

## Staff Report

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**Report To:** Corporate Services Committee  
**Report From:** Bradey Carbert, Manager of Corporate Services  
**Meeting Date:** July 10, 2025  
**Report Code:** CR-25-091  
**Subject:** 2025 Asset Management Plan Endorsement

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### Recommendations:

THAT in consideration of Staff Report CR-25-091 respecting 2025 Asset Management Plan Endorsement, the Corporate Services Committee recommends that City Council receive the report for information purposes.

### Highlights:

- Development of the 2025 Asset Management Plan (AMP) for Non-core Assets meets the legislative requirements under Ontario Regulation 588/17.
- The current replacement cost of all City Assets is more than \$1.6 billion.
- Average annual investment required is \$60.1 million; however, only 37% (\$22.3 million) is currently anticipated to be funded.
- The primary source of infrastructure deficit is related to capital investment, not operating expenses.
- The draft plan will be posted to the City's "Our City" website for public feedback before final approval in October 2025.

### Strategic Plan Alignment:

This report supports the delivery of Core Service.

## **Climate and Environmental Implications:**

This supports the objectives of the City's Corporate Climate Change Adaptation Plan by considering climate adaptation in the development of the City's strategies, plans, and policies.

## **Previous Report/Authority:**

[CR-24-124](#) – 2024 Asset Management Plan – Non-core Assets

[CR-22-076](#) – 2022 Asset Management Plan – Core Assets

[Policy FS-20](#) – Strategic Asset Management Policy

## **Background:**

Asset management is the coordinated activity in place to manage how the City realizes value from its assets, enabling it to provide services effectively and in a financially sustainable manner. It helps reduce risk and allows municipalities to offer reliable and affordable services to community residents, while ensuring the needs and expectations of current and future users are met.

While asset management is not a new concept to Owen Sound, the City is still at an early stage of maturity in terms of formal asset management planning readiness. The City is continuing to build its asset databases, including condition data, to move toward advanced asset management, such as developing levels of service, lifecycle management strategies, and a financial plan.

In 2019, the City completed the first phase of requirements under Ontario Regulation 588/17 (O. Reg. 588/17) by developing a Strategic Asset Management Policy. This policy outlines the municipality's goals, policies, and plans related to asset management, as well as other key strategic visions for asset management. This Policy was reviewed and approved by Council in 2019. This Policy will be updated in October 2025.

The City completed the second phase of O. Reg. 588/17 by completing an AMP for core assets in July 2022. The scope and elements of this AMP were dictated by O. Reg 588/17 and included Road Network, Bridge Network, Stormwater Network, Water Network, and Wastewater Network assets. This Plan identified that the replacement values of these assets were \$1.1 billion and that the City had an annual funding gap of over \$22 million at that time.

The amounts have been updated to \$1.3 billion in replacement value and an annual funding gap of \$33 million.

The City completed the third phase of O. Reg. 588/17 by completing an AMP for non-core assets in November 2024. The scope and elements of this AMP were dictated by O. Reg 588/17. They included Arena and Recreational Centres, Corporate Facilities, Fire Services, Information Technology, Parks and Open Spaces, and Non-core Road network assets. This Plan identified that the replacement values of these assets were \$297 million and that the City had an annual funding gap of over \$10.9 million.

The City is currently progressing towards completion of the fourth phase of O. Reg. 588/17, by completing an AMP for all asset classes shortly after the July 1, 2025, deadline. Staff have identified a communications plan below that will enable public feedback on the report to be received, while seeking final approval within three months of the required deadline. Staff have reviewed the status of other Ontario municipalities' approval of their asset management plans and can confirm that many municipalities are following similar timelines to the City. The final approval of the plan before the end of the year should ensure that there are no negative impacts on the City's third-party grant programs.

## **Analysis:**

The City's ability to provide services to the community relies on the existence of a network of assets and is limited by the condition of those assets.

Choosing a financially sustainable level of service and maintaining, rehabilitating, and replacing assets to meet that level of service in the most cost-effective manner is not only crucial for the fiscal health of the community, but it is also at the core of asset management. The development of a program that includes the items mentioned above will take time for the City to complete and will involve participation from Council, staff and the public.

The 2025 asset management plan includes information about the City's core assets and the activities being completed to establish the current level of service for various asset classes.

## **State of the Infrastructure**

The 2025 asset management plan assesses the current condition of assets at a basic level for most assets, with some assets, such as roads, sidewalks,

bridges, and large buildings, having been assessed by third parties. The majority of assessments completed on an age-based system are due to a lack of formal condition assessments or asset information. This method is not ideal, as it is based solely on age and does not reflect usage, maintenance, or other factors that can provide a more accurate assessment of condition.

Additionally, the plan employs an overall condition rating method that lacks weighting, thereby risking significant inaccuracies in reflecting the actual state of municipal assets. For instance, a high-value asset such as a multi-million-dollar facility in good condition is assessed with the same influence as a significantly smaller-scale asset that might be in very poor condition.

The combination of the lack of data and condition information can significantly distort the portfolio's perceived health and has projected a very unfavourable outlook on some of the City's asset portfolios, such as the Arena and Recreational Centres. The City must continue to update its asset databases with accurate data, ensuring that age is not the sole factor in determining the condition of assets.

The City intends to utilize funding from the Ontario Community Infrastructure Fund (OCIF) towards completing condition assessments for various asset classes.

## **Levels of Service**

Levels of Service for core assets were included in O. Reg. 588/17 and include both community and technical requirements, with most of the requirements previously existing through other legislated requirements or standards.

Levels of Service for non-core assets were not included in O. Reg. 588/17. Staff have included a basic level of service in the non-core asset management plan, which involves reporting on the number of assets in good or very good condition. This is one of the most basic expectations from users of City assets and services.

The development of an in-house toolkit also supplemented the effort to create a more comprehensive service strategy for these asset classes. The in-house toolkit focused on the quality, reliability, and availability of non-core assets and was posted to the City's "Our City" webpage to collect feedback from residents. A total of 60 responses were received to the survey and incorporated into the non-core asset management component of the plan. Staff will continue to develop this tool-kit to advance discussion about levels of service in the future. Still, it is worth noting that the community's

satisfaction with service levels for some asset classes is higher than the condition assessment, highlighting the need for staff to develop a weighted condition assessment for future plans.

### **Asset Management Strategies**

The current plan outlines the lifecycle activities and associated costs that the City uses to maintain its current level of service. Operating budgets typically encompass non-infrastructure and maintenance solutions, and are often aggregated by business unit rather than by activity. Rehabilitation, replacement, and expansion activities are included in capital budgets and include capital detail sheets with proposed funding.

Risks associated with lifecycle activities are briefly discussed in the plan and are generally related to the City responding to needs in a reactive manner rather than a proactive manner.

As identified above, the City will need to continue evolving its asset management program upon completion of the levels of service review to develop asset management strategies that will be employed to meet those services.

### **Financing Strategies**

To maintain the current levels of service provided through non-core assets, the City requires an average annual investment of \$60.1 million; however, given the current and expected upcoming capital and operating budgets, including annual rate supported increases, reserves, and dedicated provincial and federal related grants, only \$22.3 million (37%) of this amount is anticipated to be funded. The City has an expected infrastructure deficit of \$38.2 million per year. The annual requirement for operations is nearly funded in all asset categories, which is reflected in each AMP, but also reflects the reactive maintenance plans that are currently in place. Therefore, most of the City's infrastructure deficit is the result of capital funding shortfalls. If more money is not allocated to the capital budget, the City can expect this funding shortfall to continue growing and accumulating, putting the City at risk of being unable to maintain current levels of service beyond its current limitations. Council will need to consider alterations to service levels, leading to potential service reductions and possible asset divestiture, in order to match the limitations and reduce risk.

The City plans to place a strong focus on ensuring alignment between the asset management plan and the City's multi-year budgets and long-range financial plans, to manage the existing infrastructure deficit and maintain the approved levels of service.

### **Asset Management Planning Recommendations**

The City continues to manage its asset management program through internal resources and has taken advantage of the ability to use OCIF towards offsetting staff costs. This allows staff to maintain ownership of the program and develop a fully integrated one with City operations and financial decision-making. Other municipalities have contracted these services out and are provided with documents that meet legislated requirements, but these documents are not integrated into their operations.

City staff are aware of the impacts that limited data has had on the City's two asset management plans and have included recommendations in the asset report cards and executive summary to continue to enhance data, condition, and levels of service to develop a plan that better reflects the City's strategic priorities and allows it to be integrated appropriately. The Asset Management Plan, although not as comprehensive as staff would like, is being submitted to maintain compliance with O. Reg. 5881/7 and will continue to be refined on an annual basis.

### **Financial Implications:**

Considering both capital and operating requirements and budgets, the City's current annual average funding deficit is \$38.2 million.

This annual average deficit considers both capital (renewal) and operating (operations and maintenance) investments.

The City should ensure that its asset management plan and strategy, as well as its financial strategy and budgeting process, are aligned so that the funding gap can be appropriately understood and managed, while delivering the approved levels of service. This will need to include future consideration towards level of service reductions and the potential divestiture of certain assets.

Failure to approve and endorse the 2025 asset management plan in 2025 will not allow the City to meet the requirements of O. Reg. 588/17 and will have a negative impact on the City's ability to apply for and receive Federal and Provincial Funding.

## **Communication Strategy:**

The 2025 asset management plan will be posted to the City's ["Our City"](#) citizen engagement platform from July 22, 2025, to August 29, 2025. Interested parties will have the opportunity to provide feedback on the plan during this period. Staff will review the input in September and incorporate the feedback and recommended changes for final approval of the plan in October.

## **Consultation:**

Capital Asset & Risk Management Coordinator  
Divisional Managers  
Grey-Bruce Asset Management Steering Committee

## **Attachments:**

1. 2025 Asset Management Plan Executive Summary
2. 2025 Asset Management Plan – Core Assets
3. 2025 Asset Management Plan – Non-core Assets
4. Presentation – 2025 Asset Management Plan Endorsement

## **Recommended by:**

Kate Allan, Director of Corporate Services  
Bradey Carbert, Manager of Corporate Services

## **Submission approved by:**

Tim Simmonds, City Manager

For more information on this report, please contact Bradey Carbert, Manager of Corporate Services at [bcarbert@owensound.ca](mailto:bcarbert@owensound.ca) or 519-376-4440 ext. 1240.