![Township of Cavan Monaghan logo — Have it all. Right here.]

## Regular Council Meeting

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| **To:** | Mayor and Council |
| **Date:** | August 11, 2025 |
| **From:** | Kimberley Pope, Director of Finance<br>Wayne Hancock, Director of Public Works<br>Jonathan Thorne, Asset Management Coordinator |
| **Report Number:** | Finance 2025-09 |
| **Subject:** | Asset Management Plan Update |

**Recommendations:**

1.    That Council receive, for information, the updated Asset Management Plan, which includes revised service levels, lifecycle management strategies, financial planning, and funding sources, in accordance with Ontario Regulation 588/17; and

2.    That Council approve the updated Township of Cavan Monaghan Asset Management Plan for publication on the municipal website.

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**Overview:**

All municipalities are required to have an approved Asset Management Plan (AMP) for their infrastructure assets, in accordance with Ontario Regulation 588/17 with a target deadline of July 1, 2025. This updated plan builds upon the 2024 requirements and includes clearly defined proposed levels of service, activities to achieve those service levels, and a comprehensive financial strategy outlining how this will be funded.

The 2025 Asset Management Plan (AMP) for the Township of Cavan Monaghan outlines a strategic framework to manage a $155.2 million infrastructure portfolio and address a $1.5 million annual capital funding deficit. The plan evaluates asset condition, lifecycle strategies, and financial sustainability across core and non-core asset categories, aligning with Ontario Regulation 588/17.

The updated Asset Management Plan (AMP) for the Township of Cavan Monaghan, presented by Moya Taylor, Asset Management Advisor at Public Sector Digest Inc.,

is submitted to Council in accordance with Ontario Regulation 588/17 of the Infrastructure for Jobs and Prosperity Act, 2015 (S.O. 2015, c.15).

To address the funding gap and maintain or improve service levels, the AMP presents three Proposed Levels of Service (PLOS) scenarios:

1. Scenario 1 – Maintain Current Funding:
   This scenario keeps existing capital allocations (e.g., $1.9M for tax-funded assets, $585K for water, $357K for wastewater). While it avoids immediate tax or rate increases, it risks growing infrastructure backlogs, reliance on grants, and missed lifecycle efficiencies.

2. Scenario 2 – Achieve 100% Target Funding:
   Selected as the preferred path for tax-funded assets, this scenario phases in full funding over 10 years through a manageable 2.6% annual tax increase, reaching $3.2M in capital funding. For wastewater, a 20-year phase-in is proposed, increasing funding to $741K. This approach balances affordability with long-term sustainability.

3. Scenario 3 – Targeted Condition-Based Funding:
   This scenario sets specific condition targets (e.g., 65% for sidewalks) and requires slightly higher investment than Scenario 2. While it offers improved asset conditions, it is the most expensive and relies heavily on consistent condition assessments.

The AMP recommends Scenario 2 for tax-funded assets and maintaining current funding for user rate-funded assets pending the results of an upcoming Water and Wastewater Rate Study and 2026 Budget discussions. This strategy supports sustainable service delivery, prioritizes high-risk assets, and prepares the Township for future growth and climate resilience.

The Ministry of Infrastructure provided Asset Management Plan (AMP) timelines for municipalities with criteria deadlines as defined below;

- July 1, 2019 (Phase 1): Asset Management Plan for municipalities to have a finalized strategic asset management policy.
- July 1, 2022 (Phase 2): Asset Management Plan for core assets (roads, bridges and culverts, water, wastewater and stormwater management systems) that identifies current levels of service and the cost of maintaining those levels of service.
- July 1, 2024 (Phase 3): Asset Management Plan for all municipal assets that identifies current levels of service and the cost of maintaining those levels of service.
- July 1, 2025 (Phase 4): Asset Management Plan for all municipal assets that builds upon the requirements set out in 2024. This includes service levels and

their appropriateness; a lifecycle management and financial strategy; funding sources and needs; and other assumptions.

As per the Ontario Building Together Guide for Municipal Asset Management Plans the province stated "that any municipality seeking provincial infrastructure funding must demonstrate how its proposed project fits within a detailed asset management plan." As a result, the Asset Management Plan has become a foundational tool for the Township of Cavan Monaghan, supporting capital planning, grant applications, budget development, and the annual review of long-term infrastructure strategies.

**History of the Asset Management Plan:**

- **2009**: Accounting for Tangible Capital Assets (TCA) became mandatory for all Canadian municipalities under Section PS 3150 of the Public Sector Accounting Handbook. Municipalities transitioned to full accrual accounting for TCAs to meet legislative requirements and complete FIR Asset Schedules (51A–C).
- **2013**: The Township of Cavan Monaghan completed the first Asset Management Plan (AMP) for core infrastructure, with PSD CityWide Inc., as outlined in Finance Report 2014-06. The plan was submitted to OMAFRA and posted on the Township's website.
- **2014**: Council approved the acquisition of CityWide software to manage AMP data and support compliance with upcoming legislative requirements.
- **2015**: Ontario Regulation 588/17, Asset Management Planning for Municipal Infrastructure, was enacted under the Infrastructure for Jobs and Prosperity Act, 2015.
- **2017**: The finalized version of O. Reg. 588/17 was released, establishing regulatory requirements for municipal asset management planning.
- **2018**: Municipalities were required to comply with O. Reg. 588/17, including the development of a strategic asset management policy, a plan for core infrastructure, a levels of service proposal, and a publicly accessible AMP. Key compliance deadlines were set for 2019, 2021, 2023, and 2024.
- **2015–2019**: Finance and Public Works staff collaborated with Public Sector Digest (PSD) to import core assets into CityWide software, ensuring both financial and non-financial compliance with AMP requirements.
- **2019**: The Township completed its Strategic Asset Management Policy (Finance Report 2019-12) and posted the AMP online ahead of the July 1, 2019 (Phase 1) deadline. The policy links asset management with budgeting, operations, and planning, and must be reviewed every five years.
- **2019–2020**: The Director of Finance worked with PSD to incorporate all municipal assets beyond core infrastructure into CityWide. By August 2020, all assets were validated against the 2018 FIR. The 2019 audit was the first to fully integrate TCA data from CityWide, eliminating reliance on external spreadsheets.

- **2020**: The Director of Finance, Director of Public Works, and Project Engineer– Operations Supervisor participated in the AMO Asset Management Technical Assistance Project, which concluded in 2021.
- **2021–2024**: The Asset Management Team, comprising of Finance, Public Works, and Water/Wastewater staff, continued to expand the asset database and integrate TCA data into the updated AMP.
- **June 20, 2022**: PSD CityWide Inc. presented the AMP (7.1) for July 1, 2022 compliance. Finance Report 2022-10 and the updated AMP were posted to the municipal website.
- **June 23, 2023**: PSD CityWide Inc. presented an updated AMP (7.1), correcting previously reported graphing errors. The revised plan was posted online.
- **June 24, 2024**: Moya Taylor, Asset Management Advisor at PSD CityWide Inc., presented the AMP (9.1) for July 1, 2024 compliance. Finance Report 2024-07 and the updated AMP were posted to the website.
- **2024–2025**: The Asset Management Team, comprising a dedicated Asset Management Coordinator, the Director of Finance, Director of Public Works, Engineering Technician, Water Wastewater Compliance Coordinator, and Deputy Treasurer, continued to update the CityWide database and collaborate with Public Sector Digest (PSD). Strategic and lifecycle data was provided by the management leadership team which further supported the ongoing development and refinement of the Asset Management Plan.

The Asset Management Plan serves as a strategic, tactical, and financial guide ensuring sound asset management practices and optimal resource allocation, while optimizing available resources and establishing desired levels of services.

The Asset Management Coordinator updates all municipal asset data in the CityWide software, with support from the Asset Management Team and input from management. This data supports the Township's annual audit, financial statements, and FIR reporting

**Asset Reserve Summary**:

The Asset Replacement Reserve (ARR) was established in 2010 with an initial transfer of $285,000 to support future capital infrastructure replacements. Since then, the Township has steadily increased its annual investment—from 24% to 92% of the previous year's amortization, as outlined in the annual Capital Budget, with a balance over $19 million.

Funds from the ARR are allocated to infrastructure replacement projects, with withdrawals based on the value of the investment in each asset. These transactions are documented in the annual Capital Budget under the "Transfers to Asset Replacement Reserve".

**Financial Impact:**

There is no additional cost associated with this report.

**Linkage to the Strategic Plan**:

This Policy supports fiscal responsibility in the Strategic Plan by maintaining sustainable infrastructure funding and reviewing financial policies to ensure responsible decision making and financial resilience. It aligns with Strategic Priority #1, Financial Sustainability, Objective 2: Ensure that goals, policies, and plans are aligned with decision-making processes in accordance with the Asset Management Plan (AMP) and Objective 5: Maintain and enhance long-term planning

**Attachment:**

1. Asset Management Plan for the Township of Cavan Monaghan (TCA's as of December 31, 2024)

Respectfully Submitted by,                                   Reviewed by,


Kimberley Pope                                                   Yvette Hurley
Director of Finance/Treasurer                           Chief Administrative Officer