



STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG

Regular Council

Report to: Mayor, Deputy Mayor, and Councillors
From: Laurie Wills, Director of Public Works & Engineering
Report Number: PW-2025-008
Council Meeting Date: May 5, 2025
Subject: **2025 Asset Management Financial Strategy – Preliminary Results**

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1. Recommendation:

THAT Council receive the presentation by Watson & Associates Economists Ltd. for information purposes.

2. Executive Summary:

The Town is currently approaching the completion of all four steps of the Ontario Regulation 588/17: *Asset Management Planning for Municipal Infrastructure* for all asset classes and a final report is anticipated to be brought before Council for endorsement in June 2025.

Today's special meeting is for the purpose of informing Council of the methodology and preliminary results of the 10 year forecasted asset management financial strategy and to receive questions and feedback on areas of interest where Staff can bring back further information prior to the July 1, 2025 deadline.

3. Background

The objective of Asset Management is to have a long-term lifecycle management and financial strategy that intervenes at strategic points in an asset's normal life cycle to extend the expected service life and maintain its performance.

Ontario Regulation 588/17: *Asset Management Planning for Municipal Infrastructure* establishes the following key milestones for municipal compliance:

1. July 1, 2019 - Asset Management Policy
2. July 1, 2022 – For Core Assets: Inventory of Assets, Current Level of Service, Costs to maintain Level of Service
3. July 1, 2024 – For All Other Assets: Inventory of Assets, Current Level of Service, Costs to maintain Level of Service
4. July 1, 2025 – For All Assets: Proposed Level of Service, Lifecycle Management and Financial Strategy

The Town has met all requirements for asset management planning up to July 1, 2024 in accordance with Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure.

Since completing the 2024 milestone for non-core assets, Staff have been conducting a review of current vs proposed levels of service objectives for each asset class and determining the costs associated with maintaining the proposed levels of service.

Staff have continued to participate in Provincially funded asset management training and development programs such as the *Technical Assistance Program* provided by the Association of Municipalities of Ontario in collaboration with Asset Management Ontario (AMONTario) as well as *AMP It up 3.0* a program provided through the Municipal Finance Officer's Association (MFOA) and funded by the Ministry of Infrastructure, the latter allowing municipalities free access to consulting services (Watson & Associates) through group information sessions and 1:1 assistance with asset management planning.

The Town is currently approaching the completion of all four steps of the Regulation for all asset classes and a final report is anticipated to be brought before Council for endorsement in June 2025.

Today's special meeting is for the purpose of informing Council of the methodology and preliminary results of the 10 year forecasted asset management financial strategy and to receive feedback on areas of interest where Staff can bring back further information prior to the July 1, 2025 deadline.

4. Discussion:

Lifecycles and Lifecycle Activities

An asset's lifecycle is how long it should last and a lifecycle activity is what maintenance events need to happen within an assets lifecycle in order for it to last as long as it should. An example of a lifecycle activity is the resurfacing of a road. If lifecycle activities are not conducted, an asset may fail prematurely and the Town would incur full replacement costs of that asset before it was anticipated or budgeted for. The full lifecycle cost of an asset includes lifecycle activities as well as its eventual replacement.

Not all assets have lifecycle activities ie. Fleet. Maintenance costs for vehicles, maintain the life of a vehicle, they do not necessarily extend its useful life and the costs for maintenance are not considered to be capital costs.

Finally, the lifecycle of a facility typically does not account for the full replacement of that building but instead we include an annual reinvestment rate for the rehabilitation of the building as well as capital replacement of components of the building.

Levels of Service

For each asset class, we are required to report on how we currently provide service to the public and if we are proposing any changes to our levels of service moving forward. For example, our sanitary sewers are flushed and inspected once every 5 years. That level of service is adequate for Staff to keep informed of the condition of our sanitary sewers and prioritize repairs and replacements. For the 2025 asset management plan, the proposed level of service for sanitary sewers is the same as the current level of service. However an example of a service level that has changed was for the flushing and inspection of storm sewers. The level of service historically was that sewers were not flushed or inspected at all and the proposed level that was established through the stormwater asset management and rate study was that sewers be flushed once every 10 years.

Levels of service are variables that may be established through standards, regulation, or best practices but also need to be endorsed by the residents for whom the service is being provided. There are costs associated with the levels of service that we set. If expectations are high, so are costs, and the condition of our assets tends to be good or better. If expectations are low, the costs may be reduced but the condition of the asset may also decline faster than it would if the service level included more frequent maintenance activities. Levels of service are a balancing act between short term and long term financial economies of cost.

Risk

Asset management considers risk to the Town by evaluating assets and asset classes according to their probability of failure and consequence of failure. For example, an asset that is nearing the end of its useful life will have a higher probability of failure and if that vehicle is a fire response vehicle or snow plow, the consequence of that vehicle failure is high because there is life safety at risk without that vehicle being in service. The level of risk that an asset holds plays an important part in how they are considered in priority for replacement.

Next Steps

The information provided today is a first draft and is the best representation of the inventory of assets owned by the Town, the value of those assets, the current condition of those assets, and the lifecycle and lifecycle activities of those assets. The financial strategy illustrates the costs to continue to maintain and replace those assets as expected by the community for the next 10 years.

The information presented tonight is based on extensive data collection and detailed lifecycle planning of asset renewal programs that has never been available to Cobourg for long range financial planning purposes.

As anticipated by the Province and the purpose behind why all 444 municipalities are required to prepare an asset management plan, is that there is a significant gap in infrastructure funding across the Province. The financial strategy presented tonight shows one scenario of how the Town can close that gap.

Alternative funding options include tax levy, grants, debt, sale of assets and reductions in service levels.

Today's special meeting is for the purpose of informing Council of the methodology and preliminary results of the 10 year forecasted asset management financial strategy and to receive questions and feedback on areas of interest where Staff can bring back further information prior to the July 1, 2025 deadline.

5. Financial Impact and Budget

Refer to the presentation prepared by Watson & Associates of the same date.

6. Relationship to Council's Strategic Plan Priorities 2023 to 2027 and beyond:

☒ Thriving Community

The asset management plan establishes the lifecycle activities of the physical infrastructure that supports the community and fosters confidence in the safety and performance of our infrastructure.

☒ Service Excellence

A Council endorsed asset management plan is the foundation of where we build on our capacity to deliver at an expected level of service with measurable results.

☒ Sustainability

The Asset Management Financial Strategy provides appropriate levels of services and ensures long-term sustainability of all asset classes

7. Public Engagement:

N/A

8. Attachments:

None

9. Report Not Considered by Standing Committee Because:

☐ Time Sensitive Issue (information received too late for Standing Committee consideration)

☐ Urgent Matter (issue arose after this month's Standing Committee Meeting)

☒ Other: Preliminary results that will be brought to Standing Committee at a later date.

Report Approval Details

Document Title:	2025 Asset Management Preliminary Financial Strategy Results.docx
Attachments:	
Final Approval Date:	May 1, 2025

This report and all of its attachments were approved and signed as outlined below:

Tracey Vaughan, Chief Administrative Officer - May 1, 2025 - 3:39 PM