
Subject: 2025 Asset Management Plan – Levels of Service

Staff Report No. FI-011-25

**Department/
Commission:** Finance Services Commission

Date: June 18, 2025

Recommendation:

- 1) That Council approve the draft 2025 Asset Management Plan for the proposed levels of service and the accompanying presentation.

Report Highlights

- This plan was developed in response to Ontario Regulation 588/17.
- The plan outlines how the Town will manage its asset portfolio of \$1,748.5 million over the next decade to support proposed service levels while addressing risks and funding gaps.
- It identifies that 12.3% of assets are in poor or very poor condition and highlights a \$14.6 million annual investment gap across growth, renewal, and operations.
- With the current level of investment, the percentage of assets in Very Poor condition will increase from 4% to 18% over the 10-year period.
- To close the gap, it is recommended that the Town maintains its 3% capital levy, prioritizes investment in higher-risk assets, leverages third party grants and carefully considers its capacity to invest in growth projects.
- To comply with O. Reg 588/17 going forward, staff will report to Council annually on performance against the target levels of service identified in this plan.

1. Purpose:

The draft 2025 Asset Management Plan describes the actions required to manage the portfolio of assets in a way that supports proposed service levels, while managing risks and costs. This report summarizes the key components from the draft 2025 Asset

Management Plan and presentation to Council, discusses the infrastructure funding gap and strategic actions to address the gap.

2. Background:

This Asset Management Plan outlines the strategic actions required over the 10-year period from 2024 to 2033 to manage these assets in a way that maintains established service levels, supports growth, mitigates risk, and ensures long-term financial sustainability. It evaluates current and proposed levels of service, forecasts lifecycle costs, and identifies funding gaps and associated risks, offering mitigation strategies to guide informed, evidence-based decision-making.

Developed in accordance with Ontario Regulation (O.Reg.) 588/17 – Asset Management Planning for Municipal Infrastructure, this Asset Management Plan fulfills the Town's regulatory obligations for 2025. It is a foundational tool to help optimize asset performance and ensure the Town's infrastructure continues to meet the evolving needs of the community efficiently and effectively.

The draft 2025 Asset Management Plan – Levels of Service is the next phase to the Town's approved 2022 Asset Management Plan – core assets and 2024 Asset Management Plan – non-core assets. The current report is intended to meet the July 1, 2025, requirements of Ontario Regulation 588/17 under the Infrastructure for Jobs and Prosperity Act, 2015. Specifically, by July 2025, Ontario Regulation 588/17 requires municipalities to update their Asset Management Plans to include costs and risks associated with proposed Levels of Service for both core and non-core assets.

The Town entered into a consulting agreement with SLBC Inc. to prepare the 2025 Asset Management Plan and presentation to Council. SLBC Inc. has collaborated with Town staff to create the 2025 Asset Management Plan. It reflects the state of Town's assets as of Dec 31, 2023, and must be updated annually to remain effective and useful for the Town.

3. Analysis and Options:

There are five key components of the 2025 Asset Management Plan:

1. State of the Infrastructure
2. Levels of Service
3. Risk Management
4. Lifecycle Management
5. Financing Strategy

This report summarizes the above key components from the draft 2025 Asset Management Plan and presentation below.

The Town of Stouffville is committed to delivering a wide range of high-quality services to its residents, businesses, and visitors. These services include transportation, stormwater, water, and wastewater management, as well as parks and recreation, cultural programs, library services, and fire protection. Supporting these services are essential internal functions, including facilities management, fleet operations, and information technology. To deliver these services effectively, the Town relies on a diverse portfolio of infrastructure assets with a total replacement value of approximately \$1,748.5 million.

Table 1: Replacement Value by Service Area

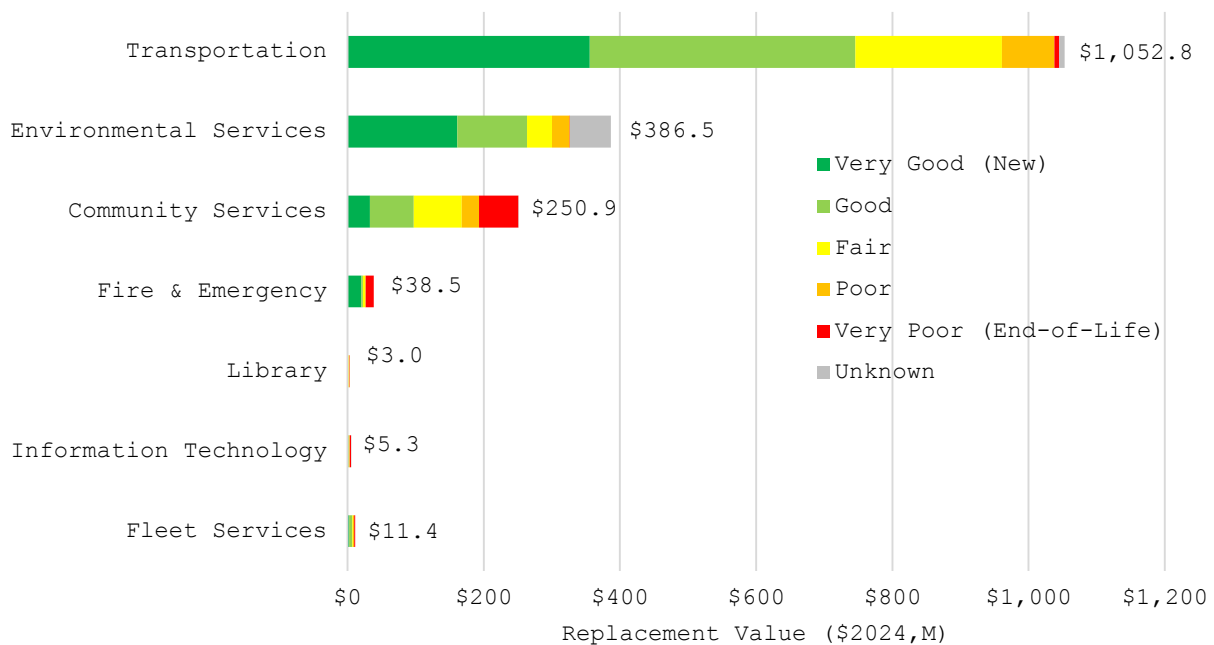
Service	Replacement Value (in 2024 \$, millions)	Replacement Value (%)
Transportation Services	1,052.8	60.2
Environmental Services	386.5	22.1
Community Services	250.9	14.3
Fire & Emergency Services	38.5	2.2
Library Services	3.0	0.2
Information Technology	5.3	0.3
Fleet	11.4	0.7
Total	\$1,748.5	100%

3.1 State of Infrastructure

To adequately meet service levels and manage risk while minimizing lifecycle costs, most assets should generally be maintained in fair or better condition. According to data, 83.8% of Town's assets are in fair or better condition based on weighted value.

Conversely, 12.3% of assets, valued at \$214.3 million, are classified as being in poor or very poor condition. These assets require increased attention and renewal investment, including funding and staff resources, to prevent higher maintenance costs and unexpected failures. Typically, assets in poor or very poor condition are included in 10-year capital renewal programs and budget forecasts, especially if they are considered critical by the Town.

The chart below illustrates the value of assets within each condition grade (very good or new, good, fair, poor, very poor, or end-of-life), categorized by service area.

Chart 1: Asset Condition Overview by Service Area

3.2 Levels of Service

Levels of Service describe the outputs and objectives the Town aims to deliver to its citizens, businesses, and stakeholders. Developing, monitoring, and reporting on levels of service are key to a performance management program that improves service delivery and ensures accountability. Guided by customer expectations, legislative requirements, and internal guidelines, Levels of service are often based on past service delivery, community expectations, and infrastructure design. Effective asset management formalizes levels of service with performance measures, targets, and timeframes, and ensures the associated costs are understood.

Community and Technical levels of service were established for each service area in alignment with the Town's strategic priorities. Levels of service were grouped based on corresponding lifecycle activities being impacted: capacity influencing growth decisions, function influencing upgrade decisions, and reliability/quality influencing renewal, operations and maintenance decisions.

In this iteration of the asset management plan, departments were tasked with defining the proposed levels of service. Performance relative to these proposed levels will be reported to the Council annually, in compliance with the O.Reg 588/17 requirements.

3.3 Risk Management

The Town's key asset management principle is to meet service levels and manage risk while minimizing lifecycle costs. Asset criticality, or the importance of assets to service delivery, guides strategy selection. Critical assets, which are essential, costly, and prone to deterioration, require frequent maintenance. Risk events, such as failures in capacity,

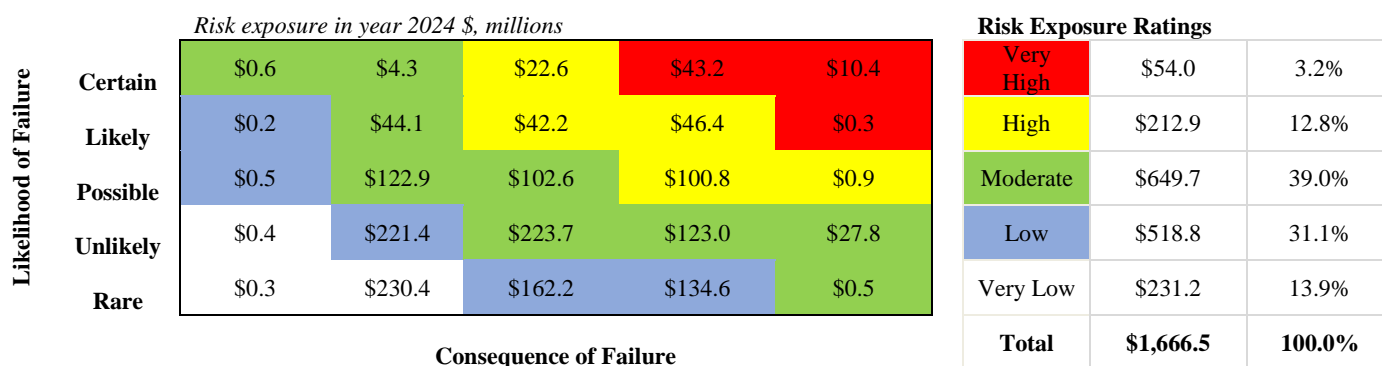
function, or reliability, can compromise service delivery. Lifecycle activities manage these risks by reducing failure likelihood to acceptable levels, with their type and timing depending on the impact of potential failures on service delivery goals.

Chart 2 illustrates that, based on assets with known conditions, \$54.0 million of the Town's assets (3.2%) fall into the Very High-risk exposure category. These assets present potential challenges to the consistent and reliable delivery of municipal services. Of note is that most assets that are categorized as Very High-risk have the likelihood of failure based on age and might not reflect the actual condition of the asset.

The Very High-risk assets include Facility Components (\$36.7M), Fire Station #52 (\$9.5M), Park Amenities and Structures (\$3.1M), 2008 Spartan Pumper (\$1.5M), Signal Structures, Equipment, and Control System (\$1.0M), Physical Servers (\$1.0M) and others.

The Town addresses these risks through the planned lifecycle strategies detailed in the Lifecycle Management Strategy section of this Asset Management Plan.

Chart 2: Risk Exposure of the Town's Assets



3.4 Lifecycle Management

The Town's ability to deliver the service levels outlined in the Asset Management Plan is influenced by several factors:

- Aging infrastructure requiring ongoing operations, maintenance, and renewal investments.
- Forecasted population growth necessitating additional infrastructure.
- Evolving functional, legislative, and sustainability requirements requiring asset upgrades.
- Available funding necessitating cost-effective asset provision for current and future customers.

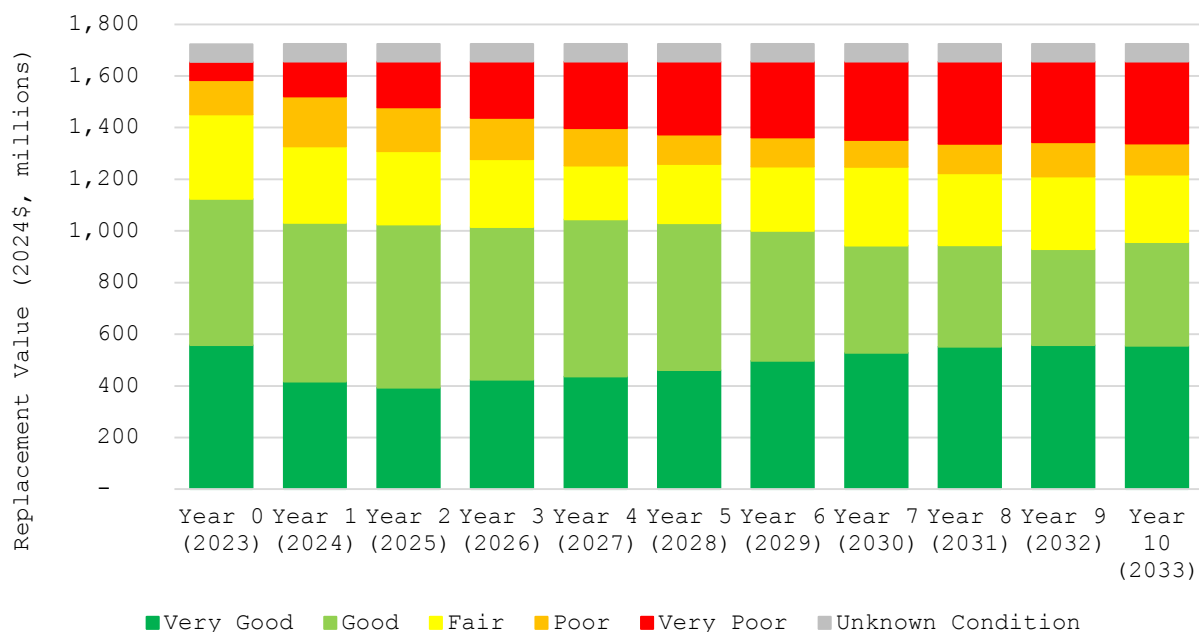
To achieve its objectives, the Town builds new infrastructure to meet capacity needs, upgrades assets for new functional requirements, and manages existing assets for

reliability - all within limited funds. Asset lifecycle management strategies are planned activities ensuring assets provide defined service levels sustainably and cost-effectively while managing risk.

The Town needs to put approximately \$16.4 million per year toward asset renewal activities or reserves to meet the renewal needs for the next 10 years. The 10-year average funding amount included in the Town's capital budgets is \$12.3 million a year resulting in the funding gap of \$4.1 million ($\$16.4 - \$12.3 = \4.1)

Based on the forecasted budget, the following figure illustrates how the condition is expected to change over the forecasted period (the percentage of Fair or better condition assets decreasing from 84% to 71% over the forecasted period and the percentage of Very Poor condition assets increasing from 4% to 18% over the forecasted period).

Chart 3: Asset Condition Forecast for All Town Assets based on planned funding



3.5 Financing Strategy

Table 2 provides a summary of the total asset management needs, available funding, and resulting investment gap across the three core categories of investment: Growth, Renewal, and Operations and Maintenance (O&M). This breakdown is intended to clearly illustrate where funding shortfalls exist and to support evidence-based planning and prioritization decisions. Renewal needs reflect the investment required to maintain existing assets in a state of good repair; O&M needs represent the costs necessary to operate and maintain infrastructure at desired service levels; and growth needs account for the capital investment needed to support new development or increased demand.

Table 2: Summary of Needs, Funding, and Investment Gap from 2024-2033

Category	10-Year Avg. Annual Need (\$Millions)	10-Year Avg. Annual Funding (\$Millions)	10-Year Avg. Annual Investment Gap (\$Millions)	Ratio of Anticipated Funding to Needs (%)
1. Growth	\$40.1	\$34.3	\$5.8	86%
2. Renewal	\$16.4	\$12.3	\$4.1	75%
3. O&M	\$83.1	\$78.4	\$4.7	93%
Total	\$139.6	\$125.0	\$14.6	90%

The \$14.6 million per year investment gap highlights the financial challenges faced in sustaining current and future service levels and reinforces the importance of long-term financial planning and funding strategy development. If the investment gap is not funded sufficiently, the Town can expect the following impacts:

- Increased unplanned maintenance and repairs
- Increase of renewal backlog over future planning horizons, increasing the long-term cost to the Town.
- Safety, compliance, reputation, and financial (insurance) risks.
- Crowding among residents using existing services.
- Increased traffic congestion due to unplanned repairs and poor conditions.

The infrastructure gap can be closed by adhering to capital budget management principles some of which are already in place in the Town:

- Maintain the 3% capital dedicated levy.
- Be strategic and mindful of growth investments, so as to not put an unfair burden for renewal on future generations.
- Optimize lifecycle interventions, especially for larger asset classes (roads, water, wastewater, facilities).
- Increase available funds through property tax increases and leveraging third party grants.
- Reduce near term renewal needs by deferring capital renewal projects on lower risk assets, thereby lengthening the period in which the backlog is addressed beyond the 10 years but likely increasing maintenance costs.
- Increase the use of non-infrastructure solutions to manage the funding gap through management strategies and policies to allocate funds to the most critical assets.

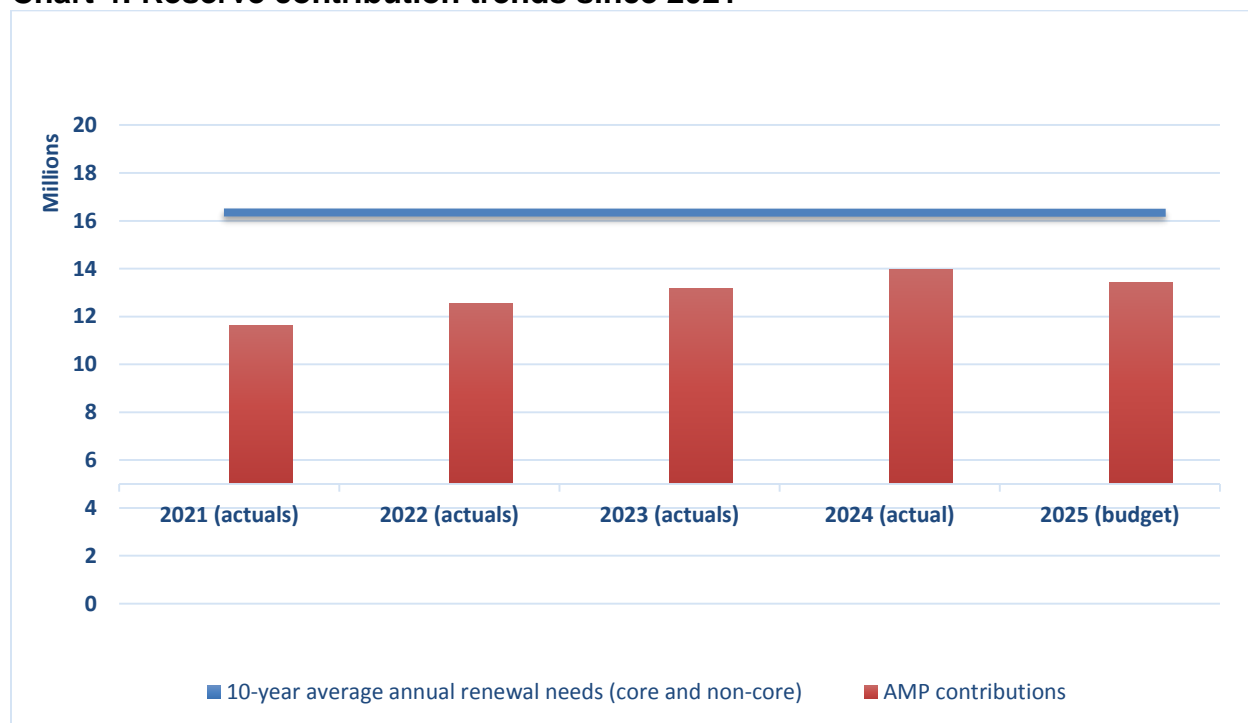
4 Financial Implications:

There are no financial implications arising directly from the report and from the Draft 2025 Asset Management Plan.

The plan recommends that the Town invest \$16.4 million annually to renew assets, which is more than the available funding. Capital projects must be carefully prioritized during the annual budgeting process to manage limited resources effectively. It is also important to be strategic with growth investments to avoid overburdening future generations with renewal costs.

Chart 4 shows how the Town has moved in the direction of closing the infrastructure gap since reporting the 2022 Asset Management Plan:

Chart 4: Reserve contribution trends since 2021



5 Broader Intergovernmental Impacts and/or Considerations:

Not applicable

6 Communication:

After Council approval, 2025 Asset Management Plan will be made available to public through the Town's website.

7 Alignment with Strategic Plan:

1. A Town that Grows
A Town that grows in support of complete communities
2. A Town that Moves
Improve the condition and efficiency of the local road network while addressing connectivity and advancing active transportation facilities
3. A Healthy and Greener Town
Increase Offerings and Opportunities for Active Living
4. An Engaging Town
Increase Community Engagement & Outreach
5. A Safe Town
Make our community safer
6. Good Governance
Provide Good Governance
7. Organizational Effectiveness
To Elevate our Organizational Effectiveness

8 Attachments:

Attachment No. 1 – 2025 Asset Management Plan – Levels of Service

9 Related Reports:

June 15, 2022 – FTS-011-22 2022 Asset Management Plan – core assets

June 19, 2024 – FTS-008-24 2024 Asset Management Plan – non-core assets

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For further information on this report, please contact the Department Head: Jeremy Harness, Commissioner of Finance Services at 905-640-1910 or 1-855-642-8697 ext. 2243 or via email at jeremy.harness@townofws.ca