

REPORT

TO: Council
FROM: Anna McCarthy
DATE: June 18, 2025
REPORT: FIN.25.07
SUBJECT: 2025 Asset Management Plan

RECOMMENDATION:

That Council receive report FIN.25.07 for information; and
That Council approve the 2025 Asset Management Plan as presented; and
That Council recommend that the Mayor include the Asset Management Financial Plan in the annual budget

BACKGROUND AND ANALYSIS:

By receiving this report and approving the Asset Management Plan, the Municipality will be meeting the requirements of Ontario Regulation 588/17 Asset Management Planning for Municipal Infrastructure.

The 2025 Asset Management Plan presents another step in the Municipality's Asset Management journey towards achieving long term financial sustainability of municipal assets for its taxpayers and users. Legislated Asset Management requirements for Ontario municipalities, and links to Grey Highlands' documents, includes the following:

- 2009: Implementation of PSAB 3150 "Tangible Capital Assets" to identify and record tangible capital assets and depreciate over time in the financial statements
- 2013: First [Municipal Asset Management Plan](#) for the Municipality, to comply with the Building Together Guide for Municipal Asset Management Plans
- 2016: [Asset Management Plan Update](#), to meet Gas Tax Agreement requirements
- 2019: [Strategic Asset Management Policy](#) is approved by Council, required under Ontario Regulation 588/17
- 2020: [Asset Management Plan Update](#), required under Ontario Regulation 588/17
- November 3 2021: [Presentation to Council](#) by PSD Consultants of the 2020 Asset Management Plan

- The new [Asset Management Plan](#) was approved on August 3, 2022, through [staff report FIN.22.17](#), recommending an annual tax levy increase of 1.3% of the total levy for the next 15 years
- The 2025 [Asset Management Plan Update](#) must be completed before July 1 2025 to meet Ontario Regulation 588/17 requirements
 - Council authorized award to [Hemson Consulting on April 3 2024](#) to work with staff to meet the requirements of Ontario Regulation 588/17.
 - Hemson presented the [Draft findings to Council on May 28 2025](#)
- Next known requirements: Update the Asset Management Plan at least every 5 years

Other Asset Management Initiatives:

The following activities have been undertaken in between Asset Management updates to improve data, reduce costs, improve quality of Asset Management Plans, and promote good asset management.

- The Building Condition Assessment Results were received by [Council at June 28 2023 Committee of the Whole](#). Council authorized the Treasurer to use the [Building Condition Assessment report](#) as a guide to update the Asset Management Plan. The 2023 replacement value of 63 municipal facilities is \$63.9 million.
- Council received the 2023 Road Needs Study [presentation](#) and [full report](#) on November 15 2023.
- Council authorized entering into a [Light Fleet Maintenance and Renewal agreement](#) with Enterprise Fleet Management in April 2023 to manage and plan for replacement of our light fleet vehicles.
- The 2023 Municipal Bridge Inspection Report is included on the [Council Agenda of Feb 21 2024](#), with an estimated replacement cost for all municipally owned bridges of \$82.4 million.
- The Asset Management Team provides reports to Council on an annual basis regarding asset management program progress for the Municipality ([FIN.23.22 - 2023 Update](#), [FIN.22.21 - 2022 Update](#), [FIN.21.08 - 2021 Update](#), [FIN.20.12 - 2020 Update](#))
- [2023 Asset Retirement Obligations Policy](#) approved through By-Law 2023-114. Additional information is included in the "[Memo to Auditors](#)", included in report to Council FIN.24.04.
- Regular meetings of the Asset Management Team, that includes representation from all asset-owning departments, to promote Asset Management best practices and promote corporate-wide asset management
- The Treasurer reports to Council during the annual [budget](#) process on asset management financial status and funding deficit. In the 2025 Budget, Council approved an increase to the capital tax levy of \$964,534 or 6.2%, and annual contributions to the Asset Management Reserve Fund.
- During the 2025 budget deliberations, Council approved creating an [Asset Management position](#), which is a significant step towards improving data with the goal of reducing the total lifecycle cost of owning and managing municipal assets

OPERATIONAL CONSIDERATIONS:

The 2025 Asset Management Plan document is structured as follows:

1. Summary
2. State of the Local Infrastructure
3. Level of Service
4. Asset Management Strategy
5. Financing Strategy
6. Monitoring and Improvement Plan

Rather than restating the information already included in the Asset Management Plan document and which was presented at the May 28 2025 Committee of the Whole meeting, this report will summarize the recommendations and next steps of the 2025 Asset Management Plan ("AMP") report prepared by Hemson.

The Municipality's Asset Management Plan has not been updated since 2020, and a lot has changed since that time that both negatively and positively impact our assets. As a reminder, the Asset Management Plan is a snapshot at a point in time, and includes assumptions for long term forecasting. It is a valuable tool for long term planning, condition reporting, and indicator of financial health.

The financing recommendation of the 2025 Asset Management Plan is an increase in capital spending financed by the tax levy of \$810,000 for 10 years. This represents a levy increase of 4.5% in the 2026 budget.

The Proposed Levels of Service were determined in consultation with Hemson and Department Heads, and based on industry standards and current practices. The Proposed Levels of Service assume that all assets will be maintained to a certain standard to minimize risk and to provide continuity of services; it assumes that all assets will be renewed or replaced to maintain our existing asset portfolio. It does not make assumptions regarding decisions that Council may make in the future that impact levels of service. These decisions may include either the disposal or addition of assets. Any such decision will impact levels of service, and ultimately have an impact on the financing objective, which is a moving target as the physical conditions of assets change (including regular maintenance and renewal, and depreciation over time), as economic conditions change, and based on annual budget contributions towards the capital program.

On an annual basis, generally with the tabling of the budget, the Treasurer provides an update on the status of the asset management funding gap. It will be influenced by past budget decisions of Council, improvement in available data to inform decisions, changes in levels of service, and any additional revenue sources.

Based on economic conditions, significant changes in levels of service, new and improved asset condition data, or other significant reasons, it may be recommended by staff that the AMP be updated sooner than the 5 year mandatory update as identified in Ontario Regulation 588/17 so that the infrastructure funding gap is closely monitored and a reliable indicator of the municipality's financial health.

Improvement Plan Initiatives

Table 25 (page 55) of the Asset Management Plan includes the following action items identified as areas to enhance the effectiveness of the asset management program:

- Align AMP Levels of Service with the budget process
- Further development and mitigation and adaptation strategies into asset management
- continually update the asset inventory
- continue to monitor the infrastructure gap
- seek funding from upper levels of government

Staff will continue to work towards achieving the outcomes identified above.

GREY HIGHLANDS STRATEGIC PLAN:

Responsible Governance - Maintain the comprehensive Asset Management Plan that enables effective tracking, planning, and allocation of resources to meet future infrastructure needs.

POLICIES/LEGISLATION::

[O.Reg. 588/17: Asset Management Planning for Municipal Infrastructure](#)

ATTACHMENTS OR REFERENCE:

Asset Management on Greyhighlands.ca website

Asset Management Plan 2025 (draft), prepared by Hemson Consulting for the Municipality of Grey Highlands June 5 2025

Approved By:

Karen Govan, Chief
Administrative Officer

Status:

Approved - 11 Jun 2025