

Staff Report

To: Mayor Bazinet and Members of Council
Report From: Deanna Hastie, Director of Corporate Services/Treasurer
Jessica Clapp, Asset Management and Environmental Services Manager
Meeting Date: April 13, 2026
Subject: 2025 Asset Management Plan
Attachment(s): 1) Draft 2025 Asset Management Plan
2) Compliance Review Table
3) 2025 Asset Management Plan Supporting Slides

Recommendation:

That Goderich Town Council receives the 2025 Asset Management Plan report for information;

And That Goderich Town Council approves the 2025 Asset Management Plan, attached to this report, fulfilling the regulatory requirements under Ontario Regulation 588/17: Asset Management of Planning for Municipal infrastructure;

And That Goderich Town Council directs staff to submit the 2025 Asset Management Plan to the Ministry of Infrastructure, and to publish the document on the Town of Goderich website to ensure transparency and public accessibility;

And That Goderich Town Council adopt the following level of service target range for roads (by road class):

- Connecting Link: maintain a Pavement Condition Index (PCI) of 50+
- Urban Collector and Semi-Urban Roads: maintain a PCI of 40+
- Urban Local High Class and Low Class (residential streets): maintain a PCI of 30+
- Low Class Bituminous (Cemetery Road) and Gravel Roads: maintain a PCI of 20+

And That Goderich Town Council adopt a level of service target of fair (40+) for all remaining assets;

And Further That Goderich Town Council accepts the Proposed Level of Service Scenario #3 outlined in the Financial Strategy, including implementation of an annual 1.5% tax increase for tax-funded services and a 2.5% rate increase for rate-funded services, to be confirmed annually through the budget process.

Report Summary:

To inform Goderich Town Council of the updates made to the municipality's Asset Management Plan to remain in compliance with *Ontario Regulation 588/17: Asset Management Planning for*

Municipal Infrastructure. A full compliance review is attached, outlining each requirement under O. Reg 588/17 and identifying where it is addressed within the Town of Goderich 2025 Asset Management Plan.

Background and Analysis:

To meet the requirements of *Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure*, and maintain eligibility for government funding programs (e.g., the Canada Community Building Fund and the Ontario Community Infrastructure Fund), the municipality must adopt an updated Asset Management Plan.

The Town of Goderich has taken a forward-looking approach to infrastructure planning, beginning its asset management program in 2013. In 2022, the Town brought the development of the Asset Management Plan in-house to strengthen its understanding of the program, the supporting data, and the internal processes used to develop and maintain the Plan. Over time, the plan has evolved to reflect improved data collection, expanded condition assessments, risk analysis, and financial forecasting. This year, it also incorporates proposed level of service scenarios, in accordance with regulatory requirements. Collectively, these enhancements strengthen decision-making, support compliance with provincial legislation, and help ensure the sustainable delivery of municipal services.

The purpose of updating Asset Management Plans is to:

1. Meet regulatory requirements under Ontario Regulation 588/17, which mandates that municipalities regularly assess the state of their infrastructure and define current and proposed levels of service.
2. Ensure data accuracy as assets age, new information becomes available, and community needs evolve.
3. Support long-term financial planning by aligning lifecycle costs, funding strategies, and service delivery objectives.
4. Mitigate risks and prepare for external pressures, including climate change, population shifts, and economic uncertainty.
5. Guide investment decisions and maintain service levels while optimizing limited financial resources.

The 2025 Asset Management Plan presents an overview of the Town of Goderich's municipal infrastructure, with a total replacement value of approximately \$685 million. The Plan reflects the best available asset condition information (a combination of age-based and field-assessed data) and financial forecasts as of December 31, 2024. The Plan was developed to meet the requirements of O. Reg 588/17 and to advance the Town's asset management objectives of delivering safe and reliable services, demonstrating responsible stewardship of public assets, supporting environmental sustainability and climate resilience, and enabling transparent, fiscally responsible capital investment.

State of the Infrastructure (Section 3.0):

As of December 31, 2024, approximately 58% of municipal assets are in good to very good condition, approximately 24% are in fair condition, and approximately 18% are in poor to very poor condition.

Within the State of the Infrastructure (Sections 3.2 through 3.9), the Plan analyzes the following for each asset category, as required under O. Reg 588/17: inventory summary, replacement costs, average age, and condition.

Section 3.10 of the 2025 Asset Management Plan also advances the integration of green infrastructure into the Town's overall asset portfolio, recognizing that natural and nature-based features can provide important municipal services alongside traditional "grey" infrastructure. The Town intends to expand the inclusion of green infrastructure assets over time, supported by a phased urban tree inventory that began in 2025.

Public Engagement (Section 4.1.5):

To comply with O. Reg. 588/17 and the Town's Asset Management Policy, the Town collected public input on service expectations through two Council-approved Municipal Levels of Service surveys (Core and Non-Core), available from December 2, 2024 to February 28, 2025. The surveys were broadly promoted online and through multiple outreach channels and received strong participation, with respondents generally satisfied with current municipal services. Results were presented to Council on May 20, 2025 and were used, along with follow-up departmental stakeholder sessions, to identify service gaps and inform the proposed levels of service target in the 2025 Asset Management Plan.

Financial Strategy (Section 6.0) and Proposed Levels of Service (Sections 4.2 and 6.5):

The annual funding requirement is the amount that the Town should ideally allocate on an annual basis to meet replacement needs, prevent backlogs, achieve proposed level of service targets and long-term financial sustainability.

The proposed level of service target for all asset services, with the exception of roads, is to maintain all assets at a fair condition and above (40+). For roads, unique targets are set as follows:

- Connecting Link: maintain a Pavement Condition Index (PCI) of 50+
- Urban Collector and Semi-Urban Roads: maintain a PCI of 40+
- Urban Local High Class and Low Class (residential streets): maintain a PCI of 30+
- Low Class Bituminous (Cemetery Road) and Gravel Roads: maintain a PCI of 20+

Setting these service levels directly influences the timing of asset replacement and long-term financial planning by driving the annual funding requirement.

For tax-funded services (airport, cemetery, facilities, fire, medical centre, parks, public works, recreation, roads and storm, waterfront):

- **Annual funding requirement (tax-funded):** \$11.8 million
- **Current available funding:** \$4.0 million
- **Annual deficiency:** \$7.8 million

For rate-funded services (water and sanitary sewer):

- **Annual funding requirement (rate funded assets):** \$5.35 million
- **Current available funding:** \$2.6 million
- **Annual deficiency:** \$2.75 million

To address the annual deficiency and meet the proposed level of service, three funding scenarios were analyzed (Section 6.5.3):

- 1. Scenario #1 - Maintain existing funding levels (tax-funded and rate funded services):**
While this option is fiscally neutral in the short term, this approach would result in an escalating infrastructure backlog, deferred critical capital investments, more frequent service disruptions, and increased reliance on grant funding. This scenario also does not enable the municipality to meet its proposed level of service target (Fair 40+). For these reasons, the 2025 Asset Management Plan does not recommend proceeding with this scenario.
- 2. Scenario #2 - Implement an annual 2.5% Tax Increase (tax-funded services) and an annual 3.5% rate increase (rate-funded services) to achieve the annual requirement:**
While Scenario #2 would enable the municipality to achieve its proposed levels of service target (40+) over the forecast period, it is the most expensive option analyzed and would require a gradual, phased implementation. Under this approach, annual funding requirements would not be fully achieved until approximately 2045 for tax-funded services, 2041 for sanitary sewer services, and 2048 for water services. Key risks include backlog growth during the extended phase-in period and missed efficiency opportunities if lifecycle approaches are not updated. The scale and pace of the proposed tax and rate increase are also a concern in the current economic climate. For these reasons, the 2025 Asset Management Plan does not recommend proceeding with this scenario.
- 3. Scenario #3 - Implement an annual 1.5% Tax Increase (tax-funded services) and an annual 2.5% rate increase (rate-funded services) to achieve the annual requirement:**

Scenario #3 allows the municipality to maintain its proposed levels of service target (40+) throughout the forecast period, while reducing the financial impact and making measurable progress toward the recommended funding levels. However, it requires a longer phase-in to reach annual funding requirements (approximately 2060 for tax-funded services, 2045 for sanitary sewer services, and 2055 for water services) and carries risks, including backlog growth from deferred renewals, missed efficiency opportunities, and greater reliance on external/conditional funding over time. In selecting Scenario #3, the Town considered these risks and determined that, in the context of maintaining reasonable tax and utility rates, this is an acceptable risk. Given the scale and pace of the increases, the 2025 Asset Management Plan considers Scenario #3 reasonable and achievable and recommends proceeding with this scenario.

Continuous Improvement of the Asset Management Plan

The Town's Asset Management Plan is a living document that will be strengthened through ongoing data improvements, regular condition assessment cycles, and continued annual reporting to Council to support evidence-based prioritization and long-term financial sustainability.

- **Keep asset data current:** maintain the asset inventory to reflect replacements, upgrades, disposals, and updated condition results
- **Expand proactive management:** expand preventive maintenance planning to extend asset life and reduce long-term costs
- **Prioritize by risk and condition:** use risk/criticality and condition to focus investments where they are most needed
- **Improve condition assessment coverage:** continue regular assessments for key asset networks (e.g., sanitary sewers, roads, sidewalks, facilities) and expand assessed condition assessments to additional asset networks/categories, where possible
- **Integrate green infrastructure:** incorporate natural assets into the asset portfolio and reporting
- **Ongoing public engagement:** implement targeted, service-specific engagement tools (e.g., surveys by service area) available year-round to track satisfaction and expectations over time
- **Build organizational capacity:** continue education for Council and staff to support implementation of the asset management and financial strategy, and consistent project prioritization
- **Annual reporting and monitoring:** staff will develop annual asset management "report cards" to present key asset data and trends in a clear, consistent format as part of the annual asset management update to Council
- **Continue water and wastewater financial plans (regulatory):** continue updating the Water and Wastewater Financial Plans on a regular cycle (typically every five (5) years) to support sustainable user rates and maintain compliance with the Town's Municipal Drinking Water License and Ontario Regulation 453/07

- **Continue to assess growth impacts:** continue growth-related studies (including the Development Charges Background Study update planned for 2026) to ensure growth-related capital needs and funding strategies are reflected in long-term asset and financial planning

The 2025 Asset Management Plan is both a regulatory requirement and a critical roadmap for the Town of Goderich's long-term infrastructure and financial planning. It reflects a deepening commitment to proactive planning, responsible stewardship and transparent reporting.

By endorsing Scenario #3 of the proposed level of service scenarios presented in the 2025 Asset Management Plan, Council acknowledges the financial constraints and priorities of the community, while making measurable progress toward addressing the infrastructure funding gap. This approach will support more resilient service delivery and ensure that infrastructure investment decisions are data-informed and strategically aligned.

The 2025 Asset Management Plan identifies an annual funding shortfall of approximately \$7.8 million for tax-funded services and approximately \$2.75 million to meet the proposed levels of service. The recommended financial strategy (Scenario #3) proposes gradual increases of 1.5% annually for taxes and 2.5% annually for water and sanitary sewer rates to close the funding gap over time, with available capital funding projected to approach the annual requirement by approximately 2060 for tax-funded services, 2045 for sanitary sewer services, and 2055 for water services.

Therefore, it is recommended that Goderich Town Council approve the attached 2025 Asset Management Plan to satisfy the requirements of Ontario Regulation 588/17, and direct staff to submit the approved Plan to the Ministry of Infrastructure and publish the document on the Town of Goderich website. It is further recommended that Goderich Town Council adopt the selected level of service target range for roads as follows: Connecting Link, PCI 50+; Urban Collector and Semi-Urban, PCI 40+; Urban Local High Class and Low Class, PCI 30+; and Low Class Bituminous and Gravel, PCI 20+. It is also recommended that Council adopt a level of service target of fair (40+) for all remaining assets and approve the Proposed Levels of Service Scenario #3. Scenario #3 includes an annual 1.5% tax increase for tax-funded services and an annual 2.5% rate increase for rate-funded services to achieve the annual funding requirement, subject to annual confirmation through the budget process.

Linkage to the Corporate Strategic Plan (Choose all that apply):

- No. 1 Safe and Reliable Infrastructure
- No. 2 Welcoming and Caring Community
- No. 3 Strong Local Economy
- No. 4 Good Government
- No. 5 Environmental Stewardship

Linkage to Asset Management Plan:

This staff report is related to the following within the Town's Asset Management Program (Choose one):

- Road Network
- Water Network
- Sanitary Network
- Storm Network
- Fleet
- Facilities
- Land Improvements
- Machinery and Equipment

And directly impacts (Choose all that apply):

- State of Good Repair/Replacement
- Municipal Levels of Service
- Risk Management
- Growth Impacts
- Financial Strategy

Financial Impacts and/or Source of Funding:

Proposed tax and rate increase to be confirmed annually during the budget process.

Is this cost budgeted for? Yes: No:

Budget:

Actual:

Difference:

Proposed funding source for unbudgeted costs:

Consulted With:

Deanna Hastie, Director of Corporate Services/Treasurer

Approved By:

Janice Hallahan, Chief Administrative Officer

Andrea Fisher, Director of Legislative Services/Clerk