

Council Information Session - Draft Results

# 2025 Asset Management Plan

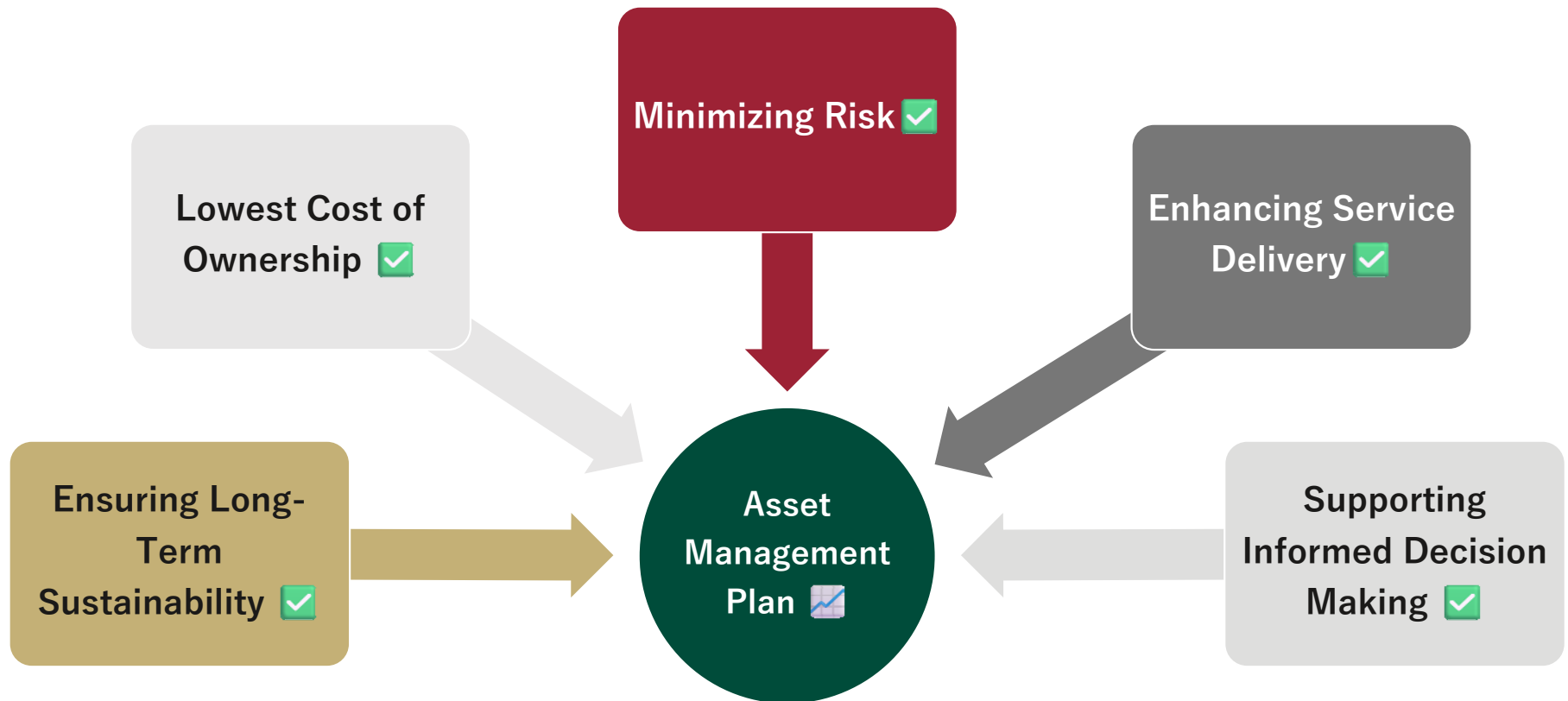


MUNICIPALITY OF GREY HIGHLANDS

May 28, 2025

HEMSON

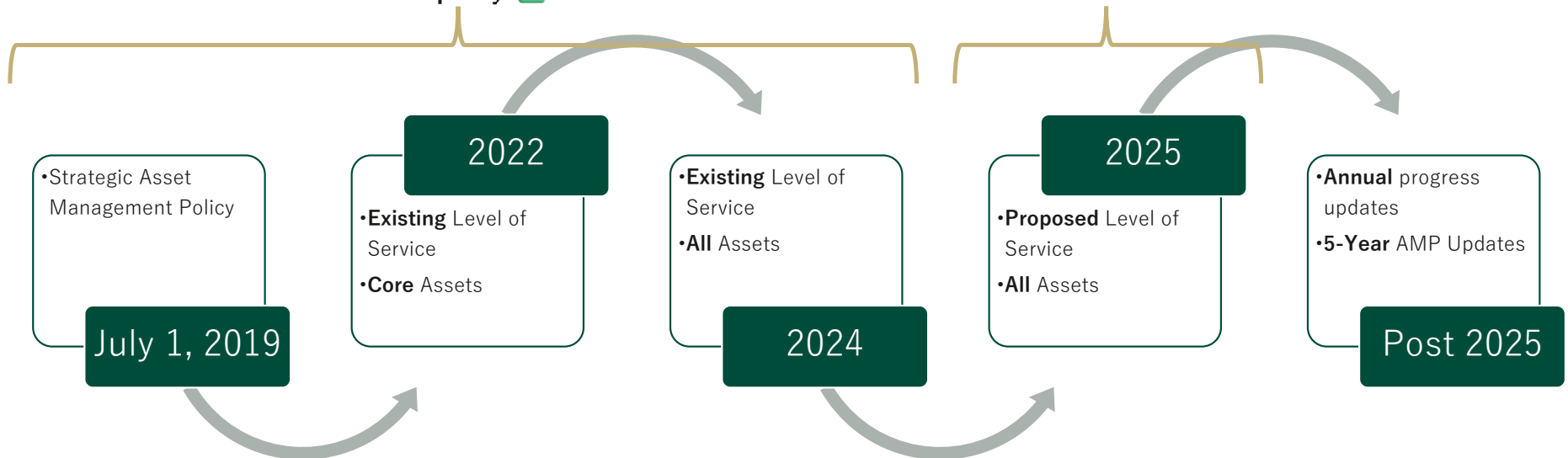
# The Asset Management Plan Supports Better Informed Decision Making



# The Municipality has Met All O. Reg. 588/17 Requirements to Date

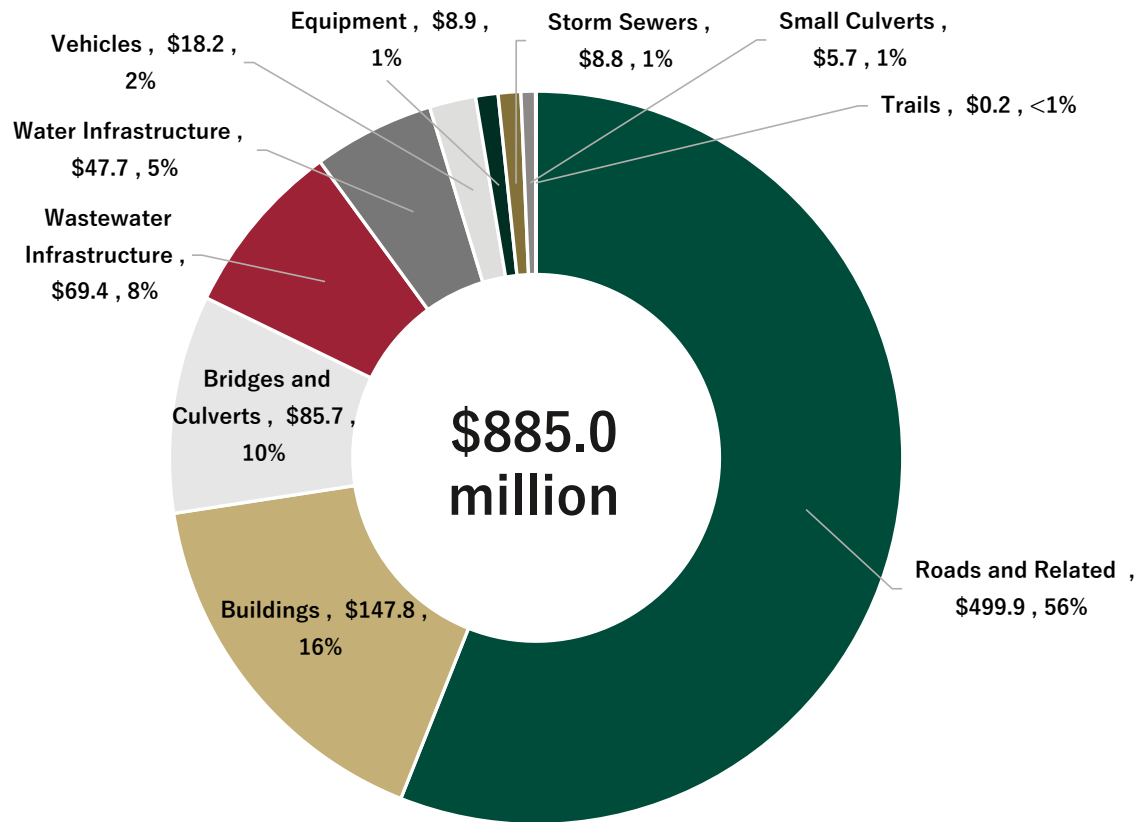


Requirement  
completed by  
Municipality ✓



*Note: On March 11, 2021 the Province revised O. Reg. 588/17 to extend regulatory deadlines by one year.*

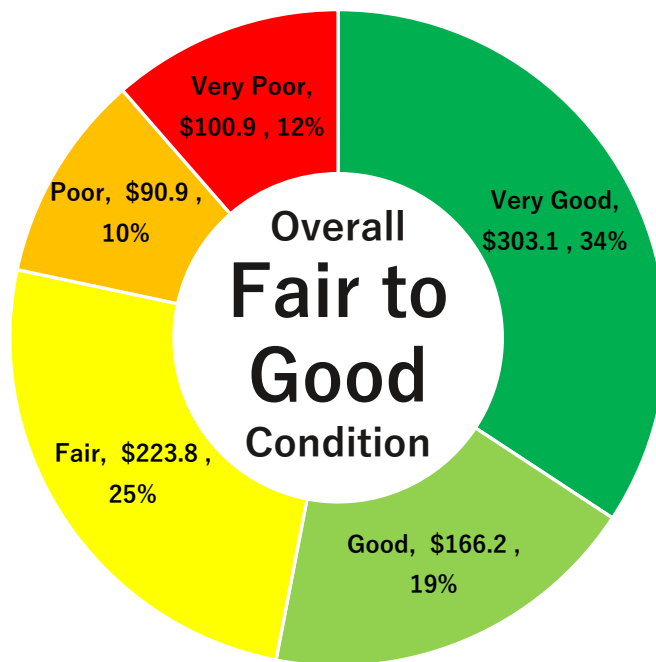
# The Municipality's Asset Portfolio is Extensive and Valued at \$885.0 Million



**2020 AMP**  
\$191.3 Million (\$2020)

*Note: Total asset value based on replacement costs in 2025 dollars and relates to all assets considered under the AMP. Shown in millions.*

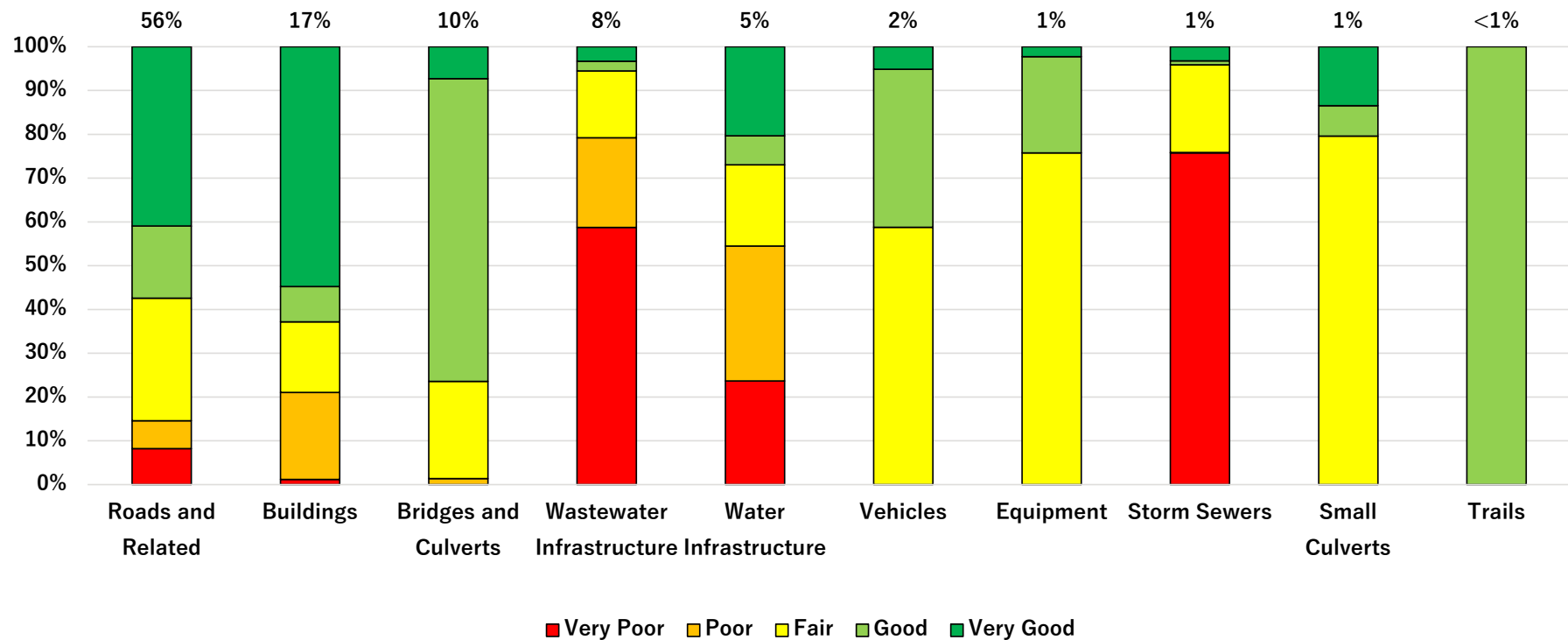
## On Average Assets are in Fair to Good Condition



Total Replacement Value = \$885.0 million (2025\$)

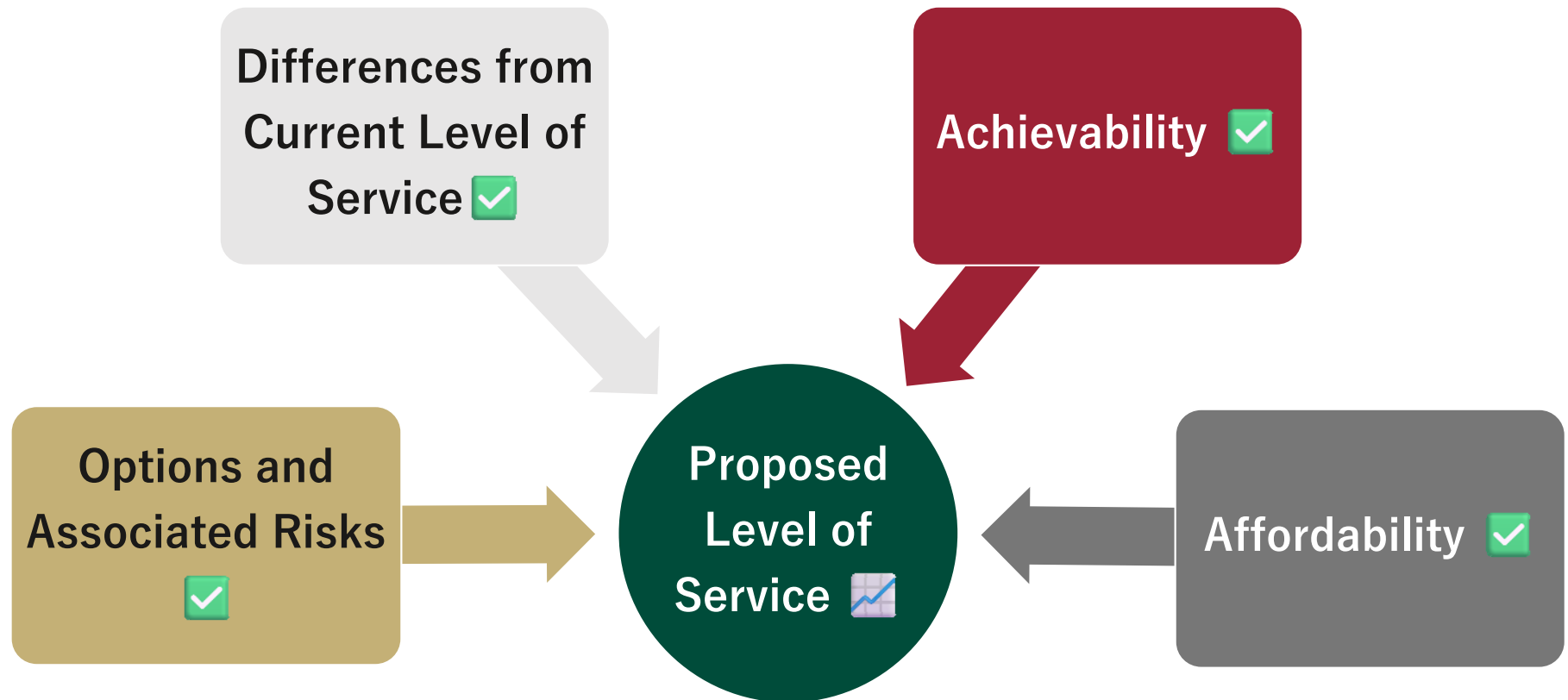
- Overall, about 53% (\$469.3 million) of the assets are rated to be in “Good” to “Very Good” condition.
- About 25% (\$223.8 million) are in “Fair” condition.
- About 22% (\$191.8 million) are in “Poor” or “Very Poor” condition.
  - Mostly in Paved Roads, Water and Wastewater Infrastructure and Buildings

# The Main Drivers of Overall Condition are the Highest Valued Assets



Note: The reference percentage at the top of each category illustrates the replacement value of each service relative to the total \$885.0 million replacement value.

# Proposed Level of Service Requires a Set of Defined Criteria



# Summary of Proposed Level of Service

For paved roads in the municipality, the average pavement condition index value (O. Reg. 588/17).

- Current 75
- Proposed: Maintain Current LOS

For unpaved roads in the municipality, the average surface condition (O. Reg. 588/17).

- Current: Fair
- Proposed: Maintain Current LOS

For bridges in the municipality, the average BCI value (O. Reg. 588/17)

- Current: 64
- Proposed: Maintain minimum of 60 (under 50 are priority)

For structural culverts in the municipality, the average BCI value (O. Reg. 588/17)

- Current: 73
- Proposed: Maintain minimum of 60 (under 50 are priority)



# Summary of Proposed Level of Service

Percentage of properties in the municipality resilient to a 100-year storm (O. Reg. 588/17).

- Current: 60% - 80% (High Level estimate based on staff consultation)
- Proposed: Maintain Current LOS (Future Eng Study to Determine Value)

Percentage of the municipal stormwater management system resilient to a 5-year storm (O. Reg. 588/17).

- Current: 100% (High Level estimate based on staff consultation)
- Proposed: Maintain Current LOS (Future Eng Study to Determine Value)

Buildings average weighted condition assessment ("Very Poor" to "Very good")

- Current: Good
- Proposed: All Good based on BCA going forward (Target of Fair or higher)

Water main breaks, water boil advisories, wastewater backups, effluent violations (O. Reg. 588/17).

- Current: 0
- Proposed: Maintain target of 0

All other Asset Categories

- Proposed: Generally, maintain the current level of service or better (Fair or better condition)

# Managing Infrastructure Requires a Set of Lifecycle Activities to be Undertaken

## Non-Infrastructure Solutions

- Actions or policies that can lower costs or extend asset life

## Expansion Activities

- Acquiring assets or expanding current asset capacity

## Maintenance Activities

- Servicing assets on a regular basis to fully realize the original service potential (not performing maintenance activities could reduce an asset's service life)

## Renewal/Rehabilitation Activities

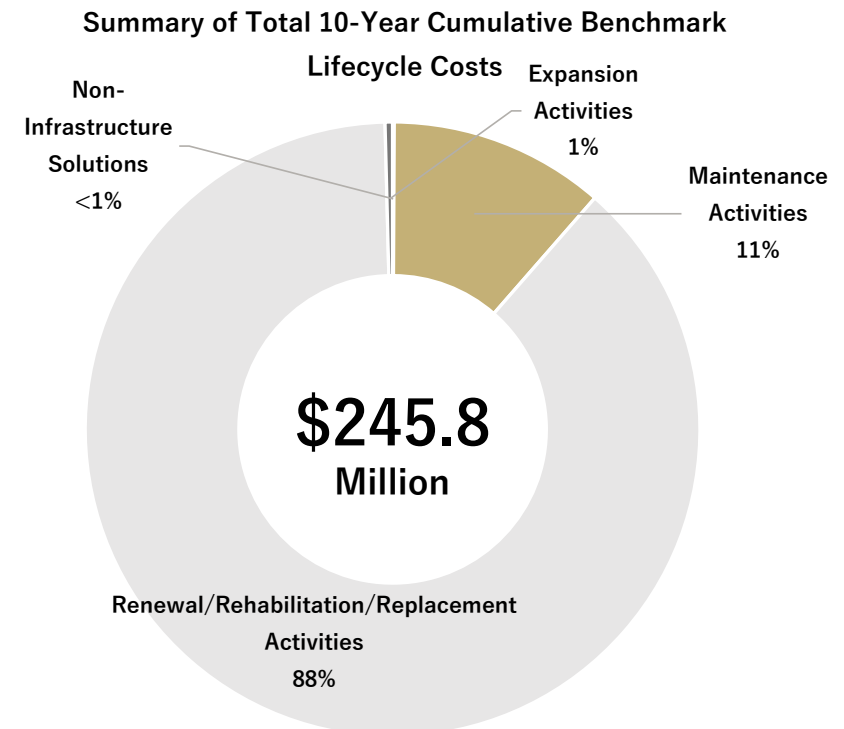
- Enhancements that improve the service potential of an asset (including reaching target condition and meet regulations)

## Replacement Activities

- Allows an asset to reach target functional condition and meet regulations by completely replacing or restructuring the asset (like for like replacement)

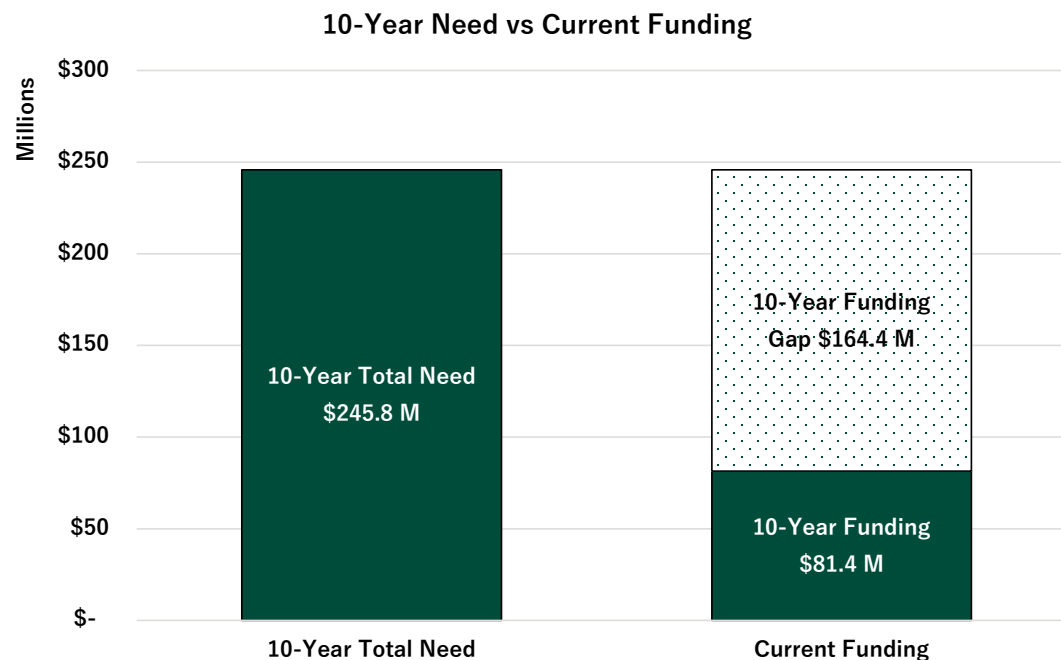
## Disposal Activities

- Some assets have costs associated with disposal or demolition



*Note: All figures in constant 2025 dollars.*

# Benchmark Funding Gap for Tax Funded Services Totals about \$164.4 million

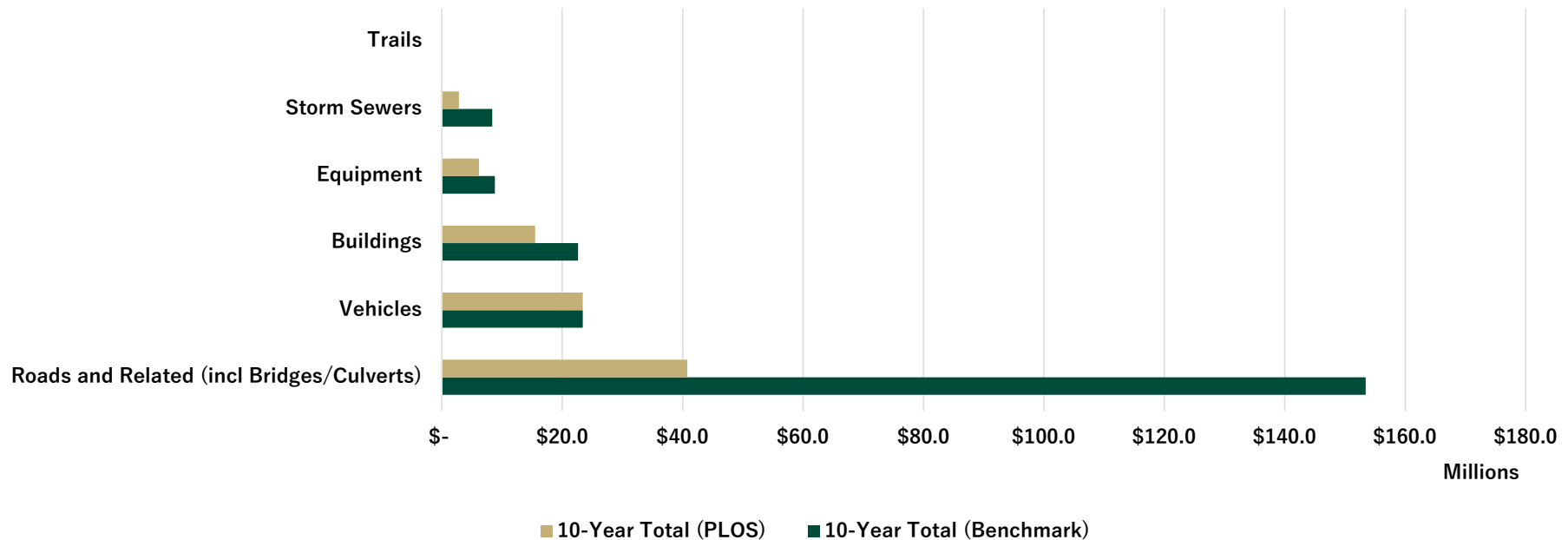


- 2025 Estimated tax supported capital funding contribution = \$3.2 million
- Other Revenue Assumptions:
  - CCBF over 10-years (342k/annum)
  - OCIF over 5-years (\$544k/annum)
  - Existing Capital Reserves of \$5.4M included
  - Existing and future tax supported O&M costs
  - Debt payments assumed as part of overall funding
- Closing the gap by the end of the 10-year period would require a tax levy increase equal to **about 20%**
  - \$3.7 million in 2026 and onward

*Note: All figures in constant 2025 dollars.  
Note: 2025 budget tax levy amounts to \$18.1 million.*

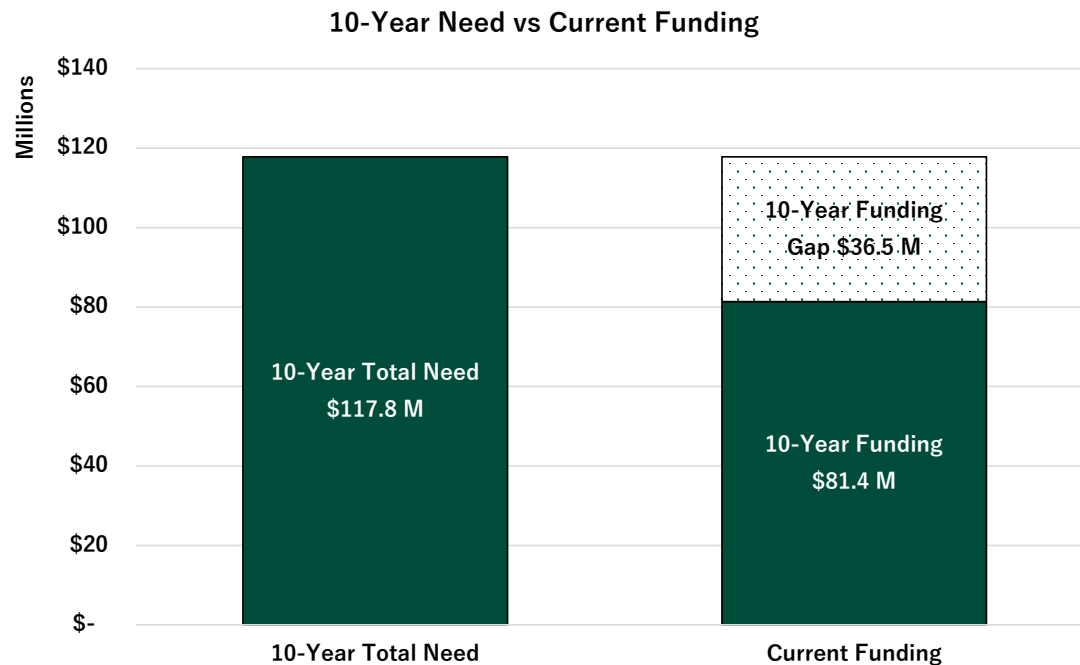
# Capital Expenditure Needs to Meet Proposed Level of Service are Lower than Benchmark

10-Year Cumulative Benchmark Need vs PLOS Need (Tax Funded Services)



*Note: PLOS reflects adjustments to costs associated to renewal/replacement. Other lifecycle activities remain unchanged from benchmark (i.e. maintenance, expansion activities and non-infrastructure solutions).*

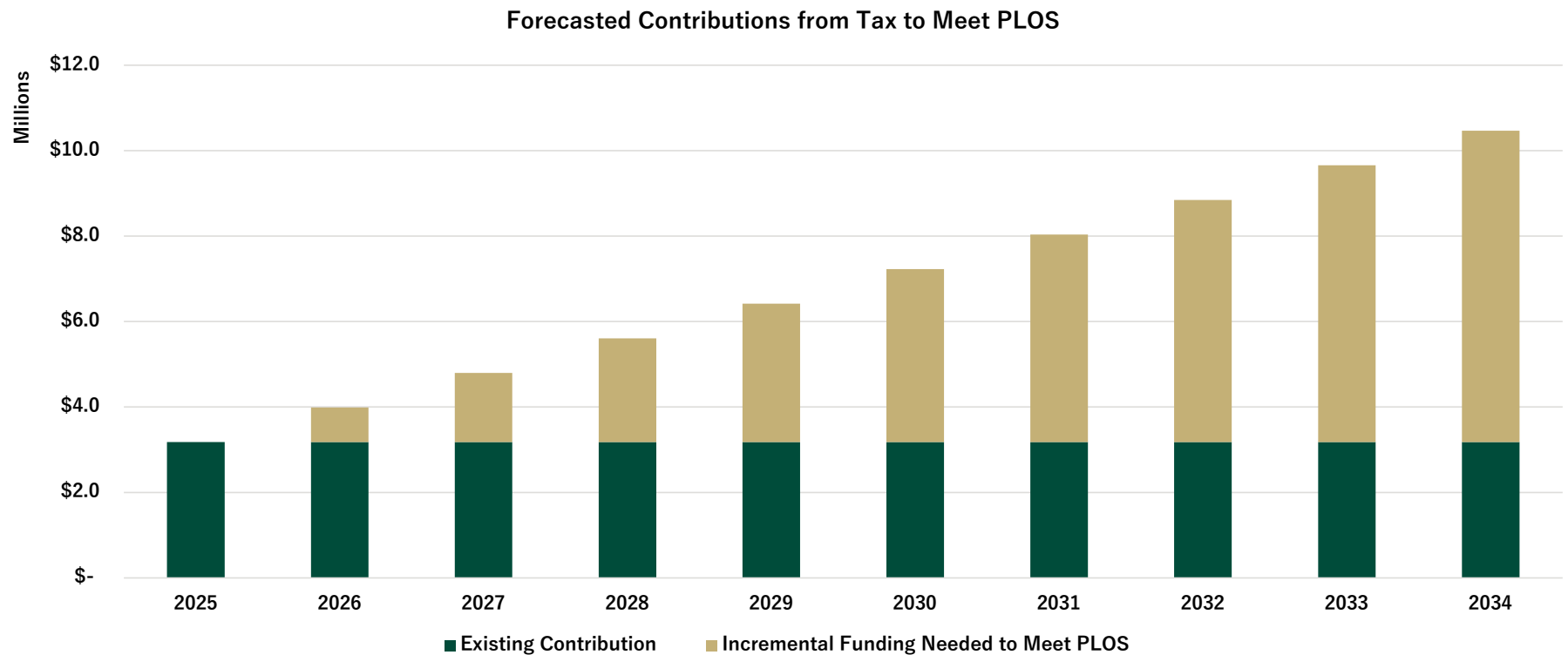
# Funding Gap to Meet Proposed Level of Service Totals about \$36.5 million for Tax Funded Services



*Note: All figures in constant 2025 dollars.  
Note: 2025 budget tax levy amounts to \$18.1 million.*

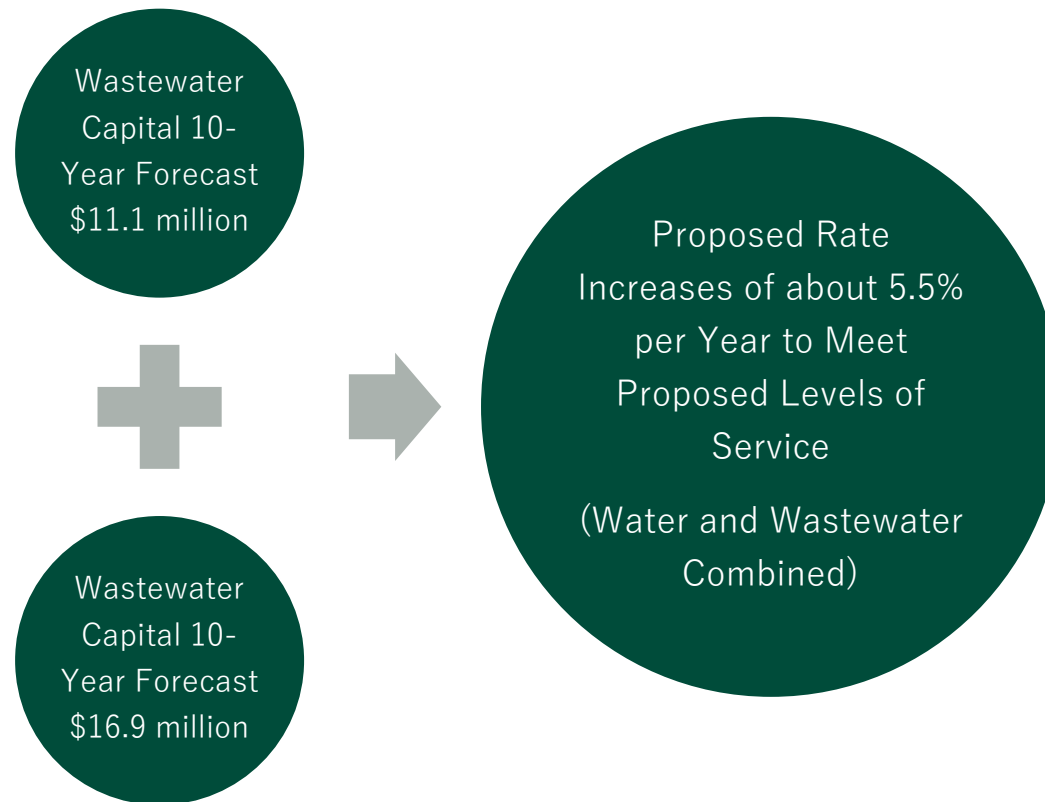
- 10-Year lifecycle costs to meet proposed levels of service totals about \$117.8 million
- 10-year cumulative funding gap equates to about \$36.5 million
- Closing the gap by the end of the 10-year period would require a tax levy increase equal to **about 4.5%**
  - \$810,000 in 2026 and onward

# Closing the Gap Requires Increases to Capital Contributions of \$810,000 per Year



Note: All figures in constant 2025 dollars.

# Meeting the Proposed Level of Service for Rate Funded Services will Require Rate Increases



# Approaches to Close the Funding Gap are Limited



**Continue to seek  
Funding Support from  
Upper Levels of  
Government**



**Increased Investment in  
infrastructure**



**Improved Data Quality**



**Levels of Service  
Measures**



**Assessing Risk  
Tolerance Level**



**Continued Project Co-  
ordination**



# The Municipality Needs to Approve the AMP by July 1<sup>st</sup>, 2025

- Incorporate Council comments into analysis
- Development of 2025 AMP report with accompanying financing strategy
- Final Council approval in advance of July 1, 2025 deadline