

Asset Management Planning

Municipality of Tweed

April 3, 2025

Notes:

1. O.Reg. 577/17 is a Province of Ontario requirement, not Municipality of Tweed initiative

O.Reg. 588/17 is a regulation in Ontario, that mandates the development and implementation of asset management plans for municipalities. The primary purpose of this regulation is to ensure that municipalities manage their infrastructure assets effectively, promote sustainable service delivery, and enhance accountability and transparency in the management of public assets.

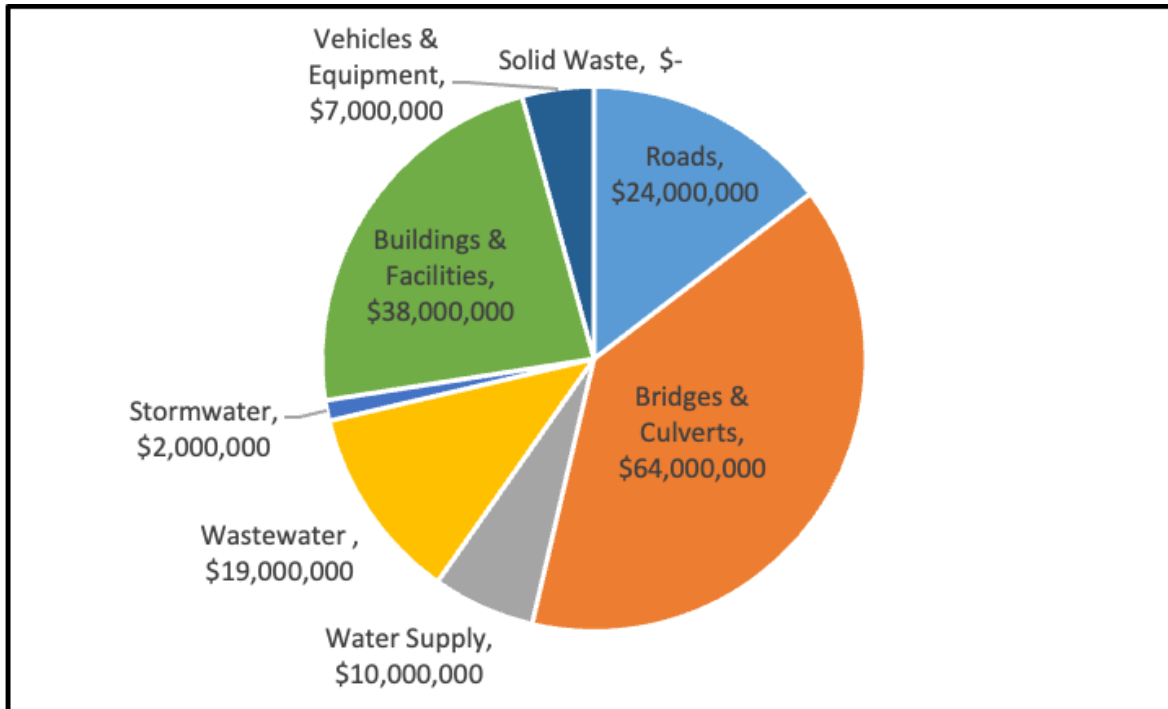
2. The numbers in this report are estimates and are provided to give Council an "order of magnitude" picture of the funding required. Caution advised.

What is the current status of the process?



#	Status	Issue	Comment
1	Mostly Complete	<ul style="list-style-type: none"> 6.(1) 1. Asset Management Plans Complete. 	<ul style="list-style-type: none"> Greenview Report + needs studies
2	Pending	<ul style="list-style-type: none"> 6.(2) 2. Proposed service levels and how they differ from current (See Table 7 above) Are service levels achievable? A financial analysis and an ability/willingness to pay discussion 	<ul style="list-style-type: none"> Discussion required re level of public consultation Review of financial position and potential tax impacts
3	Pending	<ul style="list-style-type: none"> 6.(1) 3. Proposed performance level of each asset category for a period of ten years 	<ul style="list-style-type: none"> Dependent upon #2 above
4.	Pending	<ul style="list-style-type: none"> 6.(1) 4. Lifecycle management and financial strategy. If a funding shortfall is predicted, identify how we will "manage the risks associated with not undertaking any of lifecycle activities" 	<ul style="list-style-type: none"> Dependent upon #2 above
5	Pending	<ul style="list-style-type: none"> 6.(1) 5 (for municipalities with less than 25,000 population "a discussion of how the assumptions regarding changes in population and economic activity ... informed the preparation of the of the lifecycle management and financial strategy referred to in paragraph 4 of this subsection" 	<ul style="list-style-type: none"> Dependent upon #4 above
6	n/a	<ul style="list-style-type: none"> Further requirements for municipalities over 25,000 population 	<ul style="list-style-type: none"> Not required
7	Pending	<ul style="list-style-type: none"> An explanation of any other key assumptions underlying the plan that have not previously been explained 	<ul style="list-style-type: none"> Dependent upon #1-5 above
8	Pending	<ul style="list-style-type: none"> 8. (a) endorsement by the executive lead of the municipality 8. (b) approval by resolution of the municipal Council 	<ul style="list-style-type: none"> Dependent upon #1-5, 7 above
9	Pending	<ul style="list-style-type: none"> 10. Public availability of the plan 	<ul style="list-style-type: none"> Dependent upon #1-5, 7 above
10	Pending	<ul style="list-style-type: none"> 9. (1) annual review of the plan prior to July 1st each year 	<ul style="list-style-type: none"> First applicable in 2026
11	Pending	<ul style="list-style-type: none"> 7.(1) five year review of the plan 	<ul style="list-style-type: none"> First applicable³in 2030

What is our current reserve demand?



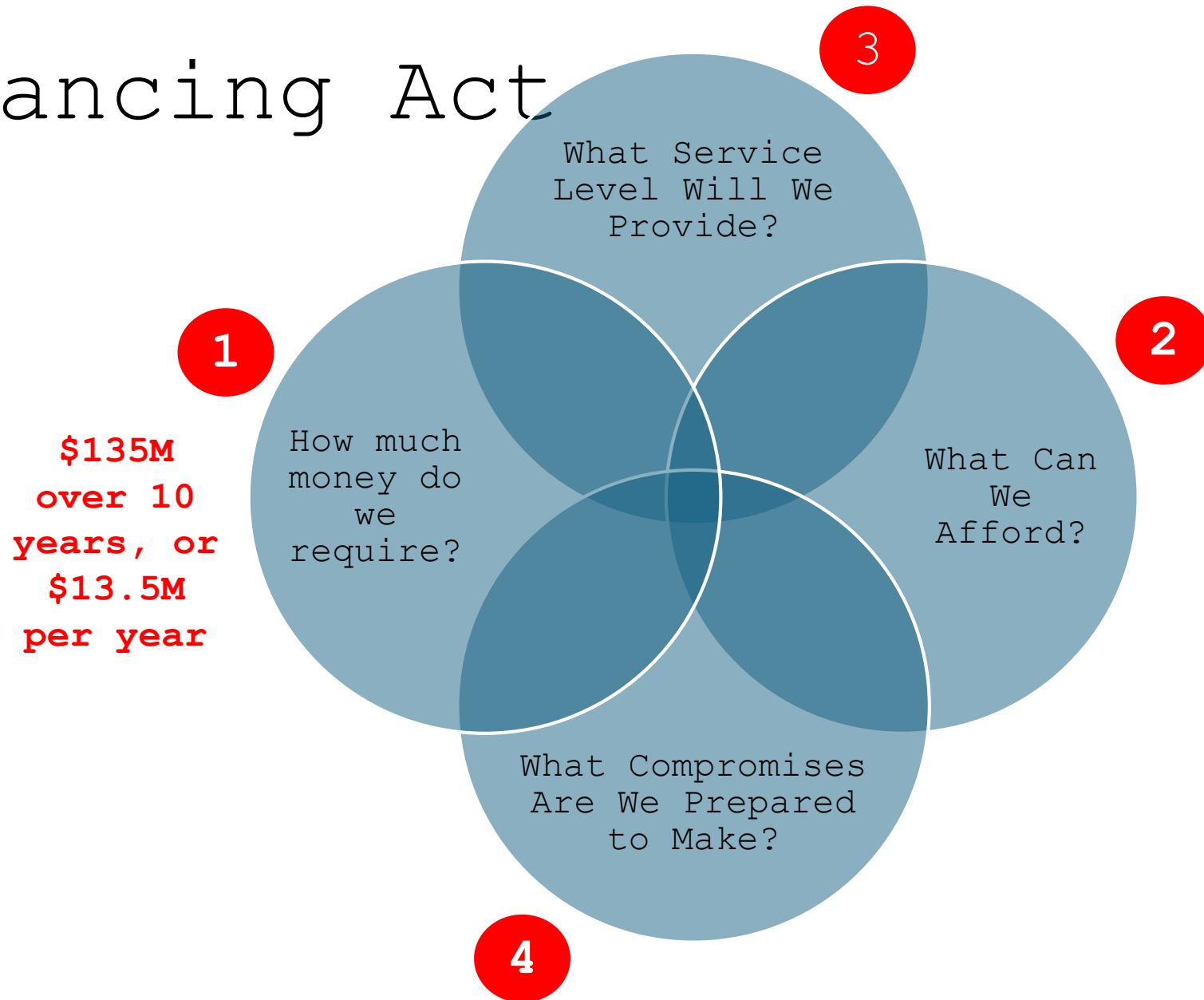
Greenview Report - Table 3a

Projected Contribution to Reserves (10-year Window)

1	Roads	\$ 23,903,830
2	Bridges & Culverts	\$ 64,316,448
3	Water Supply	\$ 9,948,678
4	Wastewater	\$ 18,918,619
5	Stormwater	\$ 1,632,626
6	Buildings & Facilities	\$ 37,999,917
7	Vehicles & Equipment	\$ 7,318,454
8	Solid Waste	\$ 1,111,601
		\$ 165,150,174

- \$135M over 10 years will be required to be property tax supported assuming water, wastewater and solid waste are paid for from user fees.

Balancing Act



For Today

- The purpose of today is to:
 - Engage Council in a free-flowing discussion regarding the parameters and decisions that will be required to finalize our Asset Management Plan
 - Review prior asset management commitments
 - Select a target rate increase for capital investment
 - Chart a course for public consultation

The Relationship Between Capital and Operations

- Fewer/newer -> reduced operational costs
 - E.g., fewer buildings -> less cleaning/supplies, lower utility bills, potential revenue
 - New buildings and vehicles can help reduce greenhouse gas emissions
- Properly implemented, it can slow or delay the need for more staff
- Evaluate % usage. Single purpose buildings can be expensive to operate. Most buildings are under utilized. Can we multi-purpose?
 - It is difficult to strike a staffing balance between day, night, and weekend usage if operations are spread out over multiple facilities
- An investment in remote water meter reading will save 12-15 days per year, improve accuracy and reduce back billing
 - Meters fail by slowing down – reducing revenue
- Old or broken vehicles and equipment will impede our ability to serve our citizens

Previous Commitments

- By-law #2020-50 - Adoption of a Debt Management Policy
 - Counts both leases and borrowing towards the debt limit
 - Caps debt at 15% of "own source" revenues (taxes and fees).
 - Provincial cap = 25%
- By-law #2024-66 - Adoption of a Strategic Asset Management Policy
 - Partial list of commitments:
 - Ongoing Asset Management Planning
 - Ongoing coordination of asset management with the County and neighbouring municipalities
 - Roles and responsibilities for Council and staff
 - Integration of asset management into the annual budget process
 - A program of continuous improvement
 - Ongoing data collection related to assets
 - Evaluation of all capital assets as they pertain to climate change
 - Aligning asset management with our land-use planning
 - Developing a strategic plan that incorporates asset management

Service Levels

- The regulations requires to set service level targets to be achieved
- Greenview suggested that water/wastewater should be increased and there was the opportunity to decrease road maintenance. Do we agree?
- Buildings. How do decrease the number of buildings?

Service Levels

Asset Group	Current Level of Service (1 = very low, 5 = very high)	Asset Performance (good/fair/poor)
Road	4	Good
Bridges & Culverts	2	Poor
Water	3	Fair
Wastewater	3	Fair
Stormwater	3	Fair
Buildings & Facilities	3	Fair
Vehicles & Equipment	4	Fair
Solid Waste	4	Good

Question: Are we willing to compromise on some service levels in order to improve others?

1. Roads (\$24M)

- Replace like for like
- Higher standard with lower maintenance costs
- Lower standard (e.g., pulverize)
- New technology
- Close the road
- Sell to a private owner

1. Roads

- Suggestion:
 - Take a serious look the next five years of priority roads
 - Do a road tour with the PW Manager
 - Evaluate each based upon the decision matrix
 - Make decisions
 - Invite public input
 - Consider bulk tender, and/or joint tendering with other municipalities
- Review the full list and prioritize roads that could be targeted for reduced service levels

2. Bridge & Culverts (\$64M)

- Replace like for like
- Reduced load limit
- Other solution (e.g., box culvert, modular bridges, pre-fab)
- Reduce lane widths
- Eliminate

2. Bridges and Culverts

- Suggestion:
 - Take a serious look the 8-10 priority structures
 - Visit each bridge with the PW Manager
 - Evaluate each based upon the decision matrix
 - Make decisions
 - Invite public input
 - Consider bulk tender, and/or joint tendering with other municipalities

5. Stormwater (\$2M)

- Replace like for like
- Improved detention (e.g., roof tops, parking lots)
- Reduced runoff (e.g., natural channelization, tree planting)
- Invest in new technology

6. Buildings & Facilities (\$38M)

- Replace like for like
- Ride it out till the end of its life, then decommission
- Consolidate
- Invest in energy efficiency
- Demolition and sell
- Sell as is

6. Buildings

- Buildings. How do decrease the number of buildings?
 - Fewer buildings, more multi-purpose?
 - Classify buildings:
 - Must Keep
 - Would consider selling/de-commissioning
 - Could be consolidated into another building
 - De-commission
 - Establish a “maintenance threshold”. Max amount to invest in any given year, or over a time frame

6. Buildings Continued

- How do we build a modern municipal complex?
 - Build community support
 - What does shovel ready look like?
 - Property?
 - Drawings? Servicing?
 - Alternate construction methods? Design Build Partnerships?
- Is it possible to consolidate operations?

7. Vehicles and Equipment (\$7M)

- Replace like for like
- Demo units and the used market
- Find more versatile units
- Consolidate
- Improved maintenance - extend lifespan
- More fuel-efficient options
- Sell, eliminate

7. Vehicles and Equipment

- Suggestion:
 - Visit the PW Yards with the PW Manager
 - Evaluate equipment based upon the decision matrix
 - Make decisions
 - Consider bulk tender, and/or joint tendering with other municipalities
 - Think of fleet in a more holistic manner, including parks and recreation
- Reminder:
 - Staff without safe/reliable vehicles and equipment will not serve the community properly

3, 4 & 8. Water, wastewater, solid waste

- Rates:
 - CWA will be providing a quote to complete a rate study for water, wastewater and storm water
 - What is the community tolerance for rate increases?
 - Are our rates competitive?
- Other Issues:
 - Improvements required in the WTP. Analog to digital
 - New well
 - Water rights
 - New water meters with remote reading capability

Asset Tracking and Procurement

- A heavy burden on municipalities to track and itemize assets and report on progress.
 - This is very specialized work and a combination of public works and treasury function.
 - Is there an opportunity to do joint services?
- Procurement will have to change to recognize “total cost of ownership”.
 - There are advantages to joint procurement for many capital items.
 - Is there an opportunity to do joint services?
 - Perhaps combined with asset tracking and reporting?

Community Consultation

- Before preparing a draft? After a draft? Both?
- Community survey? (Paper/Internet?) Public meeting? Both?
 - We have samples of online surveys from Quinte West and Kingston
- Public meeting format
 - Presentation and Questions?
 - Drop-in and discussion?

Communications and Messaging

- This is a Provincial initiative - but we must respond as a community
- We will continue to work towards sustainability, but there is no quick solution
- Difficult decisions will be required. How we invest in buildings, roads, and bridges will change in ways that maintain or enhance our quality of life.

Municipality of Tweed

Asset Planning - Financial Model - 25 Feb 25



Tx Levy Inc. **3.89%** Non Capital
 Capital Rsv xFr Inc. **10.00%**

	Yr. 5	Yr. 10	Yr. 15	Yr. 20	Yr. 25	Yr. 30
Total Rsv. xFr:	\$ 4,280,447	\$ 13,244,928	\$ 27,199,152	\$ 49,672,569	\$ 85,866,231	\$ 144,156,487
Ave. Tx. Levy Over:	4.83%	4.95%	5.08%	5.24%	5.41%	5.59%

Under this scenario - \$871,780 is our 2025 baseline contribution

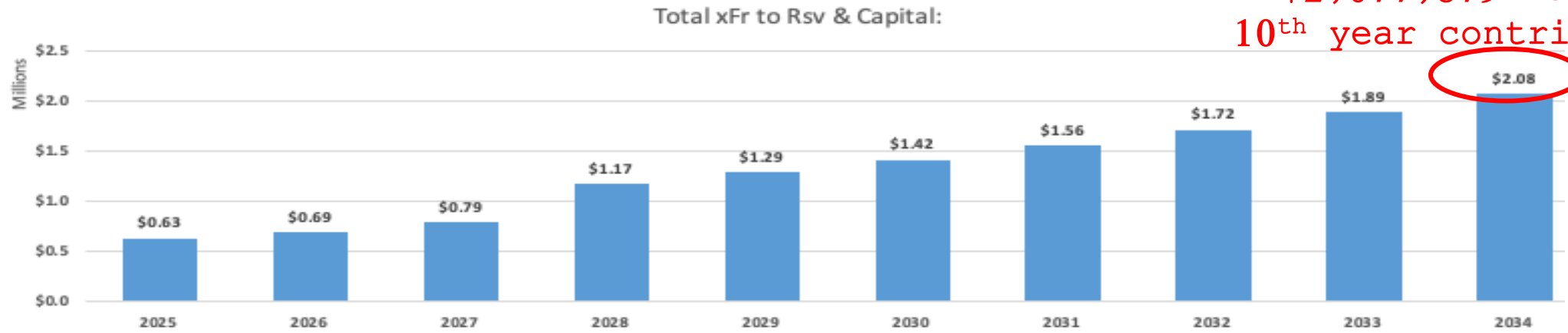
	1 2025	2 2026	3 2027	4 2028	5 2029	6 2030	7 2031	8 2032	9 2033	10 2034
2025 Addition:	\$ 97,500	\$ 107,250	\$ 117,975	\$ 129,773	\$ 142,750	\$ 157,025	\$ 172,727	\$ 190,000	\$ 209,000	\$ 229,900
2025 Base Capital:	\$ 533,878	\$ 587,266	\$ 645,992	\$ 710,592	\$ 781,651	\$ 859,816	\$ 945,797	\$ 1,040,377	\$ 1,144,415	\$ 1,258,856
Payback to Rsv:	\$ 246,402	\$ 274,830	\$ 274,829							
xFr to Rsv.:	\$ -	\$ -	\$ 27,484	\$ 332,544	\$ 365,799	\$ 402,379	\$ 442,616	\$ 486,878	\$ 535,566	\$ 589,123

Total xFr to Rsv & Capital:	\$ 631,378	\$ 694,516	\$ 791,451	\$ 1,172,908	\$ 1,290,199	\$ 1,419,219	\$ 1,561,141	\$ 1,717,255	\$ 1,888,981	\$ 2,077,879
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Tx Levy, Less Rsv & Capital:	\$ 5,370,989	\$ 5,579,921	\$ 5,796,980	\$ 6,022,482	\$ 6,256,757	\$ 6,500,145	\$ 6,753,000	\$ 7,015,692	\$ 7,288,602	\$ 7,572,129
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Total Tx Levy:	\$ 6,248,769	\$ 6,549,267	\$ 6,863,260	\$ 7,195,391	\$ 7,546,956	\$ 7,919,364	\$ 8,314,141	\$ 8,732,947	\$ 9,177,583	\$ 9,650,008
% Change:		4.81%	4.79%	4.84%	4.89%	4.93%	4.98%	5.04%	5.09%	5.15%

\$2,077,879 is our 10th year contribution



Next Steps

- Set a preliminary target for:
 - Operating Tax Increase - 3.89%? Higher? Lower?
 - Annual increase in capital spending - 10%? Higher? Lower?
 - Borrowing strategy - 50% of the lifespan for 50% of the total? More? Less?
 - Do we want to compromise the service level for roads in order to increase the service level for bridges and culverts?
- What will public input/consultation look like?
- Water, wastewater and solid waste discussion - what do the rates look like moving forward?