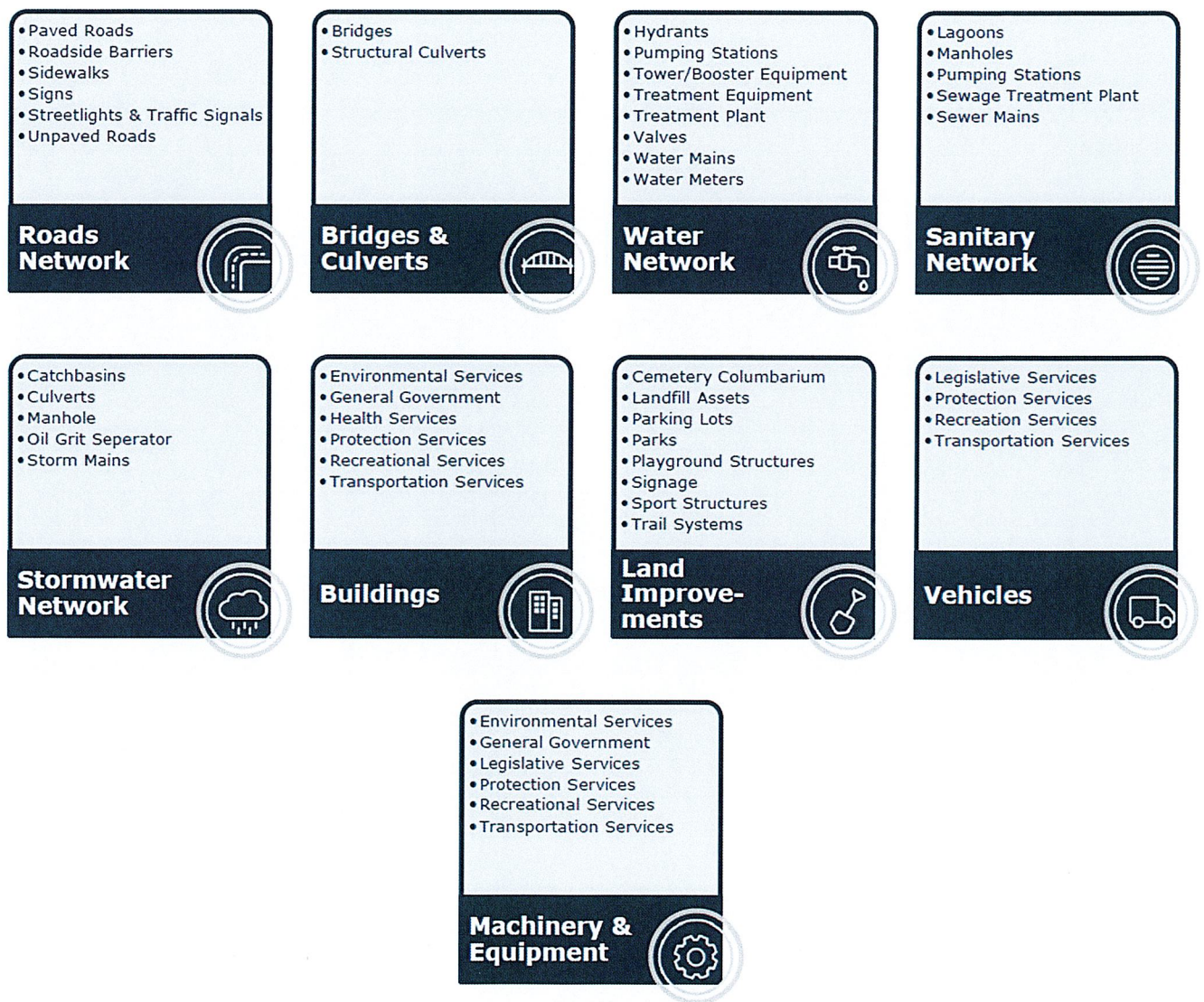
The AMP is inclusive of both core assets and non-core assets:

- Core Assets



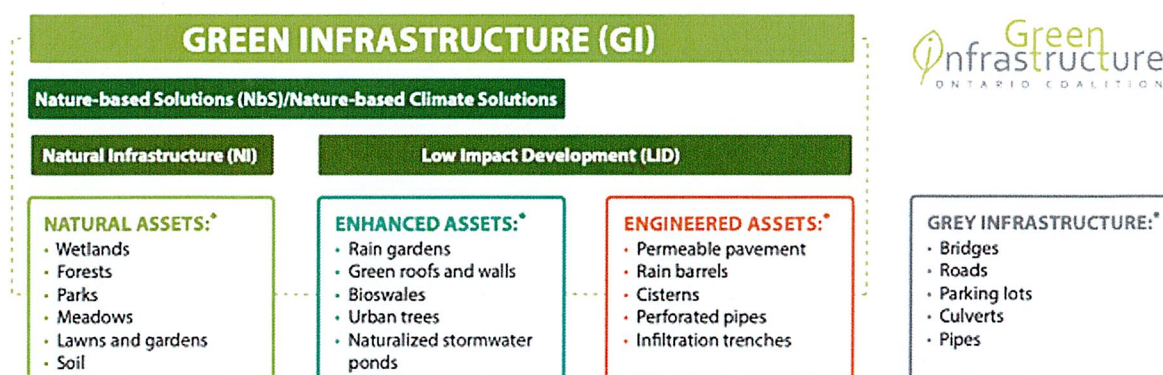
- Roads Network
- Bridges & Culverts
- Water Network
- Sanitary Network
- Stormwater Network
- Non-Core Assets
  - Buildings
  - Land Improvements
  - Vehicles
  - Machinery & Equipment

These asset groupings are further broken down to include:



The AMP includes current practices and strategies that are in place to manage public infrastructure and ensures that the Town can support the delivery of municipal services.

One aspect that has not been included in the AMP as another asset category is Natural Assets. Natural Assets include:



Staff are in the process of reviewing Town properties to identify green infrastructure. Once this information has been compiled a separate AMP will be developed and presented to Council.

**Options:** Council can accept the report as presented or request additional information and defer the report.

### **Attachments:**

One: Asset Management Plan, 2025

**Inter-departmental Impact:** The Asset Management Plan was prepared with consultation of staff and management covering all municipal departments. The AMP is data driven and relies on the knowledge of staff to ensure its accuracy and completeness. The maintenance of the asset inventory will continue to be a collaborative effort of review and refinement across all departments.

### **Financial Implications:**



Approval of Director of Financial Services/Treasurer

While there are no immediate financial implications resulting from the adoption of the Asset Management Plan (AMP), there are budgetary implications as we begin the 2026 budget process. Any financial items will be addressed separately through the budget process.

The following chart outlines the changes to the Key Statistics between the 2024 and 2025 AMP:



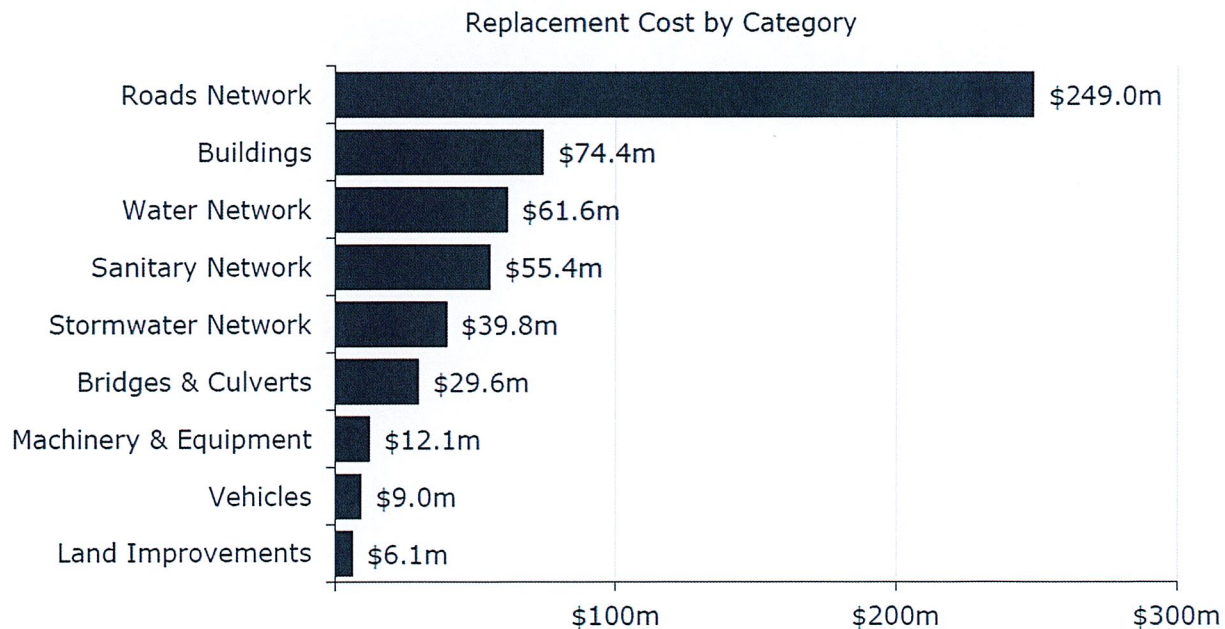
## Key Statistic

2024

2025

Replacement cost of Assets	\$531.2M	\$537M
Replacement cost per Household	\$75,000	\$76,000
Assets in fair or better condition	69%	69%
Assets with condition data	74%	76%
Annual capital infrastructure deficit	\$7.0M	\$7.6M
Timeframe to eliminate deficit	15 years	15 years
Target reinvestment rate	2.30%	1.04%
Actual reinvestment rate	0.90%	0.94%

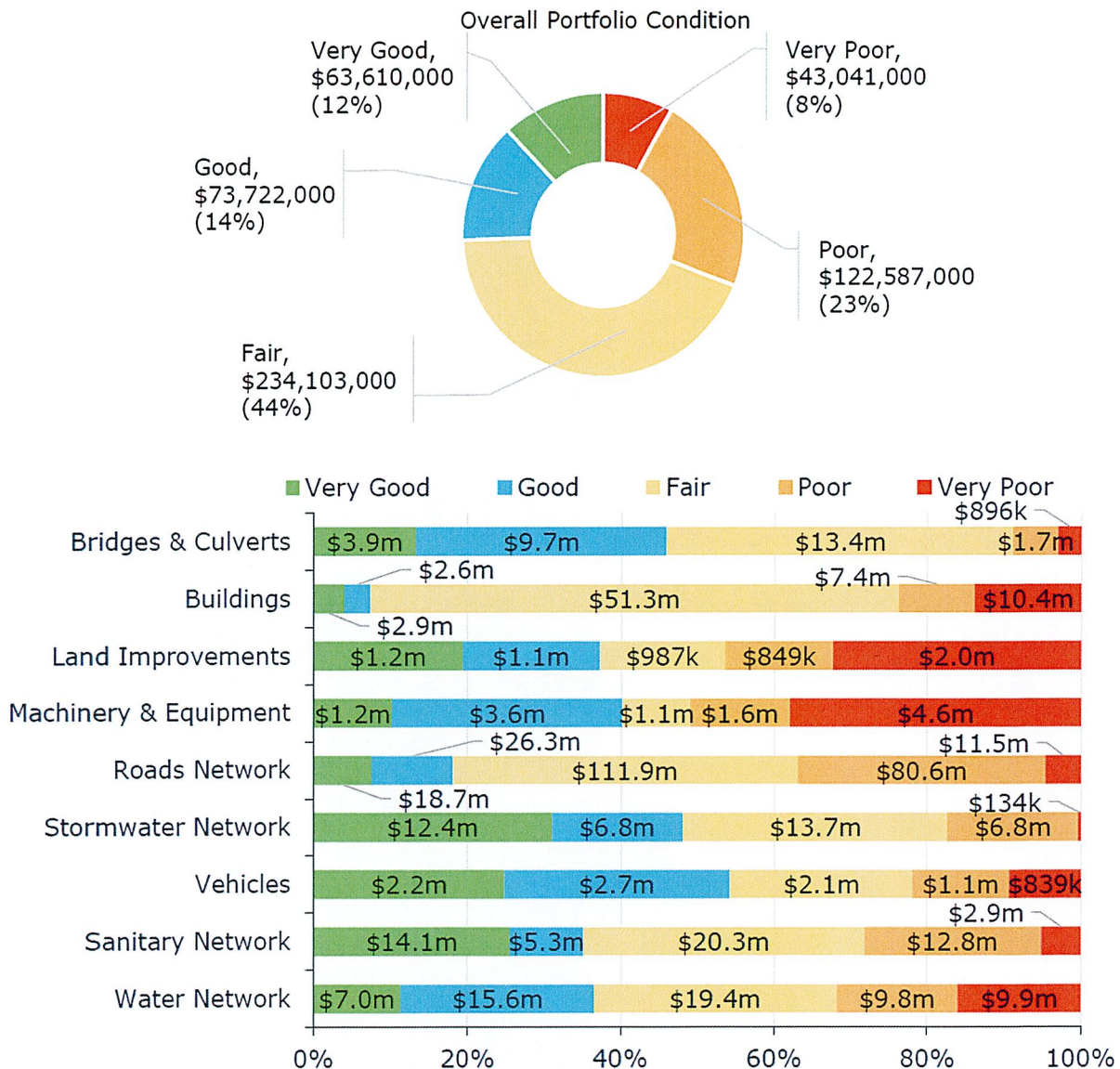
The overall replacement cost of the asset categories is \$537M based on the asset inventory as of December 31, 2024. The roads network forms the largest share of the portfolio at 46%.



The condition of the assets is positive with 69% being in fair or better condition, and this is based on 76% of the assets having specific condition data rather than relying on age-based conditioning. Generally, age-based conditioning misstates the true condition of assets especially where assets are held longer than what is defined in the tangible capital asset policy. The following charts provide an overview of the asset condition at the portfolio level and by segment. Understanding the condition of assets is a key component for the

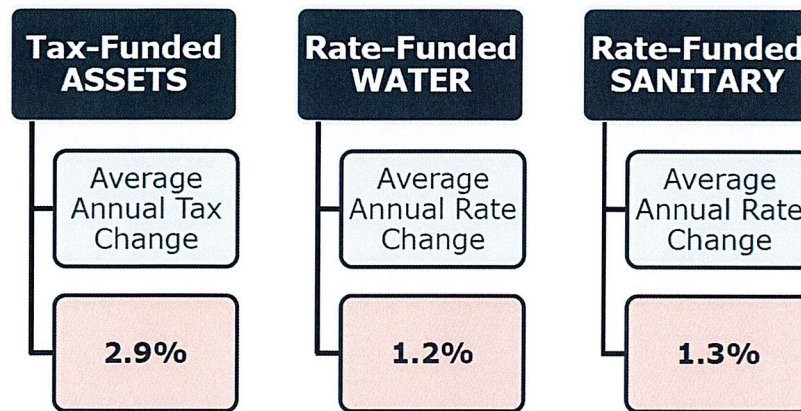


replacement strategy. Table 6 of the AMP provides a summary of the source of condition data, which includes staff assessments, reports and evaluations, and age-based. Another factor for consideration is the risk matrix which assesses the assets probability and consequence of failure.



To meet capital replacement and rehabilitation needs for the existing infrastructure, prevent infrastructure backlogs, and achieve long-term sustainability, the average annual capital requirement is \$12.6M. Based on historical analysis the Town is committing approximately \$5M towards capital projects or reserves per year, which results in a funding gap of \$7.6M. It is the Town's practice to budget annually to build up the capital reserves such that the reserves are the financing source for the capital program, net of any applicable grants. Grants such as Canada Community Building Fund (CCBF) and Ontario Community Infrastructure Funds (OCIF) are targeted towards capital projects.

Based on the data collected, a financial strategy has been developed to address the annual capital funding gap so that the Town's infrastructure deficit is eliminated based on a 15-year plan:



The above strategy will form the starting point to the annual budget preparation, as well as considering any federal and provincial grants that can be applied to the capital program and mitigate the tax impact.

The AMP includes several recommendations to guide continuous refinement of the Town's asset management program. The recommendations include:

- Review data to update and maintain a complete and accurate data set
- Develop a condition assessment strategy with a regular schedule
- Review and update lifecycle management strategies
- Development and regularly review short- and long-term plans to meet capital requirements. Work towards aligning the Town's Capital Budget with the AMP
- Measure current levels of service and evaluate progress on proposed levels of service
- Development of a Data Governance Policy to address supporting documents and frequency for updating supporting data
- Natural Asset Management Plan

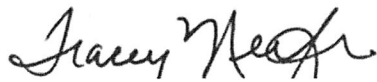
A more detailed listing has been included in the AMP as Appendix E.

The journey of Asset Management does not stop with the completion of the third milestone under O.Reg 588/17, as it is a continuous process and requires constant review and updating of asset data to ensure that quality information is used for decision making. The O.Reg states that Council shall conduct an annual review of its asset management progress on or before July 1 in each year, starting the year after the asset management plan is completed. The first review will be July 1, 2026 and must include:

1. The municipality's progress in implementing its asset management plan;
2. Any factors impeding the municipality's ability to implement its asset management plan; and
3. A strategy to address the factors described in (2)

**Expected Date of Completion:** Once the AMP has been approved by Council, no further action is required by Council with regards to the 2025 report. The AMP will be uploaded to the Town's website and submitted as required in accordance with the regulation. The annual review will be presented to Council as required by O.Reg 588/17 Asset Management Planning for Municipal Infrastructure.

Respectfully submitted,



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Tracey Neifer, CPA, CA  
Director of Financial Services

Date: July 7, 2025



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Chief Administrative Officer

Date: July 8, 2025