

# 2024 Asset Management Plan

Town of Essex

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# Project Background

## Asset Management Plan 2024

Town of Essex

April 2025



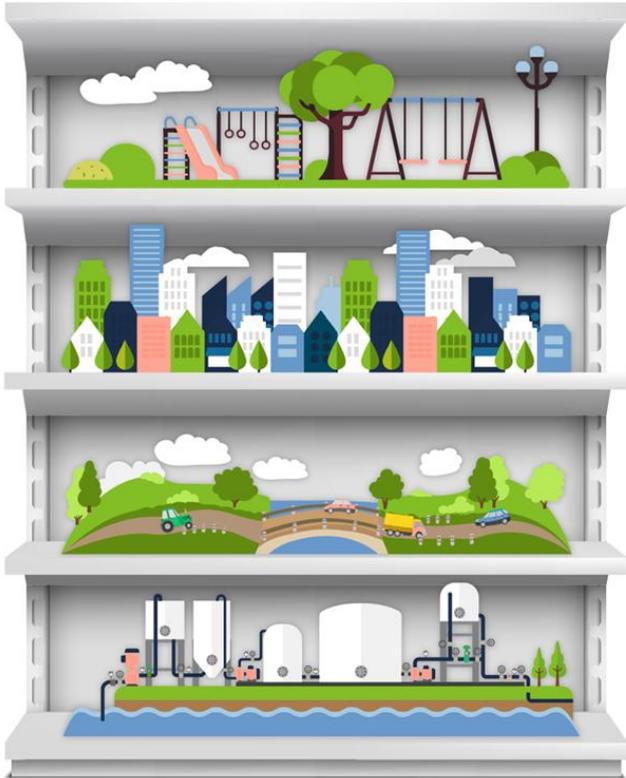
### Primary Deliverable

AMP (2024 O. Reg. 588/177 Compliant)

### Key Staff

- Erica Tilley, Assistant Manager Capital Works & Asset Management
- David McBeth, Manager Capital Works & Asset Management

# Infrastructure assets are vital for communities

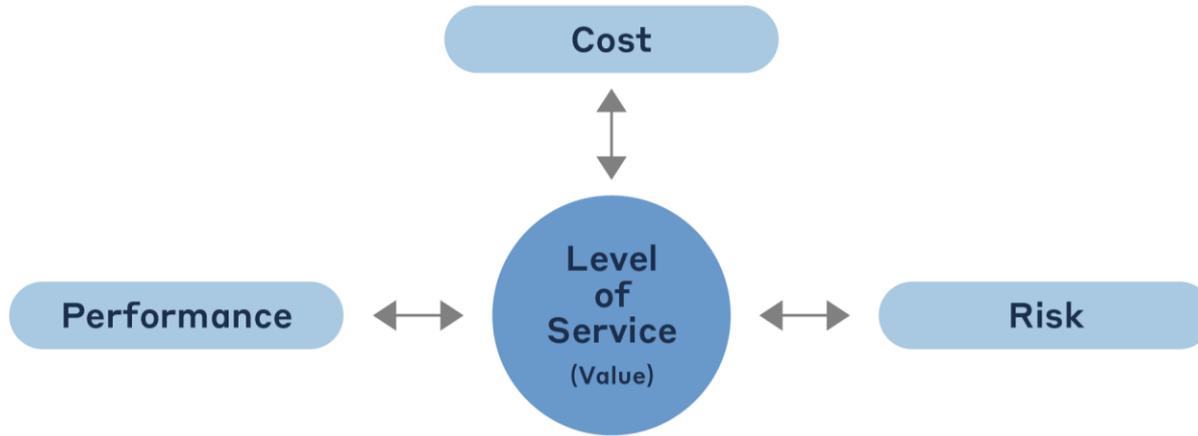


- We need a meaningful way to organize what we own
- We need a way to understand what services we provide
- We need a way to ensure accountability to our residents and stakeholders for the services they use



# What does Asset Management involve?

**ISO 55000:** “Coordinated activity of an organization to realize value from assets”

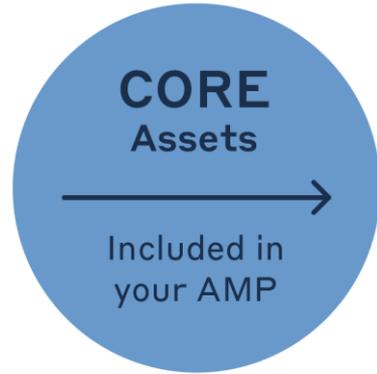


# Town's Capital Asset Inventory



# O. Reg. 588/17 Compliance

Phase I  
**2022**



⋮

- Levels of Service
- Performance of each asset category
- Particulars per asset category
- Lifecycle activities to maintain current Level of Service per asset category

Phase II  
**2024**  
July 1, 2024



⋮

- Levels of Service
- Performance of each asset category
- Particulars per asset category
- Lifecycle activities to maintain current Level of Service per asset category

Phase III  
**2025**  
July 1, 2025



⋮

- Proposed Levels of Service
- Explanation of proposed Levels of Service
- Proposed performance of asset categories
- Lifecycle management and financial strategy

# AMPs - Updating, Reviewing & Public Posting

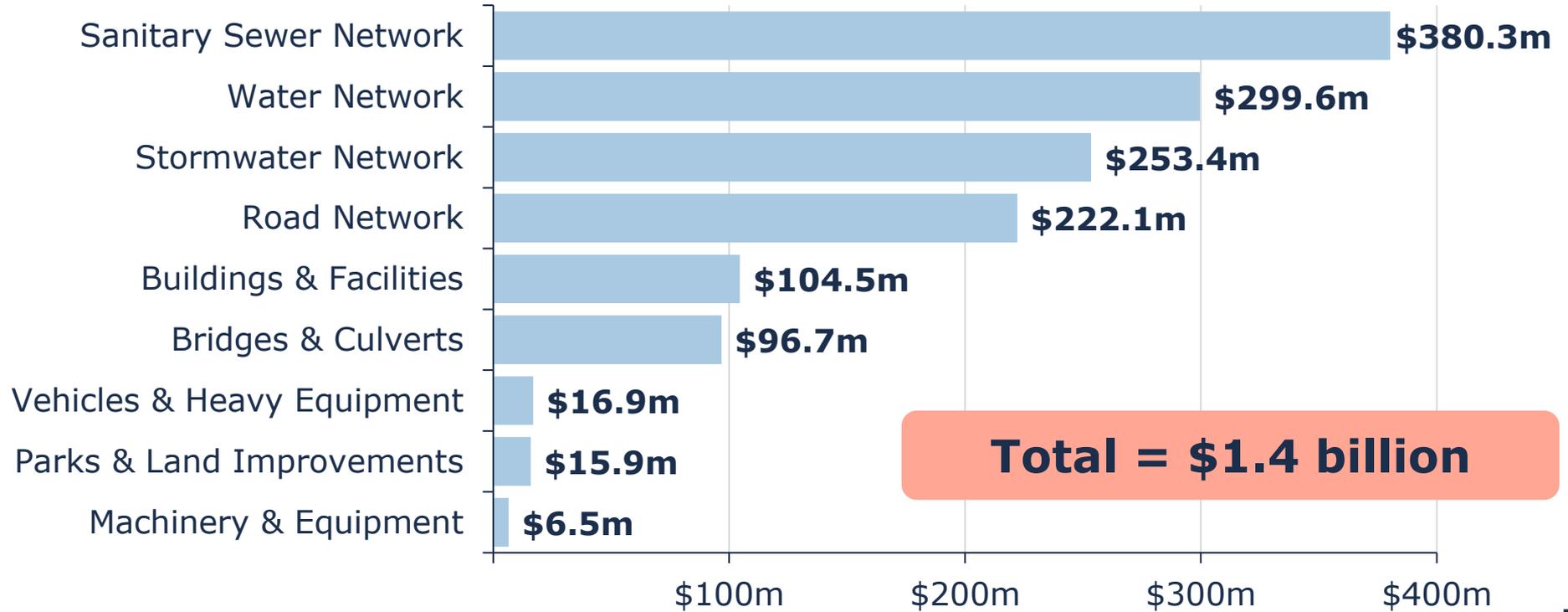


- After 2025, asset management plans must be updated at least once every 5 years
- Every municipal council shall conduct an annual review of its asset management progress on or before July 1st
- The asset management policy and plan should be posted to the municipal website

# What's Included in Asset Management Planning?

- 1** What is the current state of municipal infrastructure?
- 2** What process improvements can increase confidence in analysis and decision-making?
- 3** What is the Town's financial capacity to meet long-term capital requirements?

# Total Replacement Cost of the Asset Portfolio



**\*Core Assets Replacement Costs increased from \$621m to \$1.3b since 2022 iteration of the AMP**



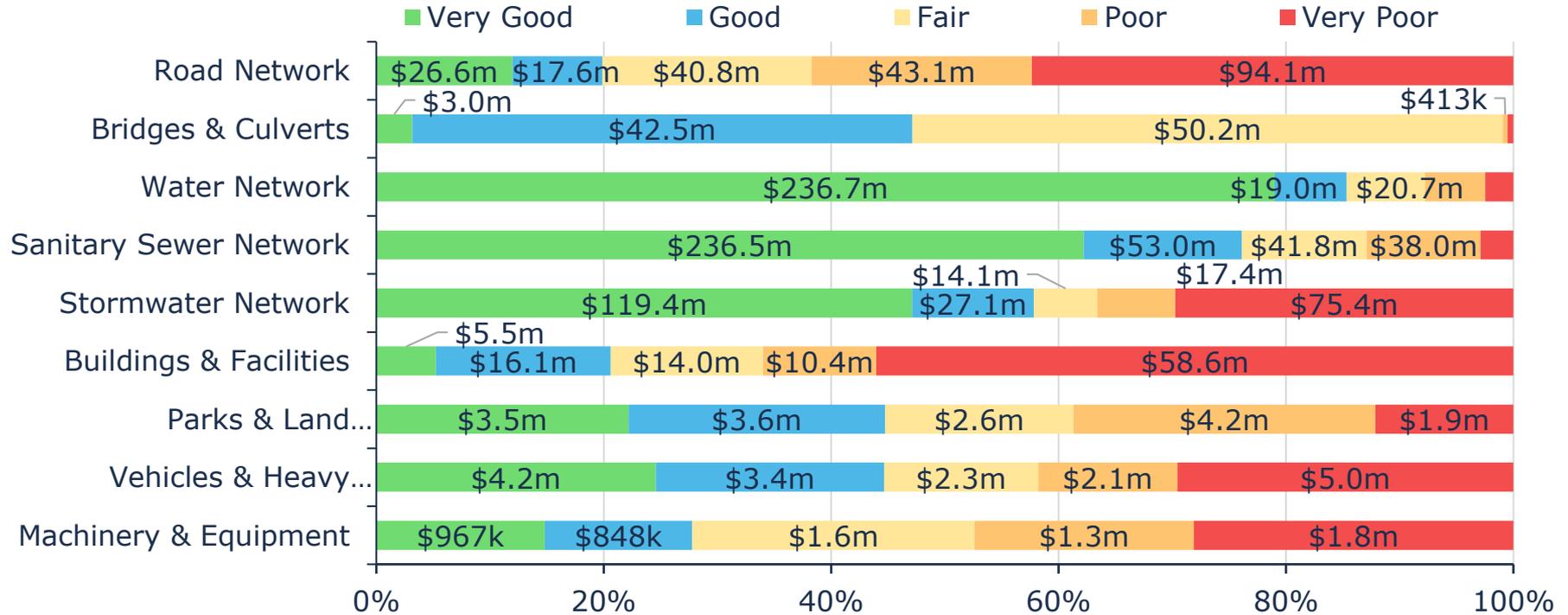
# Replacement Cost Method of Asset Portfolio

| <b>Category</b>                                                                                            | <b>Primary Replacement Cost Method</b> |
|------------------------------------------------------------------------------------------------------------|----------------------------------------|
| Road Network<br>Water Network<br>Sanitary Sewer Network<br>Stormwater Network                              | Cost per Unit                          |
| Buildings & Facilities<br>Parks & Land Improvements<br>Vehicles & Heavy Equipment<br>Machinery & Equipment | CPI Tables                             |
| Bridges & Culverts                                                                                         | User-Defined (from OSIM Reports)       |

The accuracy and reliability of lifecycle costs is critical for asset management.



# Overall Condition of the Asset Portfolio



**64% assets are in fair or better condition**



# Condition Assessments in the Asset Portfolio

| Asset Category             | Asset Segment(s)                          | % of Assets with Assessed Conditions | Source of Condition Data |
|----------------------------|-------------------------------------------|--------------------------------------|--------------------------|
| Road Network               | Road Surfaces & Supporting Infrastructure | 76%                                  | Staff Assessments        |
| Bridges & Culverts         | Bridges<br>Structural Culverts            | 100%                                 | 2022/24 OSIM Report      |
| Water Network              | All                                       | 8%                                   | Staff Assessments        |
| Sanitary Sewer Network     | All                                       | 18%                                  | Staff Assessments        |
| Stormwater Network         | All                                       | 2%                                   | Staff Assessments        |
| Buildings & Facilities     | All                                       | 88%                                  | Staff Assessments        |
| Parks & Land Improvements  | All                                       | 80%                                  | Staff Assessments        |
| Vehicles & Heavy Equipment | All                                       | 43%                                  | Staff Assessments        |
| Machinery & Equipment      | All                                       | 42%                                  | Staff Assessments        |

**Age-based condition data typically overstates needs and overall deficit.  
Assessed condition data builds confidence in decision making.**



# Assessed Condition Data in AM Decision Making



Mitigation of risks associated with asset failure



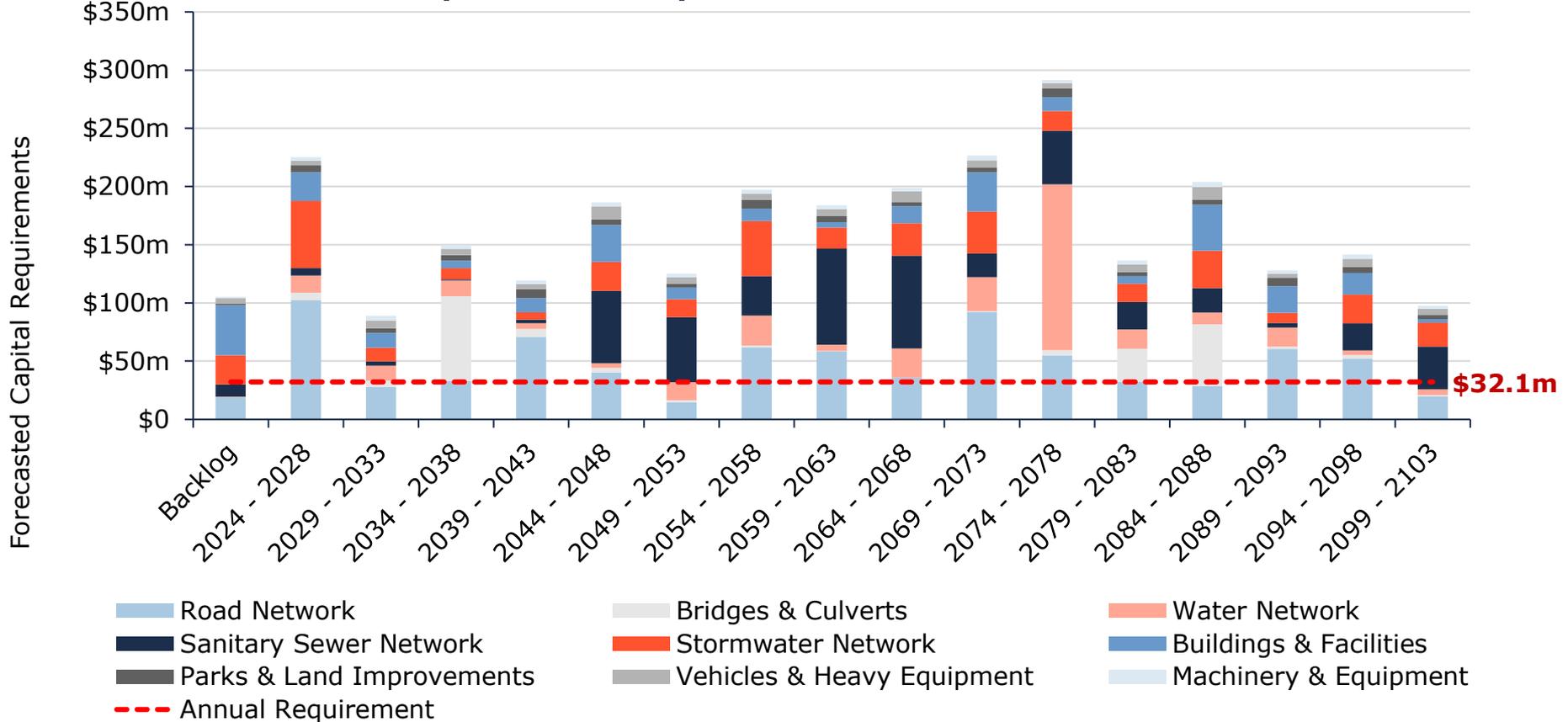
Identifying the most economic intervention



Accurate predication of future expenditure requirements



# Forecasted Capital Requirements – 80 Years





# Financial Strategy Recommendations



# Annual Capital Requirement & Infrastructure Deficit

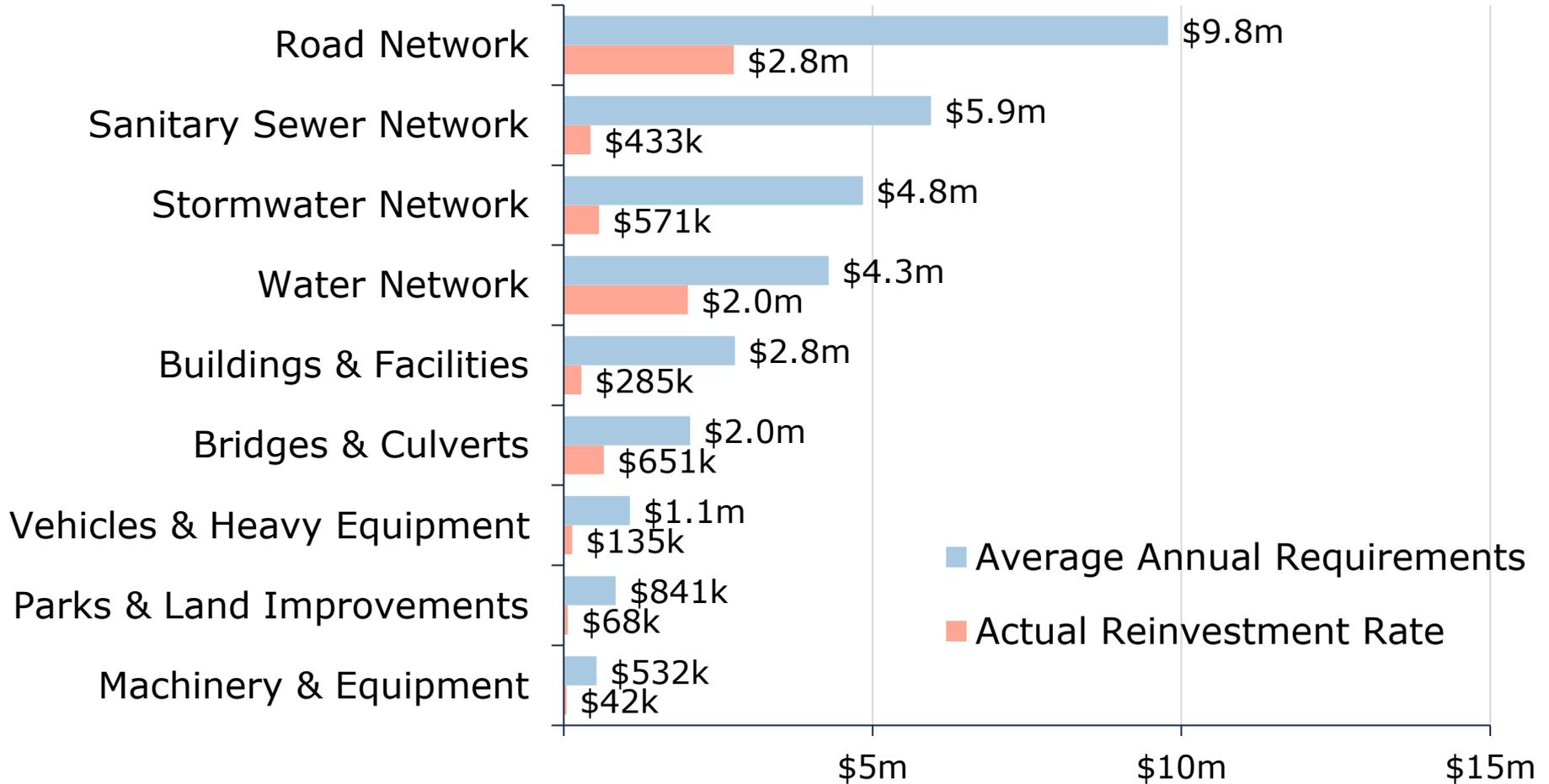
Sustainable Funding Sources:  
CCBF, OCIF, Reserves, etc.

| Funding Source              | Previous (2022) Annual Requirement* | Current Annual Capital Requirement | Current Funding Available | Current Annual Capital Deficit |
|-----------------------------|-------------------------------------|------------------------------------|---------------------------|--------------------------------|
| <b>Tax-Funded</b>           | \$12,708,000                        | \$21,889,000                       | \$4,506,000               | \$17,383,000                   |
| <b>Water Rate-Funded</b>    | \$2,618,000                         | \$4,289,000                        | \$2,010,000               | \$2,278,000                    |
| <b>Sanitary Rate-Funded</b> | \$2,050,000                         | \$5,946,000                        | \$433,000                 | \$5,513,000                    |
| <b>Total:</b>               | <b>\$17,376,000</b>                 | <b>\$32,124,000</b>                | <b>\$6,949,000</b>        | <b>\$25,174,000</b>            |

\* 2022 AMP did not include non-core assets

Assets are currently funded at **22%** of their long-term capital requirements

# Annual Capital Requirement vs. Available Funding



# Calculating Reinvestment Rates

**TARGET**  
Reinvestment Rate



**Annual Capital Requirement**  

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**Total Replacement Cost**

**ACTUAL**  
Reinvestment Rate



**Annual Capital Funding**  

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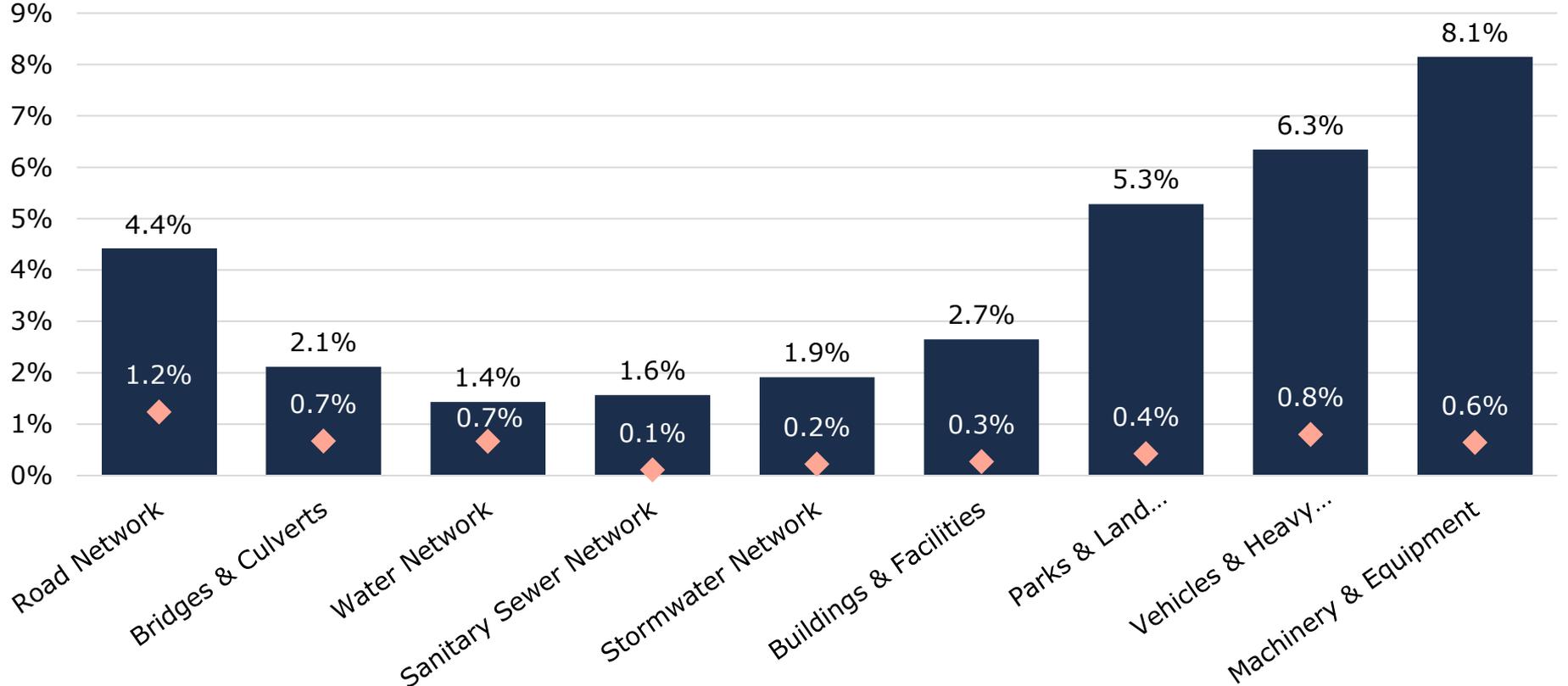
**Total Replacement Cost**

# Target vs. Actual Reinvestment Rate

■ Target Reinvestment Rate    ◆ Actual Reinvestment Rate

Target Reinvestment Rate  
**2.3%**

Actual Reinvestment Rate  
**0.5%**



# Financial Strategy

| <b>Funding Source</b>       | <b>Years until Full Funding</b> | <b>Annual Tax/Rate Increase to achieve 100% Funding</b> |
|-----------------------------|---------------------------------|---------------------------------------------------------|
| <b>Tax-Funded</b>           | 20                              | <b>3.2%</b>                                             |
| <b>Water Rate-Funded</b>    | 20                              | <b>2.4%</b>                                             |
| <b>Sanitary Rate-Funded</b> | 20                              | <b>4.9%</b>                                             |

- Both sustainable and one-time grants/transfers will continue to be an essential source of revenue for investment in capital infrastructure
- Adjustments to taxes should be supplemented with project prioritization and evaluation of the desired levels of service



# Recommendations & Next Steps

1

## Continue to review and refine asset inventory in consultation with internal departments/stakeholders

- Implement a portfolio-wide **data governance strategy** to increase accuracy/confidence in data
- Develop an established cycle for updating replacement cost and condition information
- Review all Estimate Useful Lives defined in the Tangible Capital Asset Policy as part of a regular policy review

2

## Prepare for O.Reg. 588/17 2025 Requirements

- Identify **Proposed levels of service** for the 2025 requirement (provincial deadline July 1, 2025)
- Develop a medium to long-term external communication strategy to **engage the public** on asset management and obtain feedback to inform development of proposed levels of service

3

## Continuous improvement and regular review

- An asset management plan is a **living document** that should be updated regularly to inform long-term planning
- Accordingly, the yearly capital operating budget should include funding for the assessment of the Town's assets that will be used to update future iterations of the plan





Questions?