# Asset Management Plan

## Township of Southwold

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## Final Report

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# Report

# Chapter 1
## Introduction

# 1. Introduction

## 1.1 Overview

The main objective of an asset management plan (AMP) is to use a municipality's best available information to develop a long-term plan for capital assets. In addition, the plan should provide a sufficiently documented framework that enables continual improvement and updates, ensuring its relevancy over the long term.

The Township of Southwold (Township) retained Watson & Associates Economists Ltd. (Watson) to assist in developing a comprehensive AMP. The AMP covers all of the Township's infrastructure assets, with a focus on identifying proposed levels of service and developing a financial strategy to support the plan's implementation, and brings the Township into compliance with the July 1, 2025 requirements of Ontario Regulation (O. Reg.) 588/17.

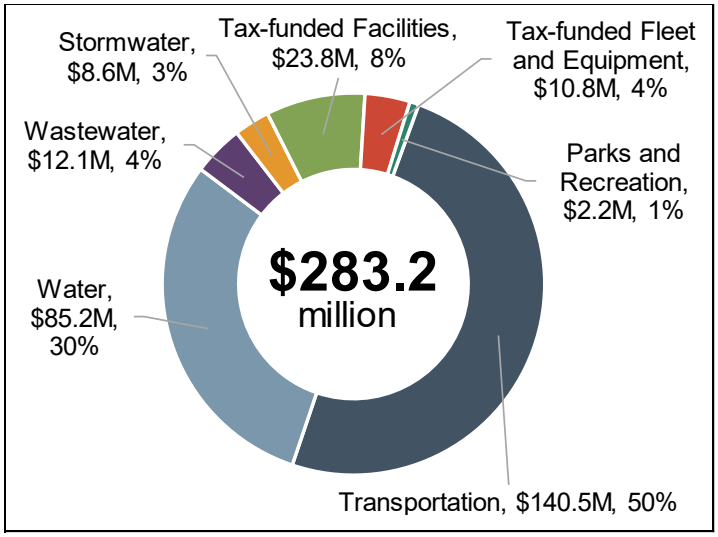
The estimated current replacement cost of the Township's infrastructure assets is $283.2 million. The three largest asset categories in terms of replacement cost, accounting for approximately 88% of the total, are transportation assets ($140.5 million; 50%), water system assets ($85.2 million; 30%), and tax-funded facilities ($23.8 million; 8%). The remainder of the Township's assets are valued at $33.7 million, accounting for the remaining 12% of the total replacement cost valuation.

A breakdown of the replacement cost by asset category is provided in Table 1-1 and is further illustrated in Figure 1-1.

Table 1-1: Distribution of Replacement Cost by Asset Category

| Asset Category | Current Replacement Cost |
|---|---|
| Transportation | $140,544,000 |
| Water | $85,217,000 |
| Wastewater | $12,124,000 |
| Stormwater | $8,562,000 |
| Tax-funded Facilities | $23,768,000 |
| Tax-funded Fleet and Equipment | $10,812,000 |
| Parks and Recreation | $2,173,000 |
| **Total** | **$283,200,000** |

Figure 1-1: Distribution of Replacement Cost by Asset Category




## 1.2 Legislative Context for the Asset Management Plan

Asset management planning in Ontario has evolved significantly over the past decade.

Prior to 2009, it was common municipal practice to expense capital assets in the year of their acquisition or construction. Consequently, this meant that many municipalities did not have appropriate tracking of their capital assets, especially with respect to any changes that capital assets may have undergone (i.e. betterments, disposals, etc.). Furthermore, this also meant that many municipalities had not yet established inventories of their capital assets, both in their accounting structures and financial

statements. As a result of revisions to *Section 3150 – Tangible Capital Assets* of the *Public Sector Accounting Board* (PSAB) handbook, which came into effect for the 2009 fiscal year, municipalities were forced to change this long-standing practice and capitalize their tangible capital assets over the term of the asset's expected useful service life. In order to comply with this revision, municipalities needed to establish asset inventories, if none previously existed.

In 2012, the Province launched the Municipal Infrastructure Strategy, which required municipalities and local service boards seeking provincial funding to demonstrate how any proposed project fits within a broader asset management plan. In addition, asset management plans encompassing all municipal assets needed to be prepared by the end of 2016 to meet Federal Gas Tax (now the Canada Community-Building Fund) agreement requirements. To help define the components of municipal asset management plans, the Province produced a document entitled *Building Together: Guide for Municipal Asset Management Plans*. This document outlined the information and analyses that were required to be included in municipal asset management plans under this initiative.

The Province's *Infrastructure for Jobs and Prosperity Act, 2015* (IJPA) was proclaimed on May 1, 2016. This legislation detailed principles for evidence-based and sustainable long-term infrastructure planning. The IJPA also gave the Province the authority to guide municipal asset management planning by way of regulation. In late 2017, the Province introduced O. Reg. 588/17 under the IJPA. The intent of O. Reg. 588/17 is to establish standard content for municipal asset management plans. Specifically, the regulation requires that asset management plans be developed that define levels of service, identify the lifecycle activities that will be undertaken to achieve those levels of service, and provide a financial strategy to support the levels of service and lifecycle activities.

## 1.3 Asset Management Plan Development

The development of this asset management plan was guided by asset management strategies identified through discussions with the Township's asset managers, information gleaned through reviews of long-term planning documents and studies, service-level objectives and their impacts on the management of assets identified through engagements with both staff and Council, and detailed analyses of the

Township's capital asset and financial data. The key steps in the development process of this asset management plan are summarized below:

1. Compile and update underlying asset data such as quantities, ages, condition ratings, useful service life expectations, replacement cost valuations, lifecycle activity costing, etc.
2. Develop a level of service framework which sets targets for the service levels the Township proposes to provide to the public over the long term through workshops held with staff. As part of these workshops, changes to existing lifecycle management strategies to support the proposed level of service were identified. This step resulted in the development of 10-year forecasts of capital and significant operating expenditures to achieve and sustain the proposed levels of service.
3. Determine the level of capital funding that should be provided to assets on an annual basis to sustain the proposed levels of service over the long term.
4. Analyze the Township's financial data and develop a financial strategy model to identify the funding expected to be available to undertake the capital and significant operating expenditures identified previously. The financial strategy model was also utilized to determine the financial impacts associated with providing the proposed levels of service (i.e., estimated annual tax levy and tax rate increases to achieve a sustainable level of annual capital funding, additional debt requirements, impact on reserve and reserve fund balance, etc.).
5. Present the proposed levels of service and their associated financial impacts to Council in a workshop setting. The feedback received from Council was critical to ensuring that the proposed levels of service are appropriate for the Township and in further refining the financial strategy.
6. Document the asset management plan in a formal report to inform future decision-making and to communicate planning to the public.

# Chapter 2
# State of Local Infrastructure and Levels of Service

# 2. State of Local Infrastructure and Levels of Service

## 2.1 Transportation

### *2.1.1 State of Local Infrastructure*

The Township owns and manages a variety of transportation assets that enable the safe and efficient passage of vehicular and pedestrian traffic and contribute to the overall level of service provided by the Township. These assets comprise the Township's roads, bridges, culverts, and various road-related assets such as guiderails, sidewalks and streetlights. The estimated current replacement cost of the Township's transportation assets is $140.5 million.

The Township's road network comprises roads with three surface types: asphalt, surface treatment, and gravel. The estimated current replacement cost of the Township's roads is $125.2 million. Surface treated roads represent the largest share of replacement cost at $47.0 million (38%), followed by gravel roads at $42.8 million (34%), and lastly, asphalt roads at $35.4 million (28%). The average age of the Township's roads is 18.1 years.

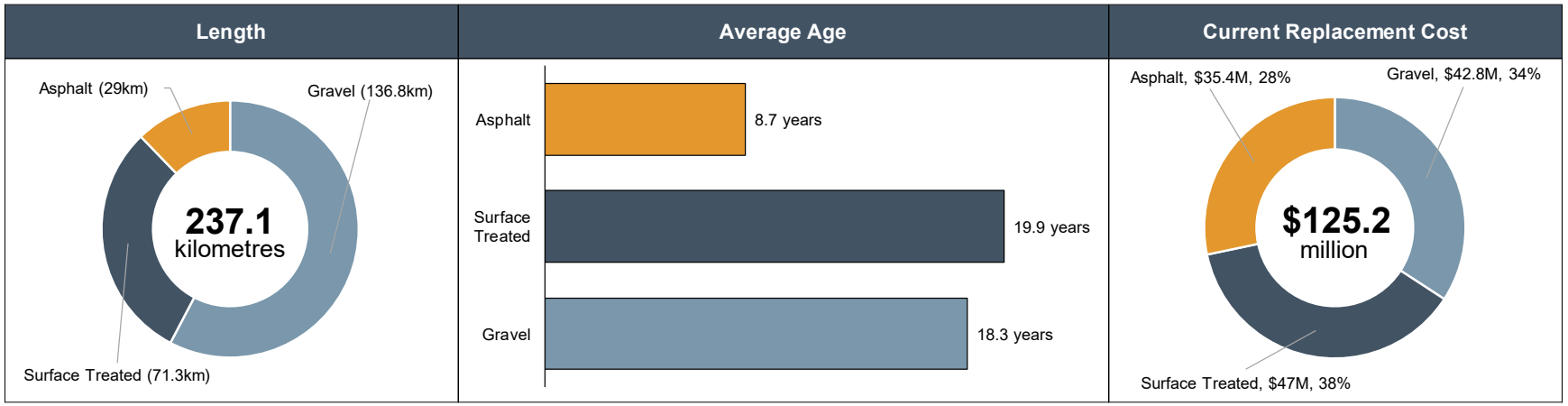
Table 2-1 summarizes the length, average age, and estimated current replacement cost of the Township's roads by surface type. This information is further illustrated in Figure 2-1.

Table 2-1: Roads – Length, Average Age, and Replacement Cost by Surface Type

| Surface Type | Length | Average Age[1] | Current Replacement Cost |
|---|---|---|---|
| Gravel | 136.8 km | 18.3 years | $42,790,000 |
| Surface Treated | 71.3 km | 19.9 years | $46,955,000 |
| Asphalt | 29.0 km | 8.7 years | $35,406,000 |
| **Total** | **237.1 km** | **18.1 years** | **$125,151,000** |

[1]Weighted average utilizing the surface area of road segments as weights.

Figure 2-1: Roads – Length, Average Age, and Replacement Cost by Surface Type



The Township's transportation network is also supported by 26 structures comprising seven bridges and 19 culverts. The estimated current replacement cost of the Township's structures is $12.2 million, with culverts accounting for 57% of this replacement cost (i.e., $7.0 million) and bridges accounting for the remaining 43% (i.e., $5.2 million). The average age of the Township's structures is 33.4 years.

Table 2-2 summarizes the quantity, average age, and estimated current replacement cost of the Township's structures by structure type. This information is further illustrated in Figure 2-2.

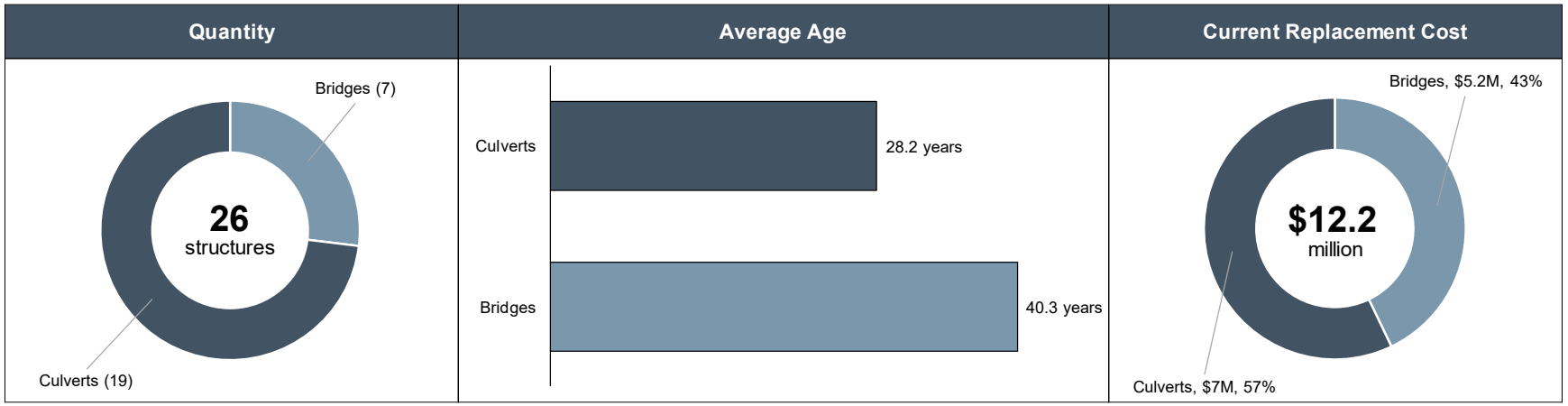
Table 2-2: Structures – Quantity, Average Age, and Replacement Cost by Structure Type

| Structure Type | Quantity | Average Age[1] | Current Replacement Cost |
|---|---|---|---|
| Bridges | 7 | 40.3 years | $5,234,000 |
| Culverts | 19 | 28.2 years | $6,972,000[2] |
| **Total** | **26** | **33.4 years** | **$12,206,000** |

[1]Weighted average utilizing the replacement cost of each structure as weights.

[2]It is noted that since the Township's Iona Road culvert is located on a municipal boundary, for which lifecycle costs are 50% shared with the Municipality of Dutton/Dunwich, the replacement costs presented in Table 2-2 include 50% of the replacement value of this culvert.

Figure 2-2: Structures – Quantity, Average Age, and Replacement Cost by Structure Type



Lastly, the Township also owns and manages a variety of road-related assets which play a vital role in supporting its broader transportation network. These assets comprise guiderails, sidewalks, and streetlights located on the road right-of-way. The estimated current replacement cost of the Township's road-related assets is $3.2 million. Sidewalks represent the largest share of replacement cost at $2.1 million (65%), followed by streetlights at $560,000 (18%), and lastly, guiderails at $548,000 (17%). The average age of the Township's road-related assets is 20.3 years.

Table 2-3 summarizes the quantity, average age, and estimated current replacement cost of the Township's road-related assets by asset type. This information is further illustrated in Figure 2-3.

Table 2-3: Road-related Assets – Quantity, Average Age, and Replacement Cost by Asset Type

| Asset Type | Quantity | Average Age | Current Replacement Cost |
|---|---|---|---|
| Guiderails | 5.80 km | 27.1 years[1] | $548,000 |
| Sidewalks | 9.99 km | N/A[2] | $2,079,000 |
| Streetlights | 230 streetlights | 13.7 years[3] | $560,000 |
| **Total** | | **20.3 years[4]** | **$3,187,000** |

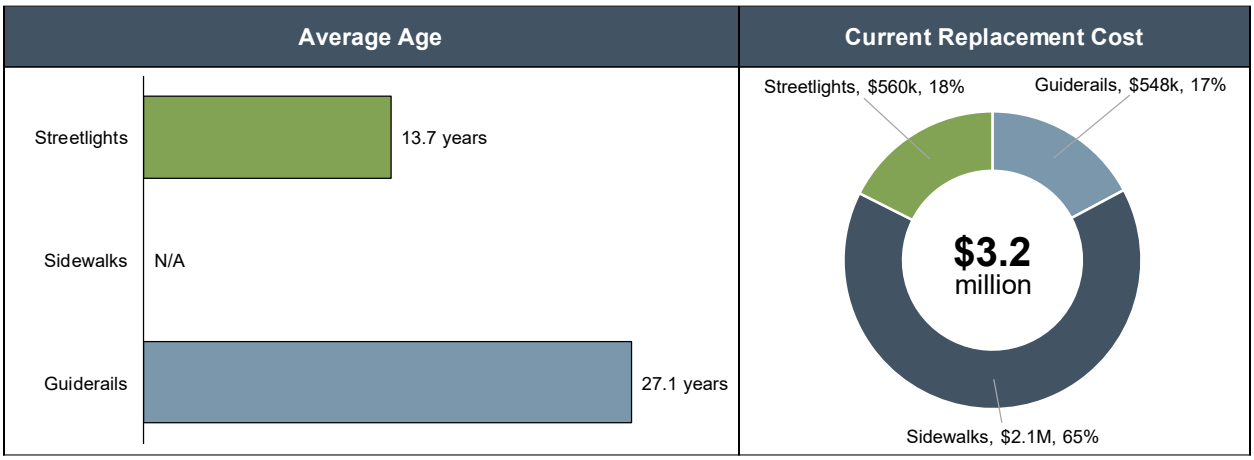
[1]Weighted average utilizing the length of each guiderail as weights.

[2]The year of construction of the Township's sidewalks is not readily available. As such, the weighted average age of these assets cannot be calculated at this time.

[3]Weighted average utilizing the replacement cost of each streetlight as weights.

[4]Weighted average utilizing the total replacement cost of each asset type as weights.

Figure 2-3: Road-related Assets – Average Age and Replacement Cost by Asset Type




### 2.1.2 Condition

The Township periodically completes condition assessments on its road network to evaluate the frequency and severity of observed base-related pavement distresses (e.g., rutting, fatigue cracking, etc.) and surface-related pavement distresses (e.g., raveling, shoving, etc.). Each assessed road segment is subsequently assigned a surface condition rating utilizing a 10-point rating scale. To better communicate the condition of the Township's roads, surface condition ratings have been segmented into qualitative condition states as summarized in Table 2-4.

Table 2-4: Roads – Definition of Qualitative Condition States

| Surface Condition Rating | Condition State | Description of Expected Ride Quality[1] |
|---|---|---|
| 9 < Rating ≤ 10 | Very Good | No ride discomfort expected at speed limit |
| 6 < Rating ≤ 9 | Good | Minor ride discomfort expected at speed limit |
| 3 < Rating ≤ 6 | Fair | Increased ride discomfort expected at speed limit; may need to reduce speed due to safety concerns |
| 0 ≤ Rating ≤ 3 | Poor | Unable to travel at speed limit due to significant ride discomfort and safety concerns |

[1]Descriptions are adapted from the Township's 2024 Road Needs Study completed by CD Watters Engineering Ltd.

The Township most recently assessed the surface condition of its roads as part of its 2024 Road Needs Study. Based on the results of this assessment, the Township's paved (i.e., surface treated and asphalt) roads were assessed to have an average surface condition rating of 7.1. This would indicate that the Township's paved roads were in an overall 'Good' condition state (on average) at the time of the assessment and can be expected to provide a comfortable ride quality, with some minor discomfort expected when travelling at the posted speed limit.

The Township's 2024 Road Needs Study also assigned surface condition ratings to its unpaved (i.e., gravel) road segments based on their observed physical state to provide a numeric representation of their condition. The Township's unpaved roads were assessed to have an average surface condition rating of 5.8, indicating that gravel roads were in an overall 'Fair' condition state at the time of the assessment. Based on this assessment, users may experience increased discomfort when travelling at the posted speed limit on gravel roads.

It is noted that the condition of gravel roads can change rapidly and unpredictably due to factors such as weather conditions and recency of maintenance activities (e.g., re-grading, application of dust suppressant, spot applications of granular, etc.). Therefore, the current condition of the Township's gravel roads may be significantly different from what was observed as part of the 2024 Road Needs Study's assessment (and is presented herein).

Table 2-5 summarizes the average surface condition rating and associated condition states of the Township's roads by surface type.

Table 2-5: Roads – Average Surface Condition Rating and Associated Condition States by Surface Type

| Surface Type | Average Surface Condition Rating[1] | Condition State |
|---|---|---|
| Asphalt | 8.1 | Good |
| Surface Treated | 6.6 | Good |
| **Average (Paved)** | **7.1** | **Good** |
| Gravel | 5.8 | Fair |
| **Average (Overall)** | **6.3** | **Good** |

[1]Weighted average utilizing the surface area of road segments as weights.

The distribution (surface area) of the Township's roads by condition state and surface type is illustrated in Figure 2-4 and the distribution (surface area) of the Township's roads by condition rating range is illustrated in Figure 2-5.

Figure 2-4: Roads – Distribution (by surface area) of Roads by Condition State and Surface Type

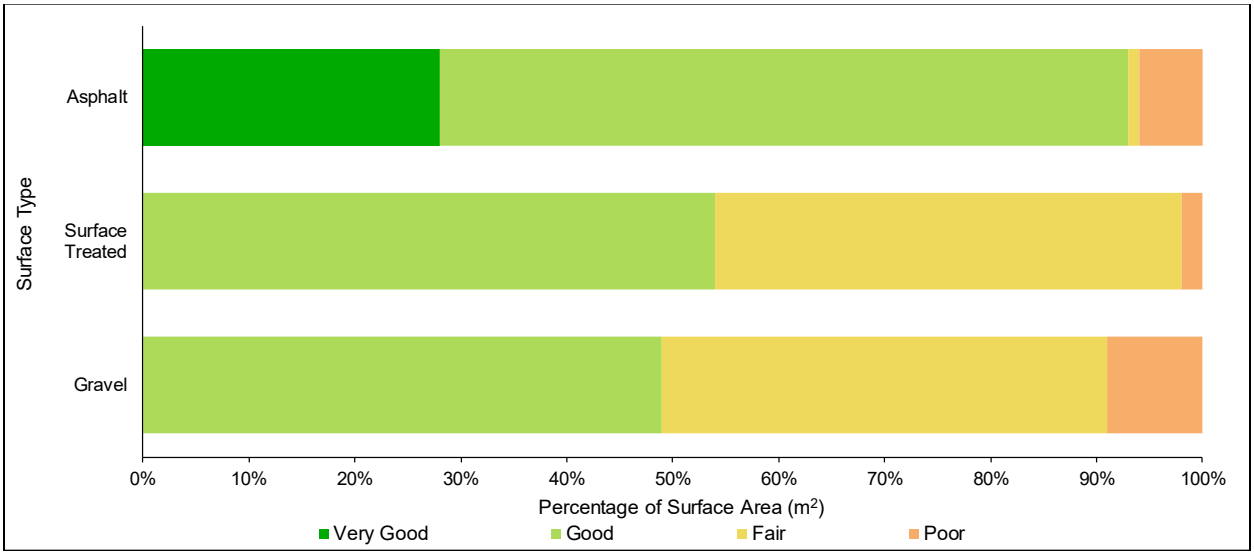
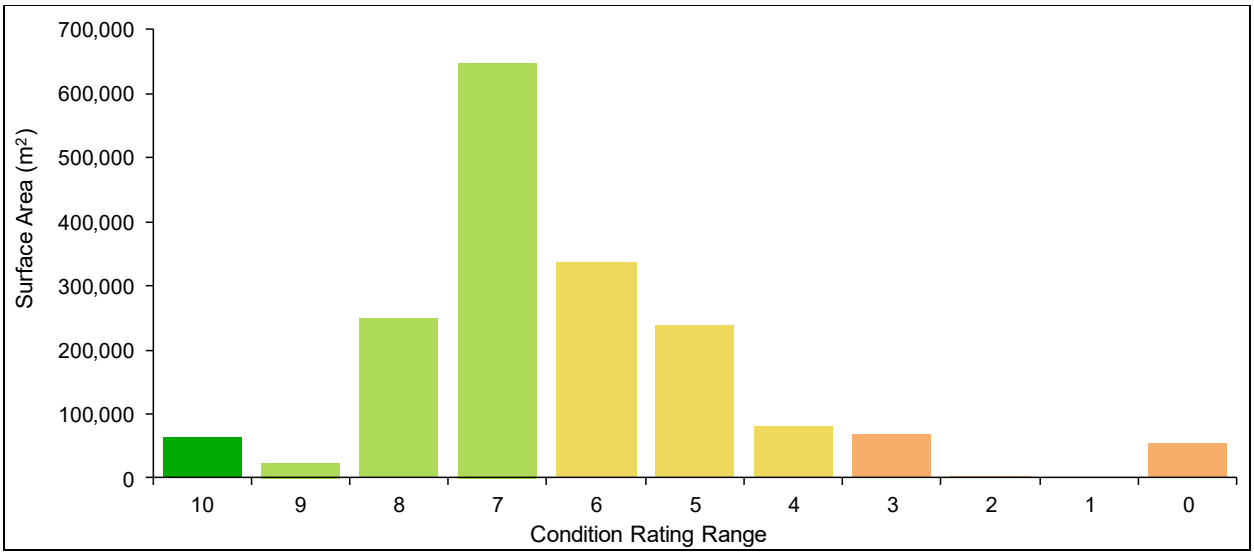



Figure 2-5: Roads – Distribution (by surface area) of Roads by Condition Rating Range




In accordance with *Ontario Regulation 104/97: Standards for Bridges* (O. Reg. 104/97), the Township completes biennial inspections of its bridges based on the *Ontario Structure Inspection Manual* (OSIM). To provide an overall measure of condition, Bridge

Condition Index (BCI) ratings are calculated by assigning weighted values to the condition of various structural (e.g., deck, foundation, superstructure, substructure, girders/beams, bearings, etc.) and non-structural elements (e.g., sidewalks, curbs, handrails, barriers, signage, etc.). BCI ratings are typically represented on a scale of 0 to 100, with 100 being a bridge in new or as-new condition.

To better communicate the condition of the Township's structures, BCI ratings have been segmented into qualitative condition states as summarized in Table 2-6.

Table 2-6: Structures – Definition of Qualitative Condition States

| BCI Rating Range | Condition State | Description |
|---|---|---|
| 70 ≤ BCI ≤ 100 | Good | Repair and/or rehabilitation activities are typically not required to be completed within the next five years. Routine maintenance activities (e.g., sweeping, cleaning, washing, etc.) are still recommended. |
| 50 ≤ BCI < 70 | Fair | Repair and/or rehabilitation activities are typically required to be completed within the next five years. Structures in this condition state are ideal candidates for scheduling major lifecycle activities as further deterioration in condition often leads to uneconomical increases in repair and/or rehabilitation costs. |
| 0 ≤ BCI < 50 | Poor | Repair and/or rehabilitation activities are typically required to be completed within the next year. However, if it is determined that replacing the structure would be a more viable, practical, or economical solution, the structure can be identified for continued monitoring and scheduled for replacement within the short-to-medium term. |

Based on its 2024 OSIM Inspection Report, the Township's structures have an average BCI rating of 75.9, indicating that, on average, structures are in a 'Good' condition state.

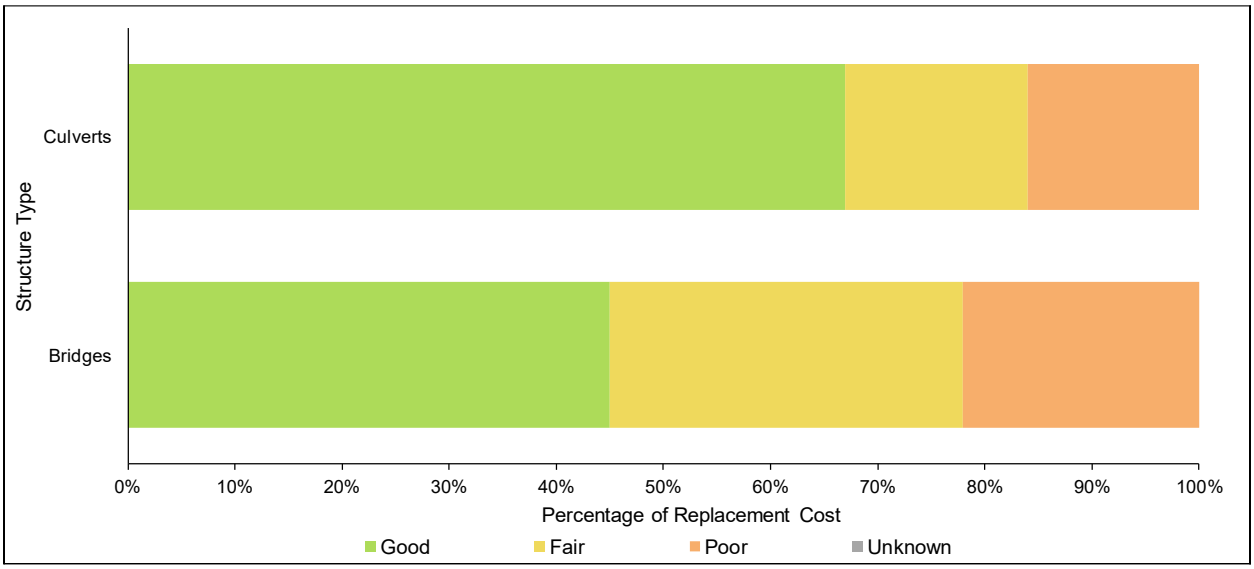
Table 2-7 summarizes the average BCI rating and associated condition states of the Township's structures.

Table 2-7: Structures – Average BCI Ratings and Condition States by Structure Type

| Structure Type | Average BCI Rating[1] | Condition State |
|---|---|---|
| Bridges | 77.9 | Good |
| Culverts | 74.4 | Good |
| **Total** | **75.9** | **Good** |

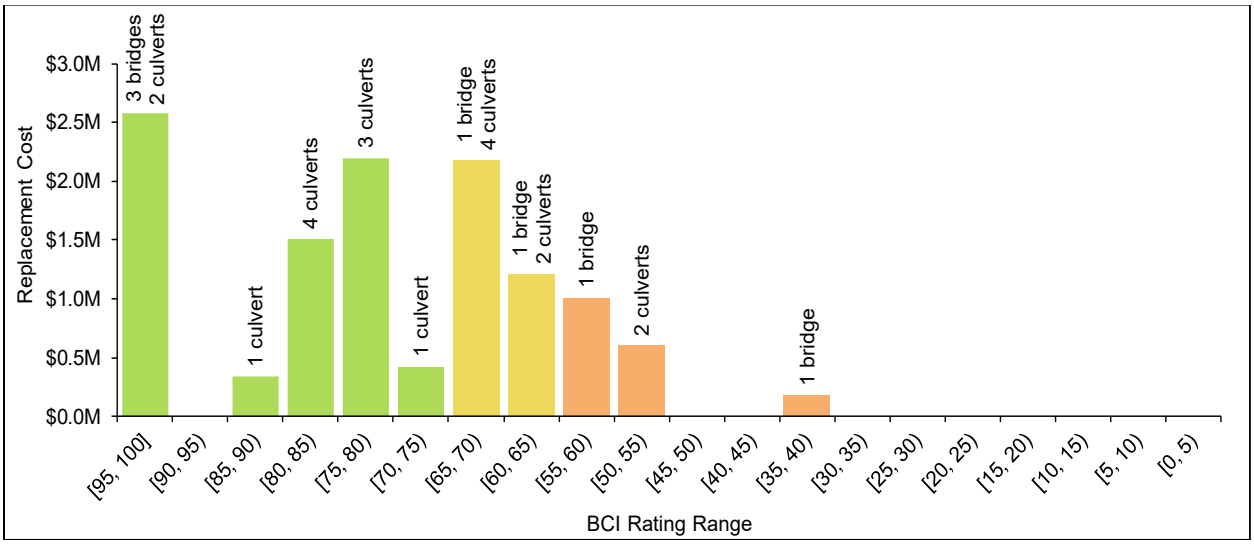
The distribution (replacement cost) of the Township's structures by condition state and structure type is illustrated in Figure 2-6 and by BCI rating range is illustrated in Figure 2-7.

Figure 2-6: Structures – Distribution (by replacement cost) of Assets by Condition State and Structure Type




[1]Weighted average utilizing the replacement cost of structures as weights.

Figure 2-7: Structures – Distribution (by replacement cost) of Assets by BCI Rating Range




Similar to its roads, the Township periodically completes condition assessments on its sidewalks and assigns each assessed sidewalk segment a condition rating using a 10-point rating scale based on the frequency and severity of observed defects. To better communicate the condition of the Township's sidewalks, condition ratings have been segmented into qualitative condition states as summarized in Table 2-8.

Table 2-8: Sidewalks – Definition of Qualitative Condition States

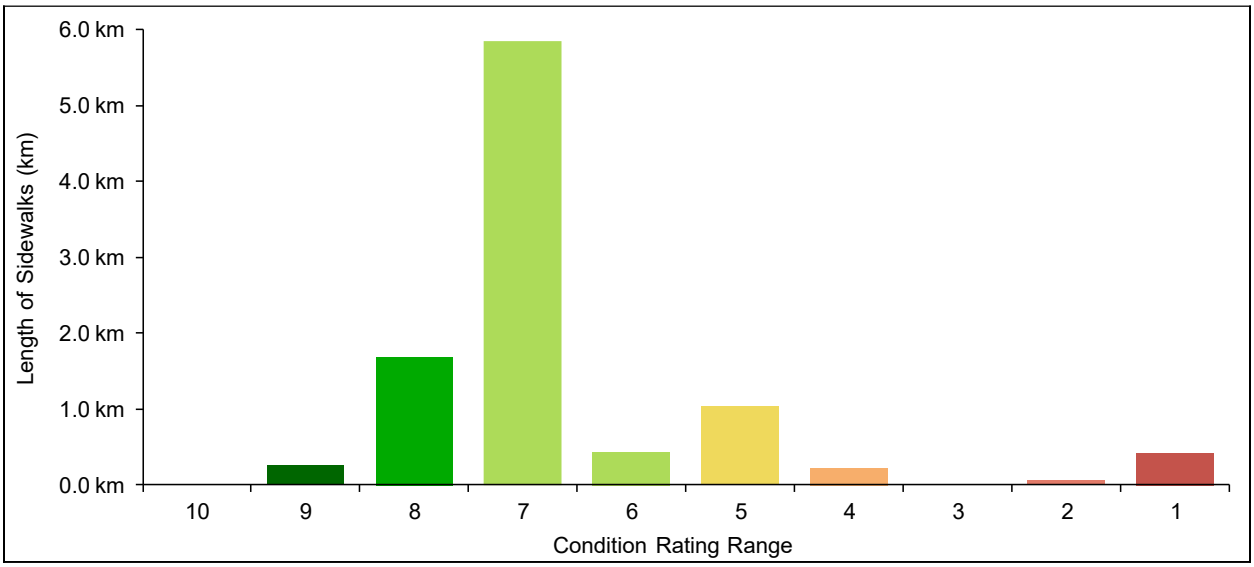
| Condition Rating | Condition State |
|---|---|
| 8 < Rating ≤ 10 | Excellent |
| 7 < Rating ≤ 8 | Very Good |
| 5 < Rating ≤ 7 | Good |
| 4 < Rating ≤ 5 | Fair |
| 2 < Rating ≤ 4 | Poor |
| 1 < Rating ≤ 2 | Very Poor |
| Rating = 1 | Failed |

The Township most recently assessed the condition of its sidewalks as part of its 2024 Road Needs Study. Based on the results of this assessment, the Township's sidewalks

were assessed to have an average condition rating of 6.6[1]. This would indicate that the Township's sidewalks were in an overall 'Good' condition state (on average) at the time of the assessment, with some general defects such as scaling, spalling, and hairline-to-medium sized cracking observed.

The distribution (length) of the Township's sidewalks by condition rating is illustrated in Figure 2-8.

Figure 2-8: Sidewalks – Distribution (by length) of Assets by Condition Rating Range




Lastly, the condition of the Township's guiderails and streetlights has not been directly assessed through physical condition assessments. For the purposes of this asset management plan, condition ratings have been assigned to these assets based on their ages relative to their respective useful service life expectancies (i.e., based on the percentage of useful service life consumed (ULC%)). A brand-new asset would have a ULC% of 0%, indicating that none of the asset's life expectancy has been utilized. Conversely, an asset that has reached the end of its life expectancy would have a ULC% of 100%. It is possible for assets to have a ULC% greater than 100%, which occurs if the asset has exceeded its typical life expectancy but continues to be in service. This is not necessarily a cause for concern; however, it must be recognized that assets near or beyond their typical useful service life expectancy are likely to require

[1]Weighted average utilizing the length of each sidewalk segment as weights.

replacement or rehabilitation in the near term, may exhibit reduced reliability, and may have increasing repair and maintenance costs.

To better communicate the condition of assets, ULC% ratings have been segmented into qualitative condition states, as summarized in Table 2-9. The scale is set to show that if assets are replaced at the end of their expected useful service life, they would be in a "Fair" condition state. For assets that remain in service beyond their useful service life expectancies (i.e., ULC% > 100%), their probabilities of failure are assumed to have increased to a point where these assets would be characterized as being in a "Poor" or "Very Poor" condition state.

Table 2-9: Definition of Condition States based on ULC% Ranges

| ULC% | Condition State |
|---|---|
| 0% ≤ ULC% ≤ 45% | Very Good |
| 45% < ULC% ≤ 90% | Good |
| 90% < ULC% ≤ 100% | Fair |
| 100% < ULC% ≤ 125% | Poor |
| 125% < ULC% | Very Poor |

The Township's guiderails and streetlights have an average ULC% of 100.0%, indicating that they are currently in a 'Fair' condition state, on average. Table 2-10 summarizes the average ULC% and associated condition states of these assets by asset type.

Table 2-10: Streetlights and Guiderails – Average ULC% and Condition States by Asset Type

| Asset Type | Average ULC%[1] | Condition State |
|---|---|---|
| Guiderails | 131.9% | Very Poor |
| Streetlights | 68.8% | Good |
| **Average** | **100.0%[2]** | **Fair** |

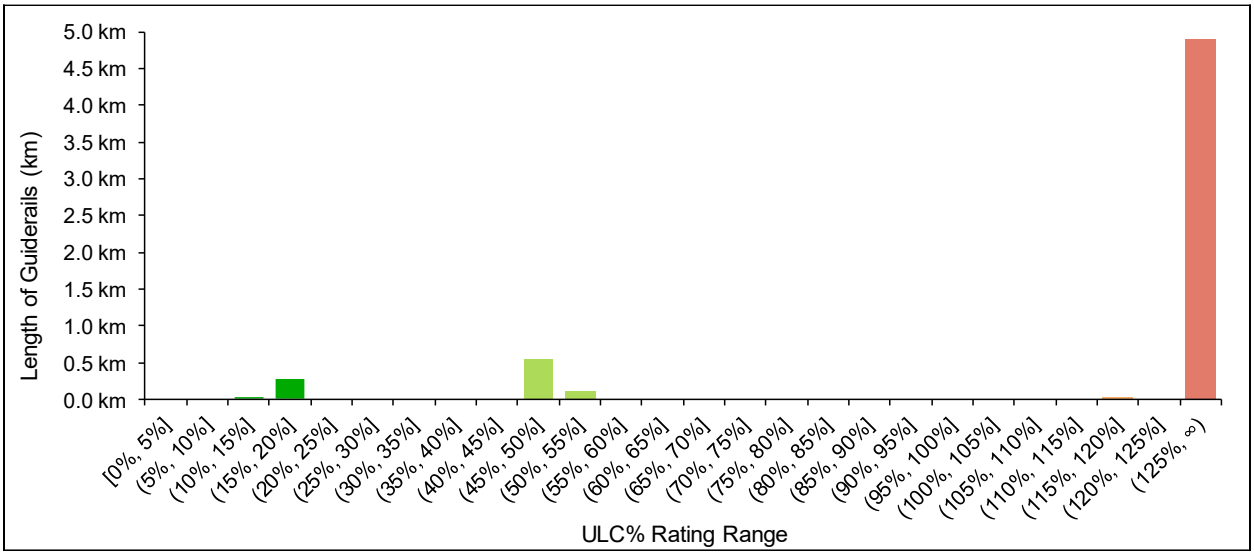
[1]Weighted average utilizing the length of each guiderail and the replacement cost of each streetlight as weights.

[2]Weighted average utilizing the total replacement cost of each asset type as weights.

It is noted that an age-based condition assessment (as presented above) may not always be an accurate proxy for the condition of guiderails, as they can be maintained in adequate condition for an extended period through the completion of maintenance and repair activities, which are typically conducted in coordination with planned road work.

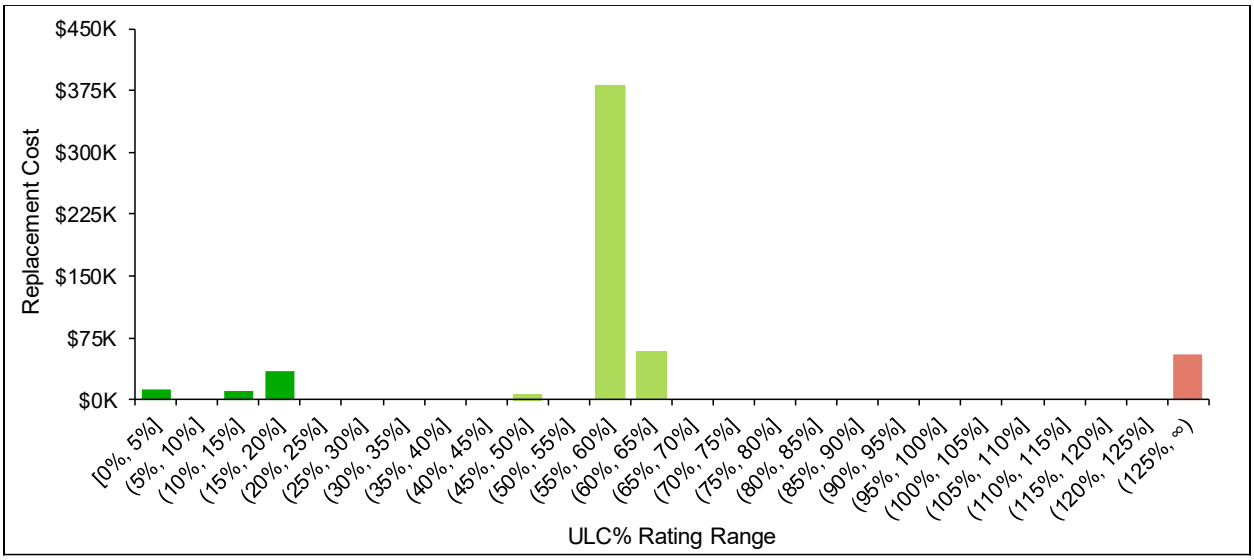
The distribution (length) of the Township's guiderails by ULC% rating range is illustrated in Figure 2-9.

Figure 2-9: Guiderails – Distribution (by length) of Assets by ULC% Rating Range




The distribution (replacement cost) of the Township's streetlights by ULC% rating range is illustrated in Figure 2-10.

Figure 2-10: Streetlights – Distribution (by replacement cost) of Assets by ULC% Rating Range




### 2.1.3 Levels of Service

The levels of service currently provided by the Township's transportation assets are, in part, a result of the state of local infrastructure presented above. The levels of service framework presented in this subsection identifies both the levels of service that assets are currently providing as well as the proposed levels of service (i.e., target performance) that the Township is striving towards. The levels of service frameworks presented in this asset management plan were developed by identifying service aspects that would be of interest to end users (and more broadly, the general public) and in consideration of available data.

The Township's levels of service frameworks are organized in tables, which are structured as follows:

- The 'Service Attribute' column in Table 2-11 indicates the high-level attribute being addressed;
- The 'Community Levels of Service' column in Table 2-11 explains the Township's intent in plain language and provides additional information about the service being provided;
- The 'Performance Measure' column in Table 2-12 describes the performance measure(s) connected to the identified service attribute;

- The ‘Current Performance’ column in Table 2-12 identifies the current level of service with respect to each performance measure based on the best available data; and
- The ‘Target Performance’ column in Table 2-12 identifies the proposed level of service with respect to each performance measure.

Table 2-11: Transportation Assets – Community Levels of Service

| Service Attribute | Community Levels of Service |
|---|---|
| **Scope** | The Township’s transportation assets enable the safe and efficient movement of people and goods within the Township and provide connectivity to regional roads. In addition to passenger vehicles, the Township’s transportation assets also support commercial truck traffic, movement of agricultural equipment, and reliable emergency vehicle access to all areas of the Township. The broader transportation network also supports active transportation modes such as walking and cycling. |
| **Quality** | The Township strives to maintain its transportation assets at a level that supports the safe and efficient passage of vehicular and pedestrian traffic. |
| | To aid in interpreting the condition of transportation assets, descriptions of different condition states are summarized in Section 2.1.2. General descriptions of how each condition state affects the use of assets is also provided in therein. |

Table 2-12: Transportation Assets – Technical Levels of Service

| Service Attribute | Performance Measure | Current Performance | Target Performance |
|---|---|---|---|
| **Scope** | Number of lane-kilometres of arterial roads as a proportion of square kilometres of land area of the Township. | Not Applicable[1] | Not Applicable |
| | Number of lane-kilometres of collector roads as a proportion of square kilometres of land area of the Township. | 0.23 km/km² | 0.23 km/km² |

[1]The Township does not currently own and maintain any arterial roads within its road network.

| Service Attribute | Performance Measure | Current Performance | Target Performance |
|---|---|---|---|
| | Number of lane-kilometres of local roads as a proportion of square kilometres of land area of the Township. | 0.55 km/km² | 0.55 km/km² |
| | Percentage of bridges in the Township with loading or dimensional restrictions. | 0% | 0% |
| | Percentage (by length) of roads with an asphalt surface. | 12% | 12% |
| | Percentage (by length) of roads with surface treatment. | 30% | 41%[1] |
| | Percentage (by length) of roads with a gravel surface. | 58% | 47%[1] |
| **Quality** | For paved roads in the municipality, the average Pavement Condition Index value. | 71[2] | Maximize |
| | For unpaved roads in the Township, the average surface condition. | Fair | Good to Fair |
| | For bridges in the Township, the average bridge condition index value. | 78 | Maximize |
| | For structural culverts in the Township, the average bridge condition index value. | 74 | Maximize |
| | Average condition rating (and condition state) of sidewalks. | 6.6 (Good) | Maximize |
| | Percentage (by length) of sidewalks in a 'Fair' or better condition state. | 93% | Maximize |
| | Percentage (by replacement cost) of streetlights in a 'Fair' or better condition state. | 90% | Maximize |

[1]The Township plans to convert approximately 26.7 km of its gravel roads to surface treatment over the next 10 years.

[2]As mentioned in Section 2.1.2, the Township assesses the condition of its road segments utilizing a 10-point rating scale as summarized in Table 2-4. The average surface condition rating of paved roads has been multiplied by a factor of 10 to provide an estimate of the average pavement condition index value, which is typically reported on a scale of 0 to 100.

## 2.2 Tax-funded Facilities

### *2.2.1 State of Local Infrastructure*

The Township owns and manages 27 facilities that support the provision of the various municipal services that are funded by the general tax levy. The inventory includes administrative facilities (municipal office, medical centre, and library at Keystone complex), fire stations (Shedden and Talbotville fire stations), public works facilities (e.g., Public Works garage, salt and sand storage building, etc.), and recreation facilities (e.g., Keystone complex, park pavilions, concession booths, etc.).

The estimated current replacement cost of Township's facilities is $23.8 million. Public works facilities represent the largest share of replacement cost at $6.9 million (29%), followed by recreation facilities at $6.6 million (28%), fire stations at $5.9 million (25%), and lastly, administrative facilities at $4.3 million (18%). The average age of the Township's facilities is 16.5 years.

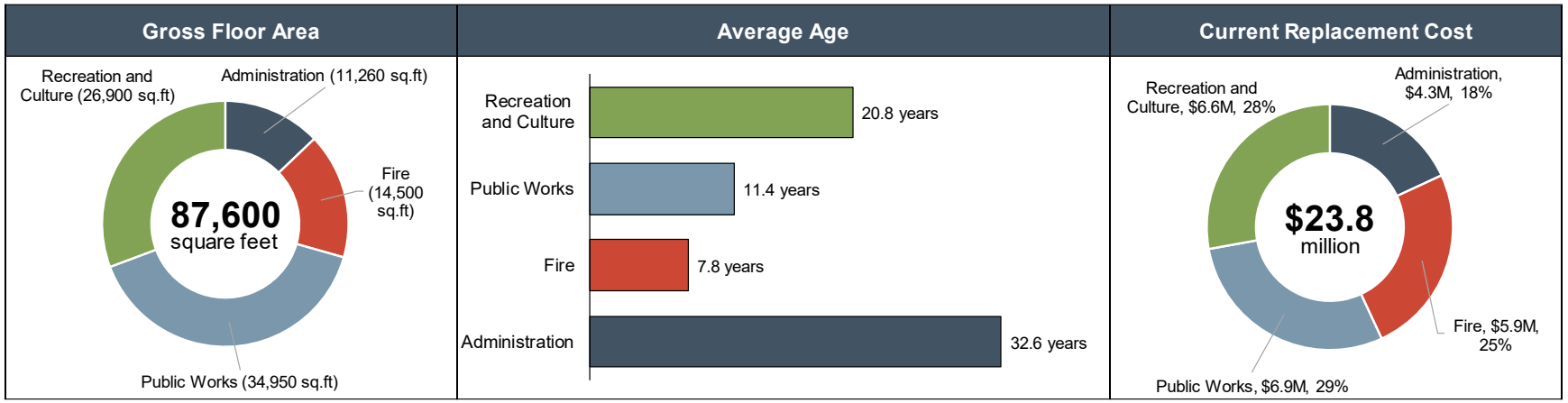
Table 2-13 summarizes the quantity, gross floor area, average age, and estimated current replacement cost of the Township's facilities by service area. This information is further illustrated in Figure 2-11.

Table 2-13: Facilities – Quantity, Gross Floor Area, Average Age, and Replacement Cost by Service Area

| Service Area | Quantity | Gross Floor Area | Average Age[1] | Current Replacement Cost |
|---|---|---|---|---|
| Administration | 3 facilities | 11,300 ft$^2$ | 32.6 years | $4,299,000 |
| Fire Services | 2 facilities | 14,500 ft$^2$ | 7.8 years | $5,943,000 |
| Public Works | 5 facilities | 35,000 ft$^2$ | 11.4 years | $6,905,000 |
| Recreation & Culture | 17 facilities | 26,900 ft$^2$ | 20.8 years | $6,621,000 |
| **Total** | **27 facilities** | **87,600 ft$^2$** | **16.5 years** | **$23,768,000** |

[1]Weighted average utilizing the gross floor area of each facility as weights.

Figure 2-11: Facilities – Gross Floor Area, Average Age, and Replacement Cost by Service Area



### 2.2.2 Condition

The condition of the Township's facilities has not been formally assessed through physical condition assessments. For the purposes of this asset management plan, condition ratings have been assigned to the various building elements comprising each facility based on each element's age relative to its respective useful service life (i.e. based on the percentage of useful service life consumed (ULC%))[1]. Please refer to Section 2.1.2 for further information on this condition assessment methodology.

Calculated ULC% ratings of each facility's respective building elements were subsequently averaged to provide a high-level indicator of each facility's overall condition. To better communicate the condition of facilities, these average ULC% ratings were segmented into qualitative condition states as summarized previously in Table 2-9.

The average ULC% of the Township's facilities is 30.1%, indicating that, on average, building elements are currently in a 'Very Good' condition state. Table 2-14 summarizes the average ULC% and associated condition states of the facilities by service area.

Table 2-14: Facilities – Average ULC% and Condition States by Service Area

| Service Area | Average ULC%[2] | Condition State |
|---|---|---|
| Administration | 37.7% | Very Good |
| Fire Services | 22.9% | Very Good |
| Public Works | 22.3% | Very Good |
| Recreation and Culture | 41.0% | Very Good |
| **Average** | **30.1%** | **Very Good** |

The distribution (gross floor area) of the Township's facilities by condition state and service area is illustrated in Figure 2-12 and by ULC% rating range is illustrated in Figure 2-13.

[1]It is noted that the inventory of building elements comprising each facility is based on the Township's Citywide database. Consequently, any building elements not inventoried in the Township's Citywide database are excluded from the condition assessment presented herein.

[2]Weighted average using replacement cost of each asset as weights.

Figure 2-12: Facilities – Distribution (by gross floor area) of Assets by Condition State and Service Area

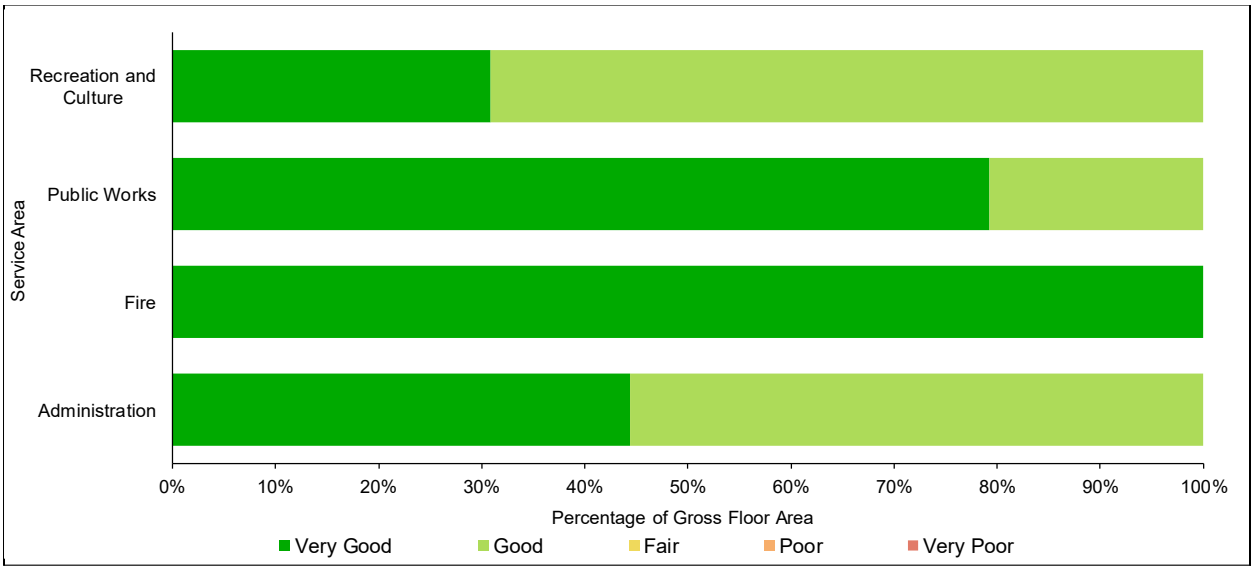
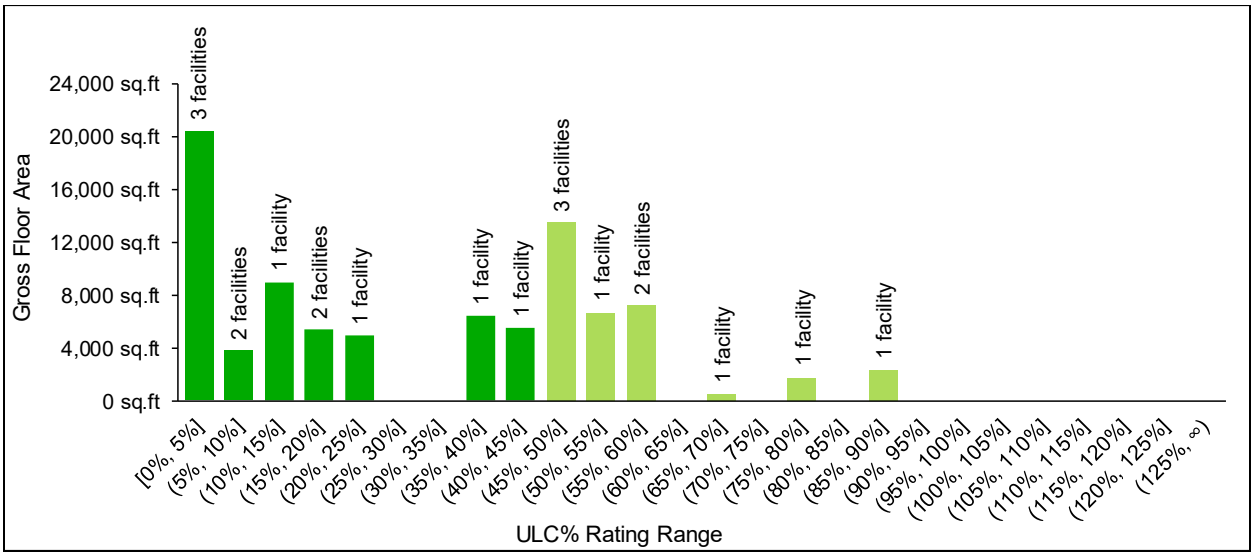



Figure 2-13: Facilities – Distribution (by gross floor area) of Assets by ULC% Rating Range




## 2.2.3 Levels of Service

This subsection presents the Township's levels of service framework for facilities. Table 2-15 presents the Service Attributes and Community Levels of Service while Table 2-16 presents the Technical Levels of Service (i.e., performance measures). Please refer to section 2.1.3 for further details on the Township's levels of service framework.

Table 2-15: Facilities – Community Levels of Service

| Service Attribute | Community Levels of Service |
|---|---|
| **Capacity** | The Township strives to align the capacity of its facilities with the service demands of its community. |
| **Quality** | The Township strives to maintain its facilities in adequate condition to continue effectively supporting the provision of municipal services. |

Table 2-16: Facilities – Technical Levels of Service

| Service Attribute | Performance Measure | Current Performance | Target Performance |
|---|---|---|---|
| **Capacity** | Gross floor area (square footage) of administrative facilities per 100 residents. | 205 $ft^2$ / 100 residents[1] | 177 $ft^2$ / 100 residents[1] |
| | Gross floor area (square footage) of fire stations per 100 residents. | 263 $ft^2$ / 100 residents[1] | 228 $ft^2$ / 100 residents[1] |
| | Gross floor area (square footage) of public works facilities per kilometre of roads. | 147 $ft^2$ / kilometre | 147 $ft^2$ / kilometre |
| | Gross floor area (square footage) of recreation facilities per 100 residents. | 489 $ft^2$ / 100 residents[1] | 422 $ft^2$ / 100 residents[1] |
| **Quality** | Percentage (by gross floor area) of administrative facilities in a 'Fair' or better condition state. | 100% | Maximize |
| | Percentage (by gross floor area) of fire stations in a 'Fair' or better condition state. | 100% | Maximize |
| | Percentage (by gross floor area) of public works facilities in a 'Fair' or better condition state. | 100% | Maximize |
| | Percentage (by gross floor area) of recreation facilities in a 'Fair' or better condition state. | 100% | Maximize |

[1]Based on population projections provided in the Township's 2020 Development Charges Background Study.

## 2.3 Tax-funded Fleet and Equipment

### *2.3.1 State of Local Infrastructure*

The Township's inventory of fleet and equipment assets comprises vehicles ranging from light-duty pickup trucks to larger vehicles such as plow trucks, graders, and fire fleet assets such as tankers and pumpers. The inventory also includes various pieces of equipment that support public works operations, administrative functions, and fire-fighting activities.

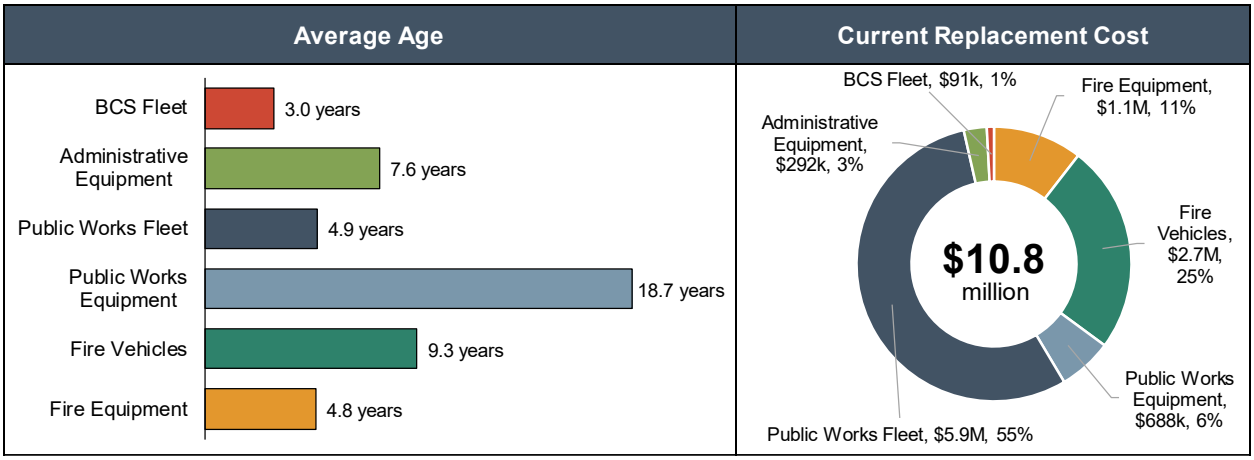
The estimated current replacement cost of the Township's fleet and equipment assets is $10.8 million. Public works fleet assets represent the largest share of replacement cost at $5.9 million (55%), followed by fire fleet assets at $2.7 million (25%), fire-fighting equipment at $1.1 million (11%), public works equipment at $688,000 (6%), general administrative equipment (including IT assets) at $292,000 (3%), and lastly, vehicles belonging to Building and Community Services (BCS) at $91,000 (1%). The average age of the Township's fleet and equipment assets is 6.9 years.

Table 2-17 summarizes the average age and estimated current replacement cost of the Township's fleet and equipment assets by asset type. This information is further illustrated in Figure 2-14.

Table 2-17: Fleet and Equipment – Average Age and Replacement Cost by Asset Type

| Asset Type | Examples | Average Age[1] | Current Replacement Cost |
|---|---|---|---|
| Fire Equipment | Radios, SCBAs, bunker gear etc. | 4.8 years | $1,136,000 |
| Fire Vehicles | Pumpers, tankers, rescue vehicles, etc. | 9.3 years | $2,659,000 |
| Public Works Equipment | Generators, mowers, cardlock fuel system, etc. | 18.7 years | $688,000 |
| Public Works Fleet | Plows, pickup trucks, loaders, backhoes, etc. | 4.9 years | $5,946,000 |
| Administrative Equipment | IT hardware, office furniture, etc. | 7.6 years | $292,000 |
| Building and Community Services Vehicles | Pickup trucks (2) | 3.0 years | $91,000 |
| **Total** | | **6.9 years** | **$10,812,000** |

Figure 2-14: Fleet and Equipment – Average Age and Replacement Cost by Asset Type




## 2.3.2 Condition

The condition of the Township's fleet and equipment assets has not been directly assessed through physical condition assessments. For the purposes of this asset management plan, condition ratings have been assigned to assets based on age

[1]Weighted average utilizing the replacement cost of each asset as weights.

relative to useful service life (i.e. based on the percentage of useful service life consumed (ULC%)). To better communicate the condition of these assets, ULC% ratings have been segmented into qualitative condition states as summarized previously in Table 2-9. Please refer to Section 2.1.2 for further information on this condition assessment methodology.

The Township's fleet and equipment assets have an average ULC% of 48.3%, indicating that, on average, assets are currently in a 'Good' condition state. Table 2-18 summarizes the average ULC% and associated condition states of the fleet and equipment assets by asset type.

Table 2-18: Fleet and Equipment – Average ULC% and Condition States by Asset Type

| Asset Type | Average ULC%[1] | Condition State |
|---|---|---|
| Fire Equipment | 49.2% | Good |
| Fire Vehicles | 47.8% | Good |
| Public Works Equipment | 123.4% | Poor |
| Public Works Fleet | 36.3% | Very Good |
| Administrative Equipment | 118.9% | Poor |
| Building and Community Services Vehicles | 42.9% | Very Good |
| **Average** | **48.3%** | **Good** |

The distribution (replacement cost) of the Township's fleet and equipment assets by condition state and asset type is illustrated in Figure 2-15 and by ULC% rating range is illustrated in Figure 2-16.

[1]Weighted average using replacement cost of each asset as weights.

Figure 2-15: Fleet and Equipment Assets – Distribution (by replacement cost) of Assets by Condition State and Asset Type

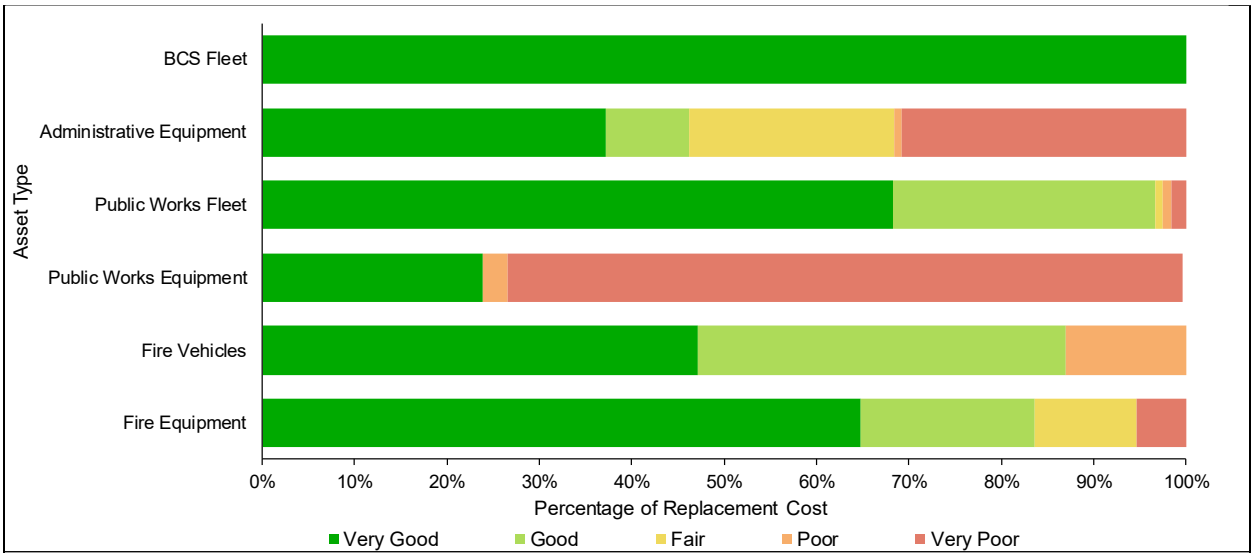
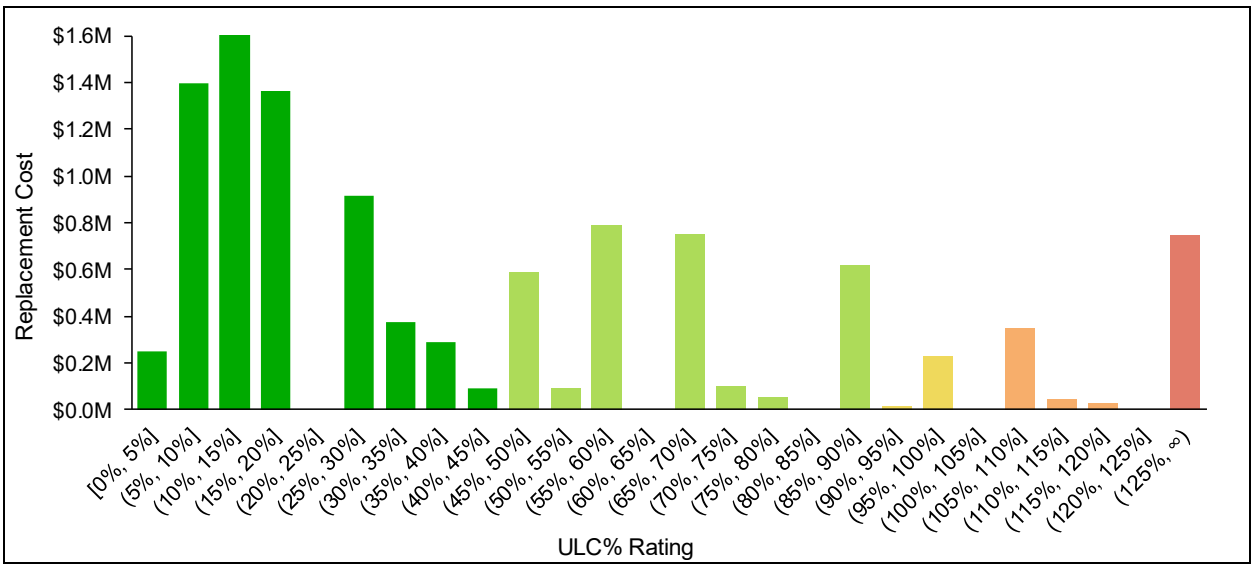



Figure 2-16: Fleet and Equipment Assets – Distribution (by replacement cost) of Assets by ULC% Rating Range




## 2.3.3 Levels of Service

This subsection presents the Township's levels of service framework for fleet and equipment assets. Table 2-19 presents the Service Attributes and Community Levels of Service, while Table 2-20 presents the Technical Levels of Service (i.e., performance

measures). Please refer to section 2.1.3 for further details on the Township's levels of service framework.

Table 2-19: Fleet and Equipment – Community Levels of Service

| Service Attribute | Community Levels of Service |
|---|---|
| **Reliability** | The Township strives to minimize the number and impact of unplanned repair/maintenance activities performed on its fleet and equipment assets. |

Table 2-20: Fleet and Equipment – Technical Levels of Service

| Service Attribute | Performance Measure | Current Performance | Target Performance |
|---|---|---|---|
| **Reliability** | Percentage (by replacement cost) of fire-fighting equipment in a 'Fair' or better condition state. | 95% | Maximize |
| | Percentage (by replacement cost) of fire fleet assets in a 'Fair' or better condition state. | 87% | Maximize |
| | Percentage (by replacement cost) of public works equipment assets in a 'Fair' or better condition state. | 24% | Maximize |
| | Percentage (by replacement cost) of public works fleet assets in a 'Fair' or better condition state. | 97% | Maximize |
| | Percentage (by replacement cost) of general administrative equipment assets in a 'Fair' or better condition state. | 68% | Maximize |
| | Percentage (by replacement cost) of Building and Community Services vehicles in a 'Fair' or better condition state. | 100% | Maximize |

## 2.4 Parks and Recreation

### *2.4.1 State of Local Infrastructure*

The Township owns and manages a variety of parks and recreation assets comprising ball diamonds and sport courts, lighting and fencing assets, play equipment, parking lots, and other miscellaneous equipment assets such as picnic tables, chairs, audio/video equipment, kitchen appliances, etc.

The estimated current replacement cost of the Township's parks and recreation assets is $2.2 million. Lighting and fencing assets represent the largest share of this replacement cost at $881,000 (41%), followed by play equipment at $539,000 (25%), ball diamonds and sport courts at $313,000 (14%), miscellaneous equipment assets at $308,000 (14%), and lastly, parking lots at $132,000 (6%). The average age of the Township's parks and recreation assets is approximately 9.8 years.

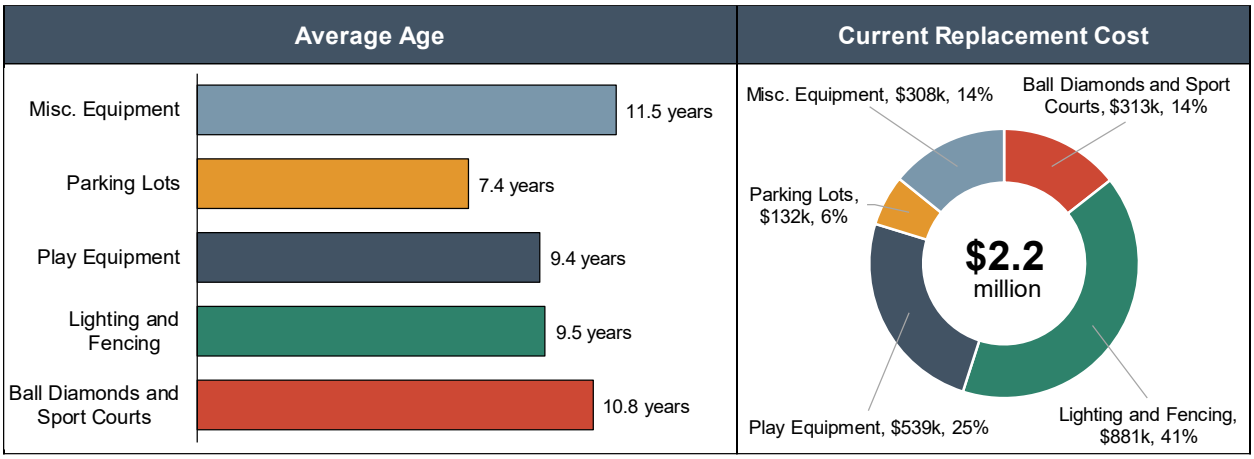
Table 2-21 summarizes the average age and estimated current replacement cost of the Township's parks and recreation assets by asset type and this information is further illustrated in Figure 2-17.

Table 2-21: Parks and Recreation – Average Age and Replacement Cost by Asset Type

| Asset Type | Average Age[1] | Current Replacement Cost |
|---|---|---|
| Ball Diamonds and Sport Courts | 10.8 years | $313,000 |
| Lighting and Fencing | 9.5 years | $881,000 |
| Play Equipment | 9.4 years | $539,000 |
| Parking Lots | 7.4 years | $132,000 |
| Misc. Equipment | 11.5 years | $308,000 |
| **Total** | **9.8 years** | **$2,173,000** |

[1]Weighted average utilizing the replacement cost of each asset as weights.

Figure 2-17: Parks and Recreation – Average Age and Replacement Cost by Asset Type




## 2.4.2 Condition

The condition of the Township's parks and recreation assets has not been directly assessed through physical condition assessments. For the purposes of this asset management plan, condition ratings have been assigned to assets based on age relative to useful service life (i.e. based on the percentage of useful service life consumed (ULC%)). To better communicate the condition of these assets, ULC% ratings have been segmented into qualitative condition states as summarized previously in Table 2-9. Please refer to Section 2.1.2 for further information on this condition assessment methodology.

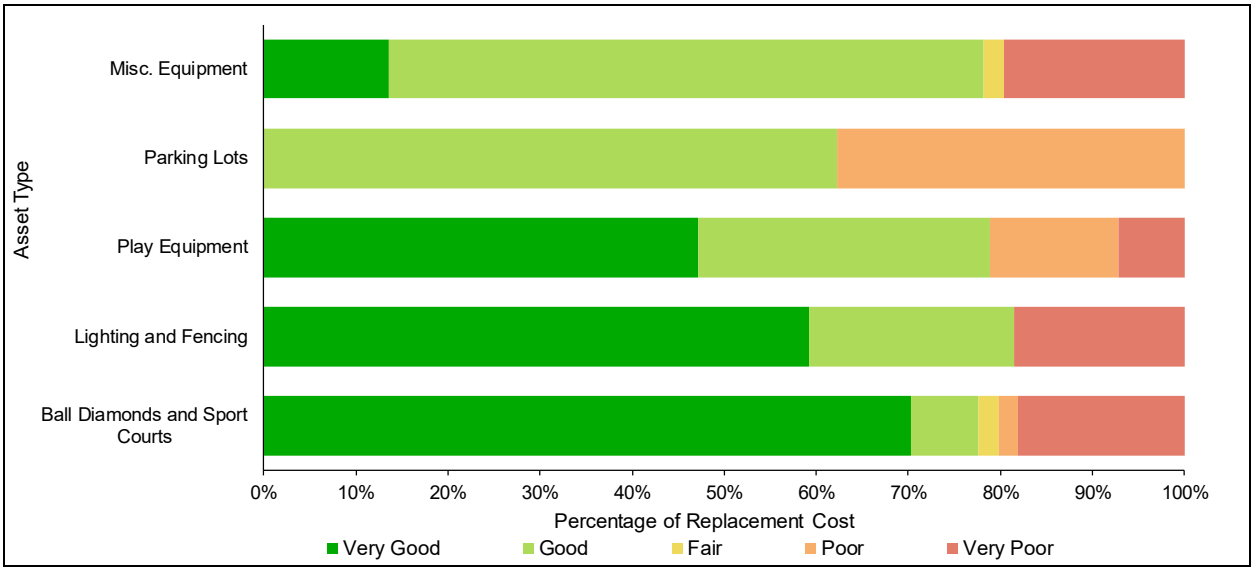
The Township's parks and recreation assets have an average ULC% of 69.5%, indicating that, on average, assets are currently in a 'Good' condition state. Table 2-22 summarizes the average ULC% and associated condition states of the parks and recreation assets.

Table 2-22: Parks and Recreation – Average ULC% and Condition State by Asset Type

| Asset Type | Average ULC%[1] | Condition State |
|---|---|---|
| Ball Diamonds and Sport Courts | 62.0% | Good |
| Lighting and Fencing | 59.9% | Good |
| Play Equipment | 62.5% | Good |
| Parking Lots | 74.1% | Good |
| Misc. Equipment | 114.8% | Poor |
| **Average** | **69.5%** | **Good** |

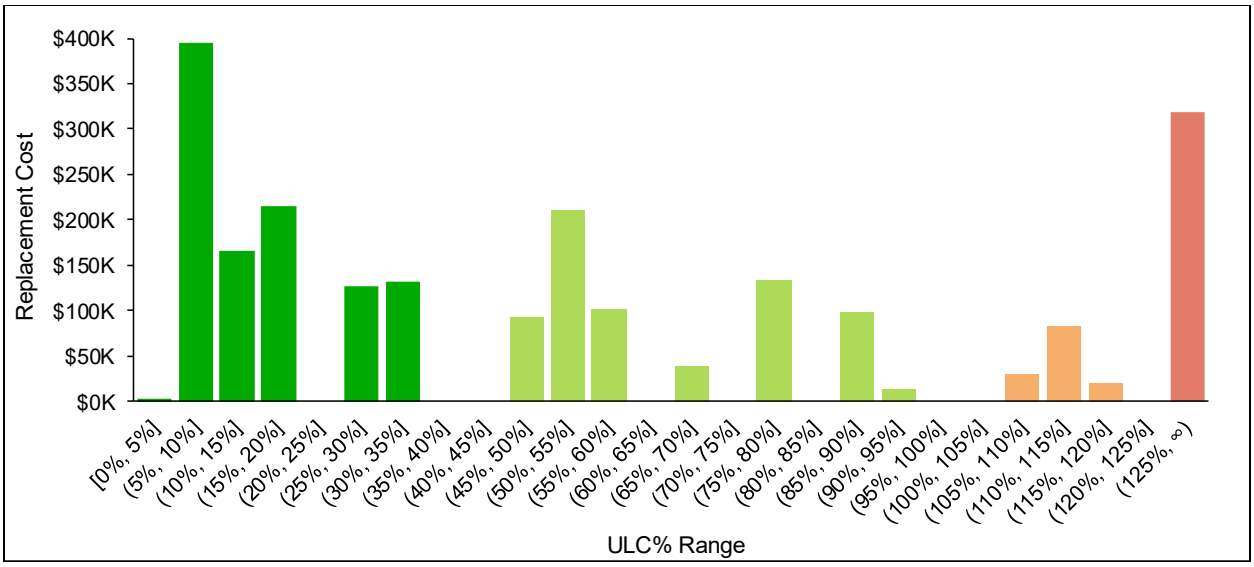
The distribution (replacement cost) of the Township's parks and recreation assets by condition state and asset type is illustrated in Figure 2-18 and by ULC% rating range is illustrated in Figure 2-19.

Figure 2-18: Parks and Recreation – Distribution (replacement cost) of Assets by Condition State and Asset Type




[1]Weighted average using replacement cost of each asset as weights.

Figure 2-19: Parks and Recreation – Distribution (by replacement cost) of Assets by ULC% Rating Range




### 2.4.3 Levels of Service

This subsection presents the Township's levels of service frameworks for its parks and recreation assets. Table 2-23 presents the Service Attributes and Community Levels of Service, while Table 2-24 presents the Technical Levels of Service (i.e., performance measures). Please refer to section 2.1.3 for further details on the Township's levels of service framework.

Table 2-23: Parks and Recreation – Community Levels of Service

| Service Attribute | Community Levels of Service |
|---|---|
| **Reliability** | The Township strives to maintain its parks and recreation assets in adequate condition to continue providing a satisfactory user experience. |

Table 2-24: Parks and Recreation – Technical Levels of Service

| Service Attribute | Performance Measure | Current Performance | Target Performance |
|---|---|---|---|
| **Reliability** | Percentage (by replacement cost) of ball diamonds and sport courts in a 'Fair' or better condition state. | 80% | Maximize |
| | Percentage (by replacement cost) of lighting and fencing assets in a 'Fair' or better condition state. | 82% | Maximize |
| | Percentage (by replacement cost) of play equipment assets in a 'Fair' or better condition state. | 79% | Maximize |
| | Percentage (by replacement cost) of parking lots in a 'Fair' or better condition state. | 62% | Maximize |
| | Percentage (by replacement cost) of miscellaneous equipment assets in a 'Fair' or better condition state. | 80% | Maximize |

## 2.5 Stormwater

### *2.5.1 State of Local Infrastructure*

The Township's stormwater system supports the management of stormwater runoff, provides flood protection, manages the rate of groundwater discharge while helping to recharge groundwater reserves, and helps stop contaminants from entering the water supply. The system is supported by 8.6 km of stormwater mains and numerous catch basins and manholes.

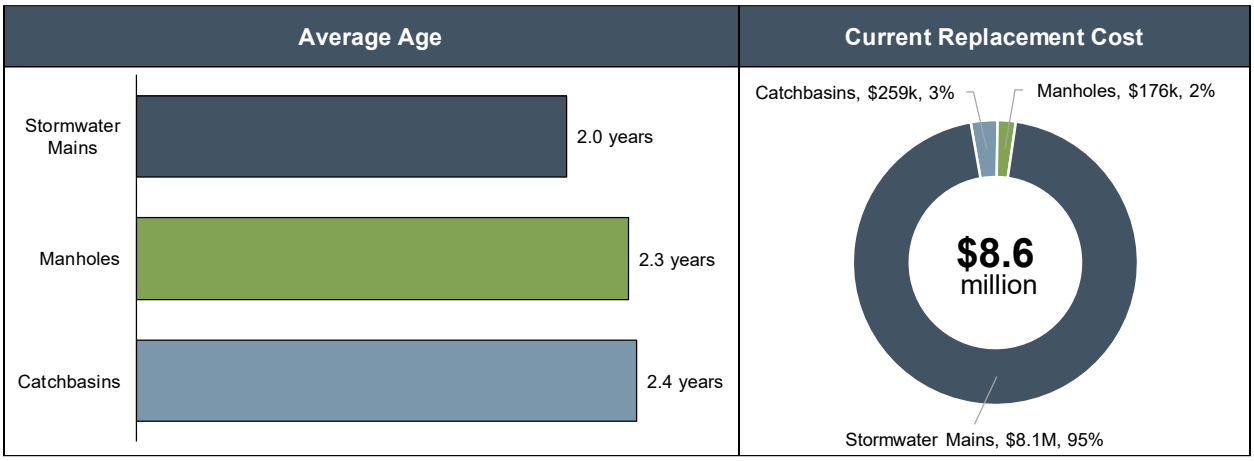
The estimated current replacement cost of the Township's stormwater system assets is $8.6 million. Stormwater mains represent the largest share of the replacement cost at $8.1 million (95%), followed by catch basins at $259,000 (3%), and manholes at $176,000 (2%). The average age of the Township's stormwater system assets is 2.1 years.

Table 2-21 summarizes the average age and estimated current replacement cost of the Township's stormwater system assets by asset type and this information is further illustrated in Figure 2-17.

Table 2-25: Stormwater – Average Age and Replacement Cost by Asset Type

| Asset Type | Average Age[1] | Current Replacement Cost |
|---|---|---|
| Catch Basins | 2.4 years | $259,000 |
| Manholes | 2.3 years | $176,000 |
| Stormwater Mains | 2.0 years[2] | $8,127,000 |
| **Total** | **2.1 years[3]** | **$8,562,000** |

Figure 2-20: Stormwater – Average Age and Replacement Cost by Asset Type




## 2.5.2 Condition

The condition of the Township's stormwater system assets has not been directly assessed through physical condition assessments. For the purposes of this asset management plan, condition ratings have been assigned to assets based on age relative to useful service life (i.e. based on the percentage of useful service life consumed (ULC%)). To better communicate the condition of these assets, ULC% ratings have been segmented into qualitative condition states as summarized previously

[1]Weighted average utilizing the length of stormwater mains and replacement cost of other assets as weights.

[2]It is noted that the ages of approximately 75% (by length) of the Township's stormwater mains are not readily available. As such, these assets are excluded from the calculation of average age presented herein.

[3]Weighted average utilizing the total replacement cost of each asset type as weights.

in Table 2-9. Please refer to Section 2.1.2 for further information on this condition assessment methodology.

The Township's stormwater assets have an average ULC% of 2.7%, indicating that, on average, assets are in a 'Very Good' condition state. Table 2-26 summarizes the average ULC% and associated condition states of stormwater assets.

Table 2-26: Stormwater – Average ULC% and Condition States by Asset Type

| Asset Type | Average ULC%[1] | Condition State |
|---|---|---|
| Catch Basins | 3.2% | Very Good |
| Manholes | 3.1% | Very Good |
| Stormwater Mains | 2.7%[2] | Very Good |
| **Average** | **3.2%[3]** | Very Good |

The distribution (replacement cost) of the Township's stormwater assets by condition state and asset type is illustrated in Figure 2-21 and by ULC% rating range is illustrated in Figure 2-22.

[1]Weighted average utilizing the length of stormwater mains and replacement cost of other assets as weights.

[2]As noted earlier in Section 2.5.1, the ages of approximately 75% (by length) of the Township's stormwater mains are not readily available. As such, ULC% rating cannot be calculated for these assets at this time and these assets are excluded from the calculation of weighted average ULC%.

[3]Weighted average utilizing the replacement cost of assets as weights.

Figure 2-21: Stormwater – Distribution (by replacement cost) of Assets by Condition State and Asset Type

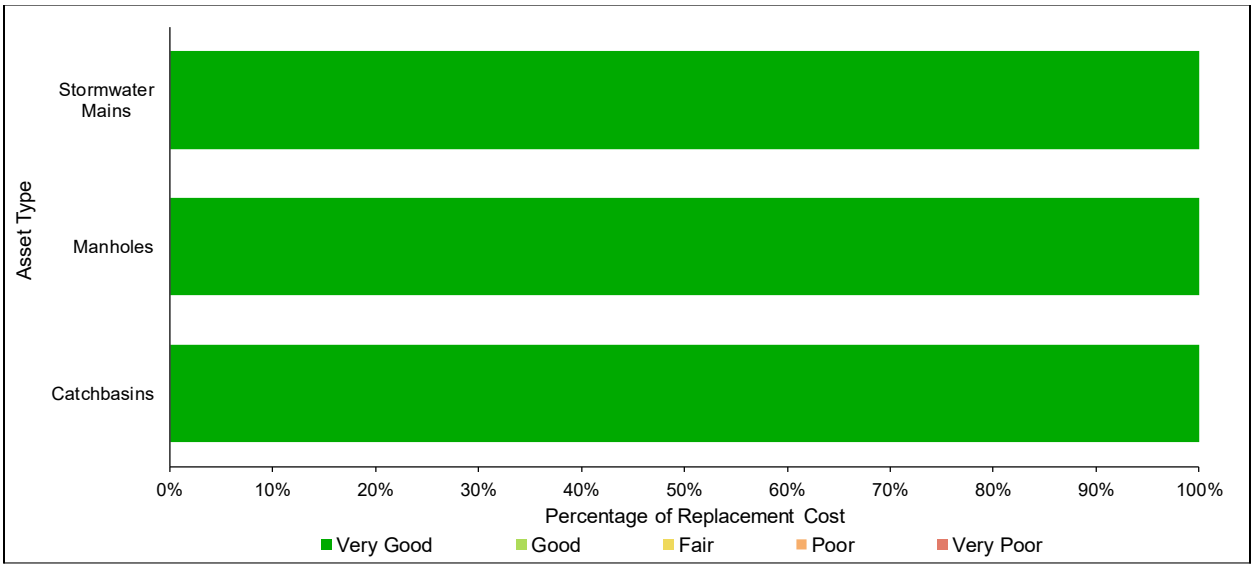
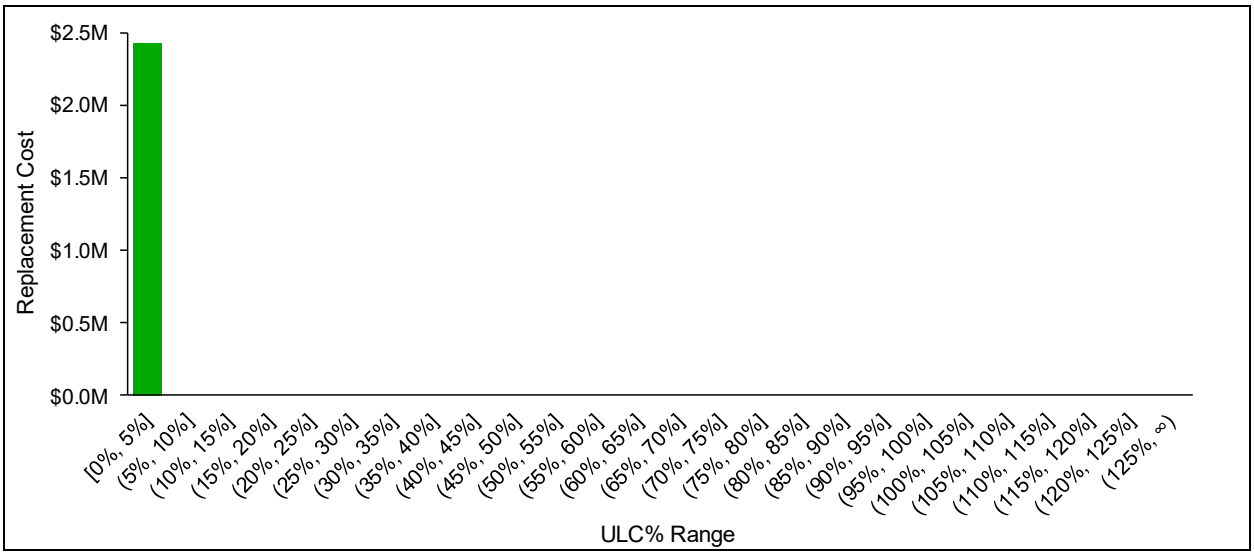



Figure 2-22: Stormwater – Distribution (replacement cost) of Assets by ULC% Rating Range




## 2.5.3 Levels of Service

This section presents the Township's levels of service framework for stormwater assets. Table 2-27 presents the Service Attributes and Community Levels of Service, while Table 2-28 presents the Technical Levels of Service (i.e., performance measures).

Please refer to section 2.1.3 for further details on the Township's levels of service framework.

Table 2-27: Stormwater – Community Levels of Service

| Service Attribute | Community Levels of Service |
|---|---|
| **Scope** | The stormwater management system enables collection and retention of stormwater within the Township. |
| **Reliability** | The Township strives to maintain its stormwater system assets in adequate condition to reliably provide flood protection to properties and roads, manage the rate of groundwater discharge, and assist in reducing the level of contamination entering the natural environment. |

Table 2-28: Stormwater – Technical Levels of Service

| Service Attribute | Performance Measure | Current Performance | Target Performance |
|---|---|---|---|
| **Scope** | Percentage of properties in municipality resilient to a 100-year storm. | 15% | 15% |
| | Percentage of the municipal stormwater management system resilient to a 5-year storm. | 48% | 100% |
| **Reliability** | Percentage (by length) of stormwater mains in a 'Fair' or better condition state. | 100%[1] | Maximize |
| | Percentage (by replacement cost) of catch basins in a 'Fair' or better condition state. | 100% | Maximize |
| | Percentage (by replacement cost) of manholes in a 'Fair' or better condition state. | 100% | Maximize |

[1]As noted earlier in Section 2.5.2, an age-based condition assessment cannot be completed for approximately 75% (by length) of the Township's stormwater mains due to data limitations. As such, these assets have been excluded from the calculation of the current performance of this measure.

## 2.6 Water

### *2.6.1 State of Local Infrastructure*

The Township's water distribution system provides potable water for residential and business consumption, fire suppression needs, and also for the Township's own maintenance operations and facilities. The system is supported by 245.9 km of watermains, a number of water meters, a pickup truck, and water facilities that support secondary disinfection and pressure boosting. It is noted that primary disinfection is undertaken by the Elgin Area Primary Water Supply system, which provides treated water to the Township's water distribution system. It is further noted that while the Township owns all water system assets and is responsible for funding their lifecycle requirements, the operation of the Township's water distribution system is contracted to the Ontario Clean Water Agency (OCWA).

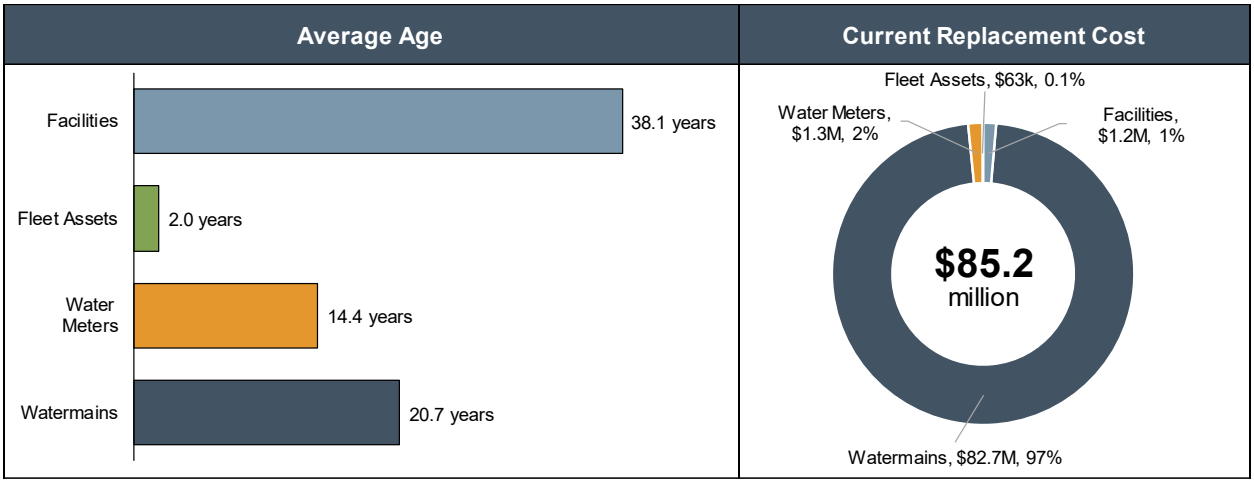
The estimated current replacement cost of the Township's water system assets is $85.2 million. Watermains represent the largest share of this replacement cost at $82.7 million (97%), followed by water meters at $1.3 million (2%), water facilities at $1.2 million (1%), and lastly, the pickup truck at $63,000 (0.1%). The average age of the Township's water system assets is 20.8 years.

Table 2-29 summarizes the quantity, average age, and estimated current replacement cost of the Township's water system assets and this information is further illustrated in Figure 2-23.

Table 2-29: Water – Quantity, Average Age, and Replacement Cost by Asset Type

| Asset Type | Quantity | Average Age[1] | Current Replacement Cost |
|---|---|---|---|
| Watermains | 245.9 km | 20.7 years | $82,679,000 |
| Water Meters | 1,752 meters | 14.4 years | $1,314,000 |
| Fleet Assets | 1 pickup truck | 2.0 years | $63,000 |
| Facilities | 2 facilities | 38.1 years | $1,161,000 |
| **Total** | | **20.8 years[2]** | **$85,217,000** |

Figure 2-23: Water – Average Age and Replacement Cost by Asset Type




## 2.6.2 Condition

The condition of the Township's water system assets has not been directly assessed through physical condition assessments. For the purposes of this asset management plan, condition ratings have been assigned to assets based on age relative to useful service life (i.e. based on the percentage of useful service life consumed (ULC%)). To better communicate the condition of assets, ULC% ratings have been segmented into qualitative condition states, as summarized previously in Table 2-9. Please refer to Section 2.1.2 for further information on this condition assessment methodology.

[1]Weighted average utilizing the length of watermains and the replacement cost of other assets as weights.

[2]Weighted average utilizing the total replacement cost of each asset type as weights.

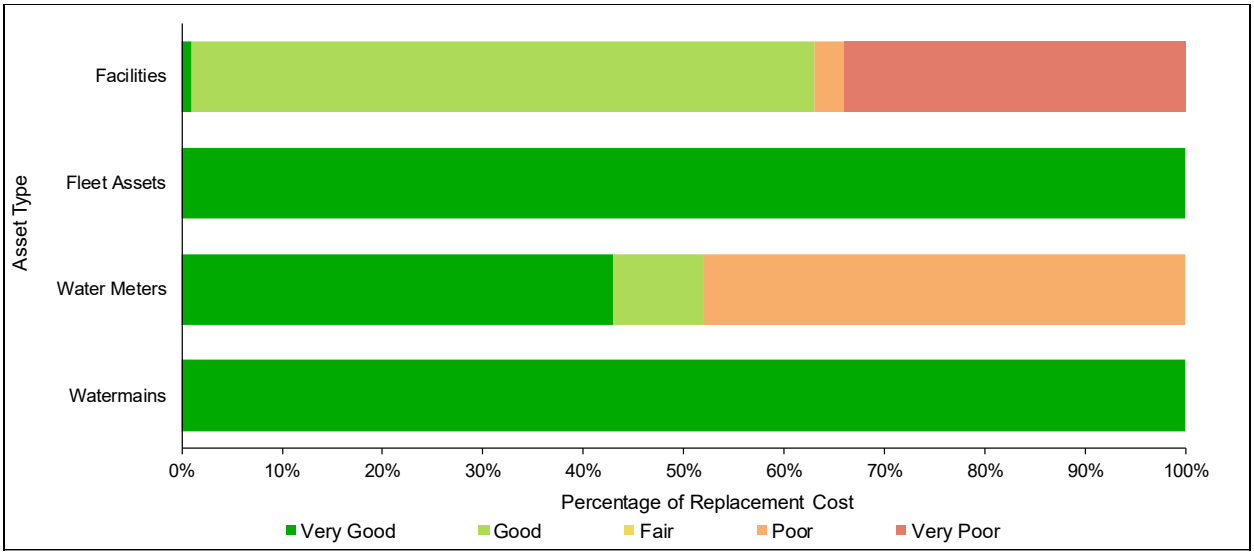
The Township's water system assets have an average ULC% of 29.2%, indicating that, on average, assets are in a 'Very Good' condition state. Table 2-30 summarizes the average ULC% ratings and associated condition states of the Township's water system assets by asset type.

Table 2-30: Water – Average ULC% and Condition States by Asset Type

| Asset Type | Average ULC%[1] | Condition State |
|---|---|---|
| Watermains | 27.6% | Very Good |
| Water Meters | 71.8% | Good |
| Fleet Assets | 28.6% | Very Good |
| Facilities | 90.4% | Fair |
| **Average** | **29.2%[2]** | Very Good |

The distribution (replacement cost) of the Township's water system assets by condition state and asset type is illustrated in Figure 2-24 and the distribution (length) of the Township's watermains by ULC% rating range is illustrated in Figure 2-25.

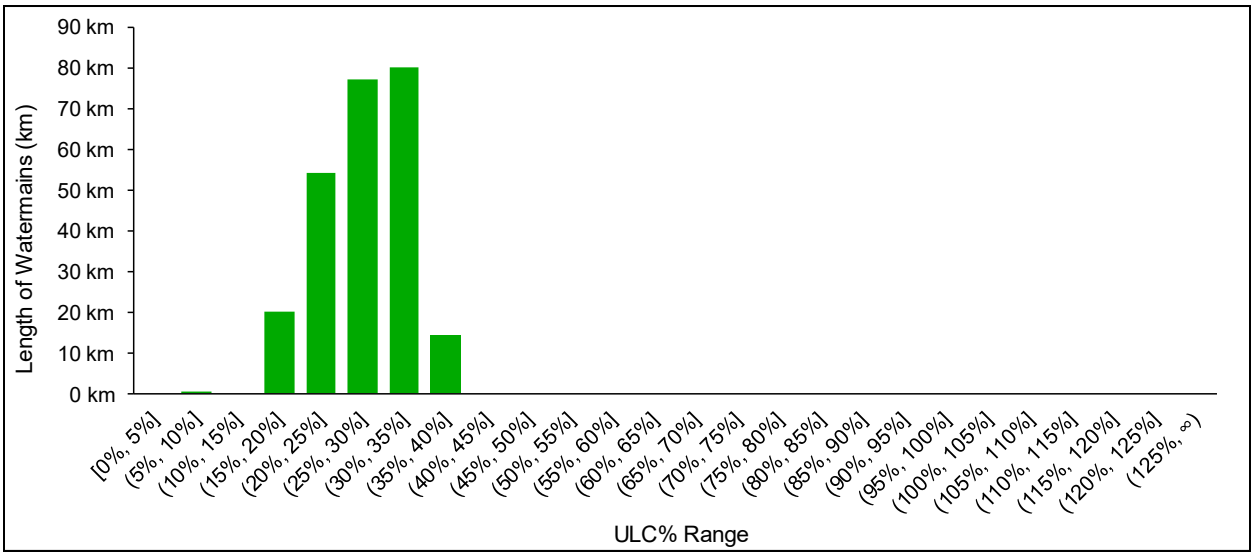
Figure 2-24: Water – Distribution (by replacement cost) of Assets by Condition State and Asset Type




[1]Weighted average utilizing the length of water mains and the replacement cost of other assets as weights.

[2]Weighted average utilizing the total replacement cost of each asset type as weights.

Figure 2-25: Watermains – Distribution (by length) of Assets by ULC% Rating Range




## *2.6.3 Levels of Service*

This subsection presents the Township's levels of service frameworks for its water assets. Table 2-31 presents the Service Attributes and Community Levels of Service while Table 2-32 presents the Technical Levels of Service (i.e., performance measures). Please refer to section 2.1.3 for further details on the Township's levels of service framework.

Table 2-31: Water – Community Levels of Service

| Service Attribute | Community Levels of Service |
|---|---|
| **Scope** | The Township's water distribution system provides potable water for residential and business consumption, as well as for the Township's own maintenance and fire-fighting operations and its facilities. The system provides fire flow to most connected properties. |
| **Reliability** | The Township manages its water distribution system with the goal of reliably delivering clean drinking water while also minimizing service interruptions and occurrences of adverse water quality events.<br><br>Boil water advisories can be triggered by adverse water quality reports from routine water testing or from ad hoc tests done after events that may have allowed contaminants into the system (e.g., watermain breaks).<br><br>Service interruptions can be caused by routine municipal work, including watermain replacements, water system repairs, service connection repairs, and maintenance of water system facilities. |

Table 2-32: Water – Technical Levels of Service

| Service Attribute | Performance Measure | Current Performance | Target Performance |
|---|---|---|---|
| **Scope** | Percentage of properties connected to the municipal water systems. | 90%[1] | 90% |
| | Percentage of properties where fire flow is available. | 69%[2] | 69% |
| **Reliability** | The number of connection-days per year where a boil water advisory notice is in place compared to the total number of properties connected to the municipal water systems. | 3.96 connection days / connection[3] | 0 connection days / connection |

[1]Based on the best available data, 1,850 properties out of a total of 2,059 properties in the Township are connected to the municipal water system.

[2]It is noted that watermain segments under 150 mm (6 inch) diameter, representing approximately 24% of the Township's watermain network, do not have fire hydrants installed. As such, it is estimated that an equivalent percentage of connected properties (24% or approx. 439 properties) do not have fire flow available.

[3]The Township issued one boil water advisory (BWA) in 2025, which was caused by a watermain break. The BWA lasted approximately four days, and all connected properties were affected.

| Service Attribute | Performance Measure | Current Performance | Target Performance |
|---|---|---|---|
| | The number of connection-days per year lost due to water main breaks compared to the total number of properties connected to the municipal water systems. | 0.33 connection days / connection[1] | 0 connection days / connection |
| | Percentage (by length) of watermains in a 'Fair' or better condition state. | 100% | Maximize |

## 2.7 Wastewater

### *2.7.1 State of Local Infrastructure*

The Township's wastewater collection and treatment system services primarily residential customers but also some light commercial and industrial customers in the settlement area of Talbotville. The system is supported by 2.4 km of wastewater mains and a wastewater treatment plant. It is noted that, similar to the water distribution system, while the Township owns all wastewater system assets and is responsible for funding their lifecycle requirements, the operation of the system is contracted to the Ontario Clean Water Agency (OCWA).

The estimated current replacement cost of the Township's wastewater system is $12.1 million, with wastewater mains accounting for 53% of this replacement cost (i.e., $6.4 million) and the wastewater treatment plant accounting for the remaining 47% (i.e., $5.7 million). The average age of the Township's wastewater system assets is 19.2 years.

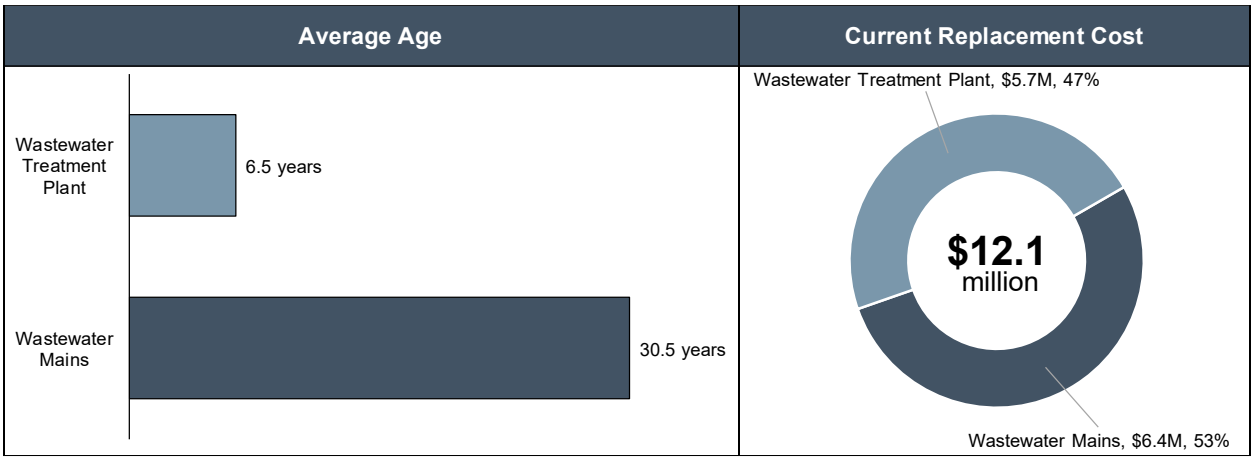
Table 2-33 summarizes the average age and estimated current replacement cost of the Township's wastewater system assets and this information is further illustrated in Figure 2-26.

[1]The Township experienced one watermain break in 2025, which affected all connected properties and lasted a total of eight hours. It is noted that not all properties were impacted for the entire eight-hour duration, as the break was isolated during the course of repairs.

Table 2-33: Wastewater – Average Age, and Replacement Cost

| Asset Type | Average Age[1] | Current Replacement Cost |
|---|---|---|
| Wastewater Mains | 30.5 years | $6,425,000 |
| Wastewater Treatment Plant | 6.5 years | $5,699,000 |
| **Total** | **19.2 years[2]** | **$12,124,000** |

Figure 2-26: Wastewater – Average Age, and Replacement Cost




## 2.7.2 Condition

The condition of the Township's wastewater system assets has not been directly assessed through physical condition assessments. For the purposes of this asset management plan, condition ratings have been assigned to assets based on age relative to useful service life (i.e. based on the percentage of useful service life consumed (ULC%)). To better communicate the condition of assets, ULC% ratings have been segmented into qualitative condition states, as summarized previously in Table 2-9. Please refer to Section 2.1.2 for further information on this condition assessment methodology.

The Township's wastewater system assets have an average ULC% of 28.1, indicating that, on average, assets are in a 'Very Good' condition state. Table 2-34 summarizes

[1]Weighted average utilizing the length of wastewater mains and replacement cost of wastewater treatment plant components as weights.

[2]Weighted average utilizing the total replacement cost of each asset type as weights.

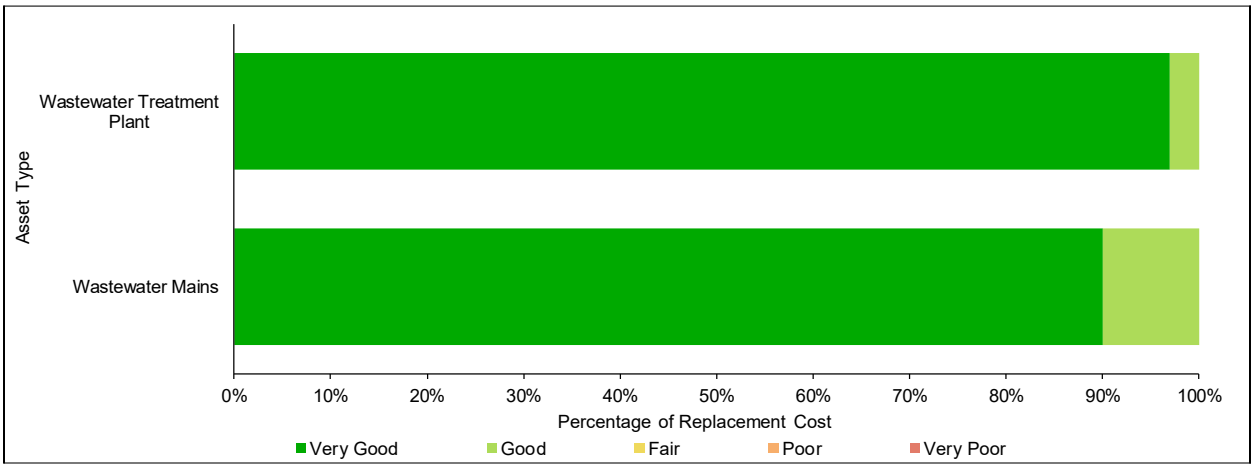
the average ULC% ratings and associated condition states of the Township's wastewater system assets by asset type.

Table 2-34: Wastewater – Average ULC% and Condition States by Asset Type

| Asset Type | Average ULC%[1] | Condition State |
|---|---|---|
| Wastewater Mains | 40.7% | Very Good |
| Wastewater Treatment Plant | 14.0% | Very Good |
| **Average** | **28.1%[2]** | **Very Good** |

The distribution (replacement cost) of the Township's wastewater assets by condition state and asset type is illustrated in Figure 2-27.

Figure 2-27: Wastewater Assets – Distribution (by replacement cost) of Assets by Condition State and Asset Type




The distribution of the Township's wastewater mains and wastewater treatment plant components by ULC% rating range is illustrated in Figure 2-28 and Figure 2-29, respectively.

[1]Weighted average utilizing the length of wastewater mains and the replacement cost of wastewater treatment plant components as weights.

[2]Weighted average utilizing the total replacement cost of each asset type as weights.

Figure 2-28: Wastewater Mains – Distribution (by length) of Assets by ULC% Rating Range

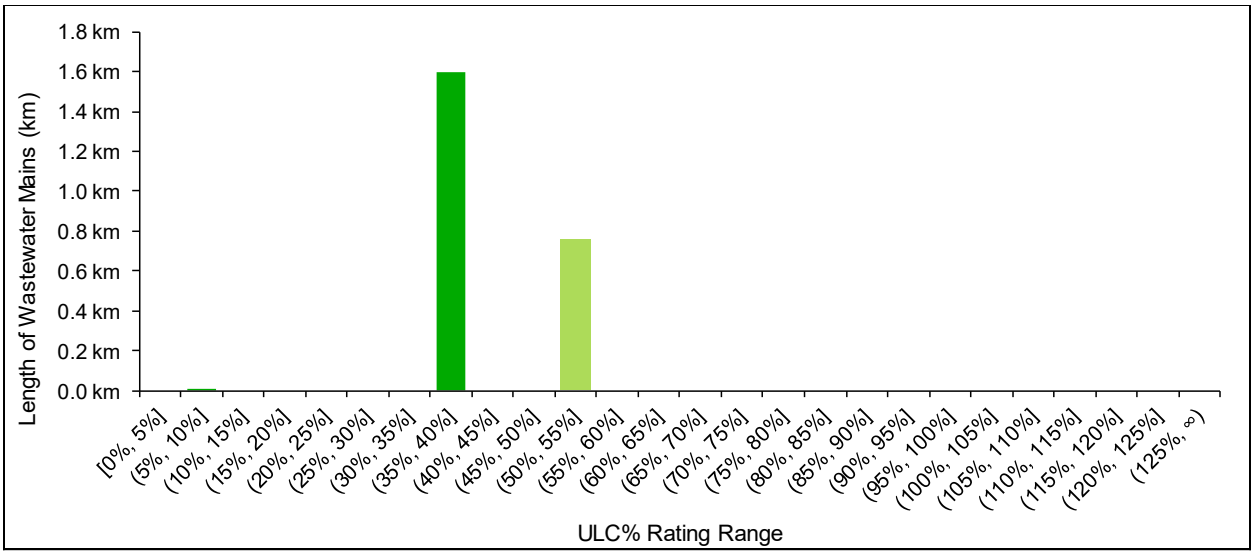
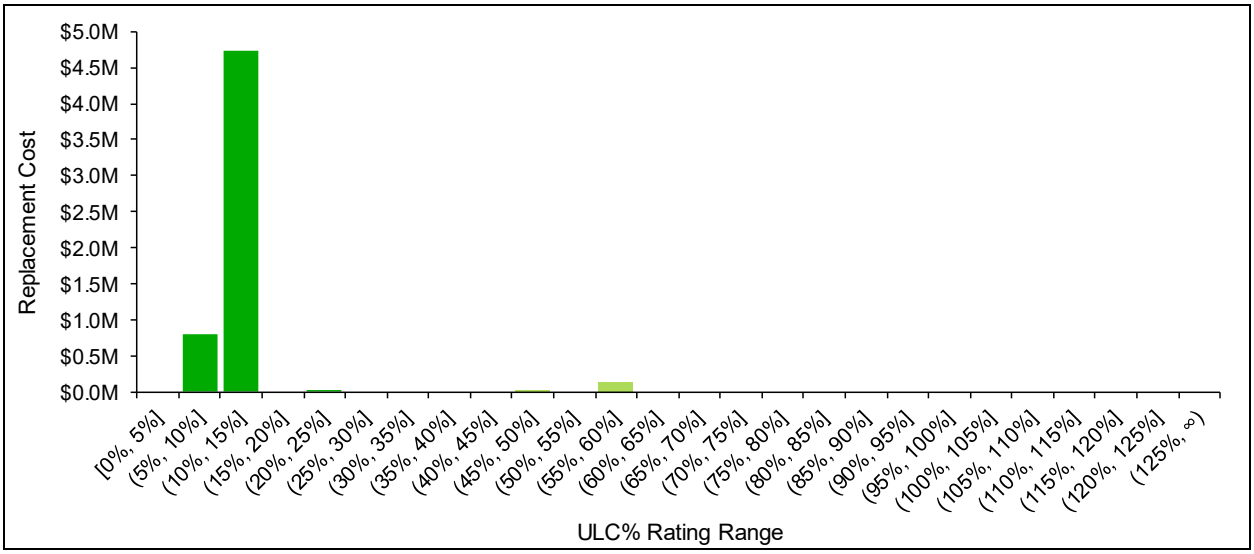



Figure 2-29: Wastewater Treatment Plant – Distribution (by replacement cost) of Assets by ULC% Rating Range




## *2.7.3 Levels of Service*

This subsection presents the Township's levels of service frameworks for wastewater assets. Table 2-35

Table 2-35 presents the Service Attributes and Community Levels of Service while Table 2-36 presents the Technical Levels of Service (i.e., performance measures).

Please refer to section 2.1.3 for further details on the Township's levels of service framework.

Table 2-35: Wastewater – Community Levels of Service

| Service Attribute | Community Levels of Service |
|---|---|
| **Scope** | The Township's wastewater collection and treatment system services primarily residential customers and some light commercial and industrial customers in the settlement area of Talbotville. The Township anticipates additional wastewater system demand in the settlement areas of Shedden and Fingal in the short-to-medium term. The Township plans to address this demand by constructing a new wastewater treatment plant in Shedden within the next five years. |
| **Reliability** | The Township's wastewater collection system is separated, meaning that sanitary and stormwater flows are carried in different mains to different destinations. At times, however, infiltration or inflow of both groundwater and stormwater can enter the wastewater collection system through numerous sources such as cracks in pipes, weeping tile connections, cross connections, catch basins, etc. The Township currently has sufficient wastewater treatment capacity to address the potential minor inflow and infiltration of groundwater and stormwater into its wastewater collection network.<br><br>Effluent discharge is typically defined as water pollution and can be caused by outflows from wastewater treatment facilities. Effluent discharges have documented compliance limits for criteria related to flow rates, suspended solids, Biochemical Oxygen Demand (BOD), phosphorous, ammonia, and E. coli. The Township's wastewater treatment facility is operated in accordance with the Environmental Compliance Approval (ECA) issued by the Ministry of Environment, Conservation and Parks. A description of the effluent that is discharged from the wastewater treatment facility is provided in ECA No. 4845-ARSJ4R, issued January 11, 2023. |

Table 2-36: Wastewater – Technical Levels of Service

| Service Attribute | Performance Measure | Current Performance | Target Performance |
|---|---|---|---|
| **Scope** | Percentage of properties connected to the municipal wastewater system. | 27%[1] | 27% |
| **Reliability** | The number of events per year where combined sewer flow in the municipal wastewater system exceeds system capacity compared to the total number of properties connected to the municipal wastewater system. | Not Applicable[2] | Not Applicable |
| | The number of connection-days per year due to wastewater backups compared to the total number of properties connected to the municipal wastewater system. | 0 connection days / connection | 0 connection days / connection |
| | The number of effluent violations per year due to wastewater discharge compared to the total number of properties connected to the municipal wastewater system. | 0 violations / connection | 0 violations / connection |
| | Percentage (by length) of wastewater mains in a 'Fair' or better condition state. | 100% | Maximize |
| | Percentage (by replacement cost) of wastewater treatment plant components in a 'Fair' or better condition state. | 100% | Maximize |

## 2.8 Population and Employment Growth

Based on its 2020 Development Charges Background Study, the Township's population is expected to increase at a rate of approximately 1.47% annually, growing to approximately 6,850 residents by mid-2040. Furthermore, the same study also projects

[1]Based on the best available data, 555 properties out of a total of 2,059 properties in the Township are connected to the municipal wastewater system.

[2]The Township's does not own and maintain any combined sewers. Its wastewater and stormwater flows are carried in separate mains.

employment within the Township to increase at a rate of approximately 1.49% annually, growing to approximately 2,400 employees by mid-2040.

Continued population and employment growth will result in incremental service demands that are expected to impact levels of service. Service impacts resulting from growth have been incorporated into the proposed levels of service targets presented earlier in this chapter. The Township assesses these service impacts through master plans and development charges background studies and imposes development charges on new development to fund growth-related infrastructure expansion and upgrades. Utilizing development charges helps alleviate the financial burden these growth-related expenditures would otherwise place on existing taxpayers.

As mentioned earlier in Section 2.7.3, the Township anticipates additional wastewater system demand in the settlement areas of Shedden and Fingal in the short-to-medium term due to growth. The Township plans to address this demand by constructing a new wastewater treatment plant in Shedden within the next five years. The estimated cost of this growth-related infrastructure investment has been incorporated into the forecasts of upcoming lifecycle activities for wastewater assets presented in Section 3.8 and the financial strategy for water and wastewater assets presented later in Section 4.3.

# Chapter 3
## Lifecycle Management Strategies

# 3. Lifecycle Management Strategies

## 3.1 Introduction

The lifecycle management strategies in this asset management plan identify the lifecycle activities that would need to be undertaken to achieve and sustain the proposed levels of service presented in Chapter 2. Within the context of this asset management plan, lifecycle activities are the specified actions that can be performed on an asset in order to ensure it is performing adequately, and/or to extend its service life[1]. These actions can be carried out on a planned schedule in a prescriptive manner, or through a dynamic approach where the lifecycle activities are only carried out when specified conditions are met.

In accordance with O. Reg. 588/17, the lifecycle activities and associated costs presented in this chapter consider the full lifecycle of assets. In general terms, an asset's lifecycle starts with its initial planning and acquisition (or construction), includes both the capital and significant operating/maintenance activities the asset is expected to undergo throughout its life, and ends with its eventual disposal. The lifecycle management strategies presented in this asset management plan have been developed with the aim of identifying the set of lifecycle activities that can be undertaken at the lowest cost to achieve and sustain target service levels.

The following subsections summarize the ten-year forecasts of lifecycle activities and associated costs that would be required for the Township to provide the proposed levels of service. Brief descriptions of the methods and data sources utilized to develop the forecasts are also provided in the following subsections.

It is noted that the ten-year forecasts of lifecycle expenditures presented in this chapter do not account for unforeseen circumstances that may introduce additional costs (e.g., natural disasters, etc.). There is a level of inherent uncertainty in lifecycle forecasts, reinforcing the need to review and update this asset management plan on a regular basis.

[1]The full lifecycle of an asset includes activities such as initial planning and maintenance which are typically addressed through master planning studies and maintenance management, respectively.

## 3.2 Transportation

This section presents an estimate of costs associated with providing the proposed levels of service for the Township's transportation assets presented earlier in Section 2.1.3.

In general terms, the proposed levels of service involve maintaining road surfaces in adequate quality to provide a satisfactory user experience, maintaining structures in adequate condition to enable the safe and efficient passage of vehicular and pedestrian traffic, maintaining culverts in adequate condition to efficiently convey hydraulic flows while safely supporting overlying traffic loads, and maintaining road-related assets so that they can effectively support the broader transportation network.

The lifecycle expenditure forecast for the Township's paved roads was derived based on the recommendations contained in its 2024 Road Needs Study, which were further refined through staff consultations. The Township's 2024 Road Needs Study identified upcoming lifecycle activities for its paved roads by considering several factors, including surface condition, structural adequacy of the underlying road base, maintenance demand, average daily traffic volumes, etc. Several lifecycle activities were considered as part of the road improvement strategy, including:

- Micro-surfacing;
- Resurfacing of surface treated roads (single surface treatment and double surface treatment with pulverization);
- Resurfacing of asphalt roads (asphalt resurfacing, milling and asphalt resurfacing, asphalt resurfacing with pulverization, and cold in-place recycling and resurfacing); and
- Full-depth reconstruction for both rural and urban roads.

Additionally, gravel-to-paved surface road upgrades were also considered as part of the Township's 2024 Road Needs Study. Through consultations with Township staff, it was determined that the Township plans to upgrade approximately 26.7 km of gravel roads to surface treatment within the next 10 years. The lifecycle expenditure forecast presented in this section includes the costs associated with these road surface upgrades.

The Township expects to maintain its remaining gravel roads through the timely completion of regular maintenance activities (e.g., dust suppressant applications, periodic re-grading, periodic re-application of granular, etc.), which are funded through its annual operating budgets. These activities are expected to maintain the Township's gravel roadways in adequate condition over the long term, with no capital lifecycle expenditures expected over the 10-year forecast horizon of this asset management plan. As such, the annual cost of gravel road maintenance is excluded from the lifecycle expenditure forecast presented in this section.

The Township's 2024 Road Needs Study recommended an increase to its annual gravel road maintenance budget to enable the Township to improve the condition of its gravel road network. As such, the operating budget forecast presented later in Section 4.2.4 has been adjusted to incorporate these recommendations. Additional adjustments were made to account for the expected reduction in the quantity of gravel roads following the completion of the aforementioned gravel-to-paved surface road upgrades.

The capital expenditure forecast for the Township's structures was derived based on the recommendations contained in its most recent (2024) OSIM inspection report, which seek to ensure the timely completion of maintenance, rehabilitation, and replacement activities.

Lastly, the Township undertakes the replacement or reconstruction of its road-related assets in coordination with planned road work. The lifecycle expenditure forecast presented in this section includes an annual allowance to address the reconstruction/replacement requirements of road-related assets when road work is being completed. As such, the allowance varies annually based on the length of roads that are expected to be rehabilitated or reconstructed in that year.

The 10-year lifecycle expenditure forecast for the Township's transportation network is illustrated in Figure 3-1 and provided in tabular form in Table 3-1. Average annual expenditures over the forecast period have been estimated at $2.3 million.

Figure 3-1: Transportation Assets – Lifecycle Expenditure Forecast (2025$)

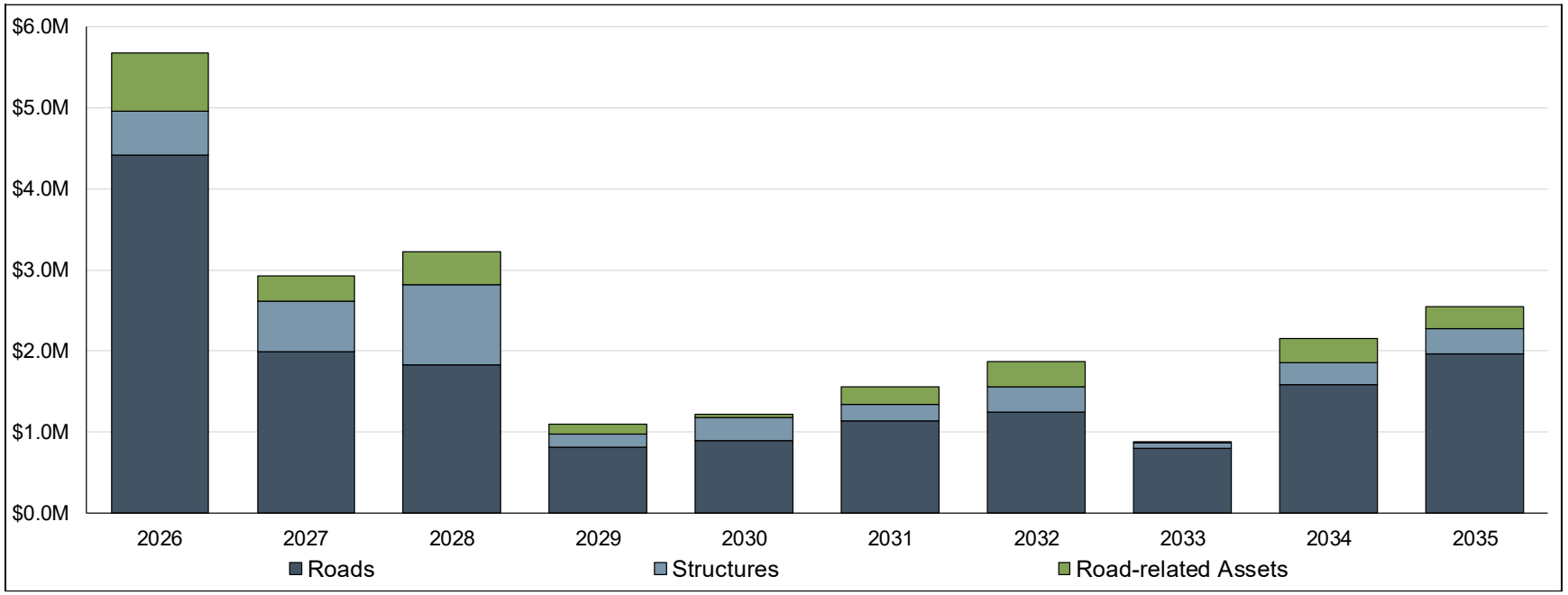



Table 3-1: Transportation Assets – Lifecycle Expenditure Forecast (2025$)

| Asset Type | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| Roads | $ 4,421,000 | $ 1,985,000 | $ 1,822,000 | $ 817,000 | $ 888,000 | $ 1,139,000 | $ 1,250,000 | $ 803,000 | $ 1,589,000 | $ 1,957,000 |
| Structures | $ 541,000 | $ 627,000 | $ 989,000 | $ 154,000 | $ 287,000 | $ 204,000 | $ 303,000 | $ 57,000 | $ 272,000 | $ 316,000 |
| Road-related Assets | $ 719,000 | $ 313,000 | $ 418,000 | $ 123,000 | $ 47,000 | $ 213,000 | $ 321,000 | $ 24,000 | $ 289,000 | $ 274,000 |
| **Total Capital Expenditures** | **$ 5,681,000** | **$ 2,925,000** | **$ 3,229,000** | **$ 1,094,000** | **$ 1,222,000** | **$ 1,556,000** | **$ 1,874,000** | **$ 884,000** | **$ 2,150,000** | **$ 2,547,000** |

## 3.3 Tax-funded Facilities

This section presents an estimate of costs associated with providing the proposed levels of service for the Township's tax-funded facilities presented earlier in Section 2.2.3.

In general terms, the proposed levels of service involve ensuring that the current capacity of facilities (i.e., gross floor area) is sufficient to meet the service demands of its community as well as ensuring that facilities are maintained in adequate condition to continue effectively supporting the provision of municipal services.

The lifecycle expenditure forecast for the Township's facilities presented in this section includes the cost associated with the replacement of the various building elements comprising each facility based on current best estimates of their respective remaining useful service lives[1]. It is recommended that the Township consider completing Building Condition Assessments (BCAs) on its facilities in the near future to formally assess their upcoming lifecycle requirements. This would enable future iterations of this asset management plan to incorporate the updated lifecycle expenditure forecasts to refine the forecast presented in this section as well as the financial strategy presented later in Chapter 4.

The 10-year lifecycle expenditure forecast for the Township's facilities is illustrated in Figure 3-2 and provided in tabular form in Table 3-2. Average annual expenditures over the forecast period have been estimated at $31,000.

[1]It is noted that the inventory of building elements comprising each facility is based on the Township's Citywide database. Consequently, any building elements not inventoried in the Township's Citywide database are excluded from the lifecycle expenditure forecast presented herein.

Figure 3-2: Facilities – Lifecycle Expenditure Forecast (2025$)

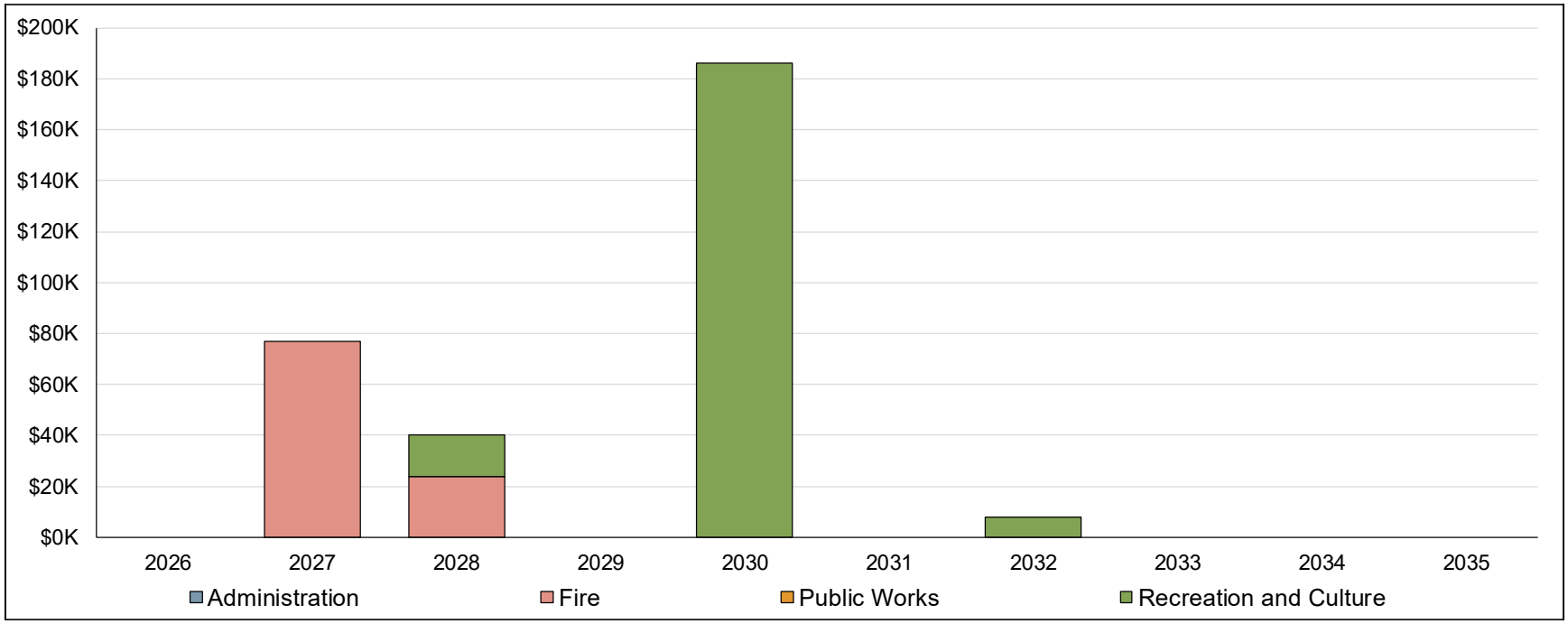



Table 3-2: Facilities - Lifecycle Expenditure Forecast (2025$)

| Service Area | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| Administration | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Fire | $ - | $ 77,000 | $ 24,000 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Public Works | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Recreation and Culture | $ - | $ - | $ 16,000 | $ - | $ 186,000 | $ - | $ 8,000 | $ - | $ - | $ - |
| **Total Capital Expenditures** | **$ -** | **$ 77,000** | **$ 40,000** | **$ -** | **$ 186,000** | **$ -** | **$ 8,000** | **$ -** | **$ -** | **$ -** |

## 3.4 Tax-funded Fleet and Equipment

This section presents an estimate of costs associated with providing the proposed levels of service for the Township's fleet and equipment assets presented earlier in Section 2.3.3.

In general terms, the proposed levels of service for fleet and equipment assets involve maintaining assets in adequate condition to continue performing as expected and reliably support the provision of municipal services. The Township will accomplish this by undertaking timely replacements of ageing and poorly performing assets and through the completion of regular maintenance activities. The lifecycle expenditure forecast presented in this section includes the costs associated with the replacement of assets based on current best estimates of their useful service lives.

The 10-year lifecycle expenditure forecast for the Township's fleet and equipment assets is illustrated in Figure 3-3 and provided in tabular form in Table 3-3. Average annual expenditures over the forecast period have been estimated at $834,000.

The current backlog of the Township's fleet and equipment assets has been estimated to be approximately $1.4 million. This represents the estimated replacement value of all fleet and equipment assets that are currently in service beyond their expected useful service lives. The current backlog is forecasted to be addressed gradually over the next five years (i.e., from 2026 to 2030).

Figure 3-3: Fleet and Equipment – Lifecycle Expenditure Forecast (2025$)

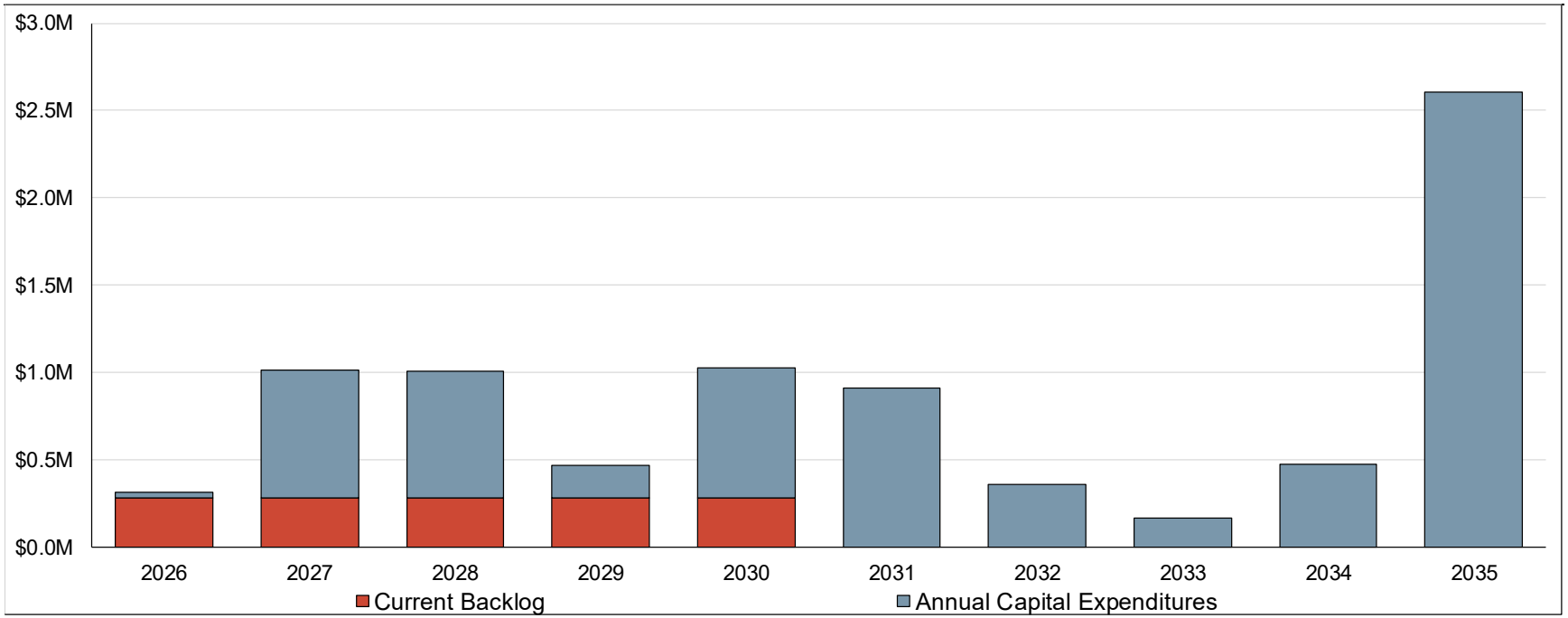



Table 3-3: Fleet and Equipment – Lifecycle Expenditure Forecast (2025$)

| Description | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| Fire Equipment | $ 13,000 | $ 75,000 | $ 36,000 | $ 67,000 | $ 267,000 | $ 111,000 | $ 70,000 | $ 96,000 | $ 71,000 | $ 588,000 |
| Fire Vehicles | $ - | $ - | $ 71,000 | $ - | $ - | $ 457,000 | $ - | $ - | $ - | $ 603,000 |
| Public Works Equipment | $ - | $ - | $ - | $ - | $ - | $ 27,000 | $ - | $ 3,000 | $ 106,000 | $ 275,000 |
| Public Works Fleet | $ - | $ 640,000 | $ 597,000 | $ 25,000 | $ 343,000 | $ 303,000 | $ 270,000 | $ 31,000 | $ 291,000 | $ 989,000 |
| Administrative Equipment | $ 21,000 | $ 16,000 | $ 25,000 | $ 5,000 | $ 136,000 | $ 11,000 | $ 16,000 | $ 38,000 | $ 5,000 | $ 150,000 |
| BCS Fleet | $ - | $ - | $ - | $ 91,000 | $ - | $ - | $ - | $ - | $ - | $ - |
| Annual Allowance to Address Current Backlog | $ 280,000 | $ 280,000 | $ 280,000 | $ 280,000 | $ 280,000 | $ - | $ - | $ - | $ - | $ - |
| **Total Capital Expenditures** | **$ 314,000** | **$ 1,011,000** | **$ 1,009,000** | **$ 468,000** | **$ 1,026,000** | **$ 909,000** | **$ 356,000** | **$ 168,000** | **$ 473,000** | **$ 2,605,000** |

## 3.5 Parks and Recreation

This section presents an estimate of costs associated with providing the proposed levels of service for the Township's parks and recreation assets presented earlier in Section 2.4.3.

Similar to fleet and equipment assets, the proposed levels of service for the parks and recreation assets aim to maintain assets in adequate condition to continue providing a satisfactory user experience. The Township will accomplish this by undertaking timely replacements of ageing and poorly performing assets and through the completion of regular maintenance activities. The lifecycle expenditure forecast presented in this subsection includes the costs associated with the replacement of these assets based on current estimates of their remaining service lives.

The 10-year lifecycle expenditure forecast for the Township's parks and recreation assets is illustrated in Figure 3-4 and provided in tabular form in Table 3-4. Average annual expenditures over the forecast period have been estimated at $147,000.

The current backlog of the Township's parks and recreation assets has been estimated to be approximately $400,000. This represents the estimated replacement value of all parks and recreation assets that are currently in service beyond their expected useful service lives. The current backlog is forecasted to be addressed gradually over the next five years (i.e., from 2026 to 2030).

Figure 3-4: Parks and Recreation – Lifecycle Expenditure Forecast (2025$)

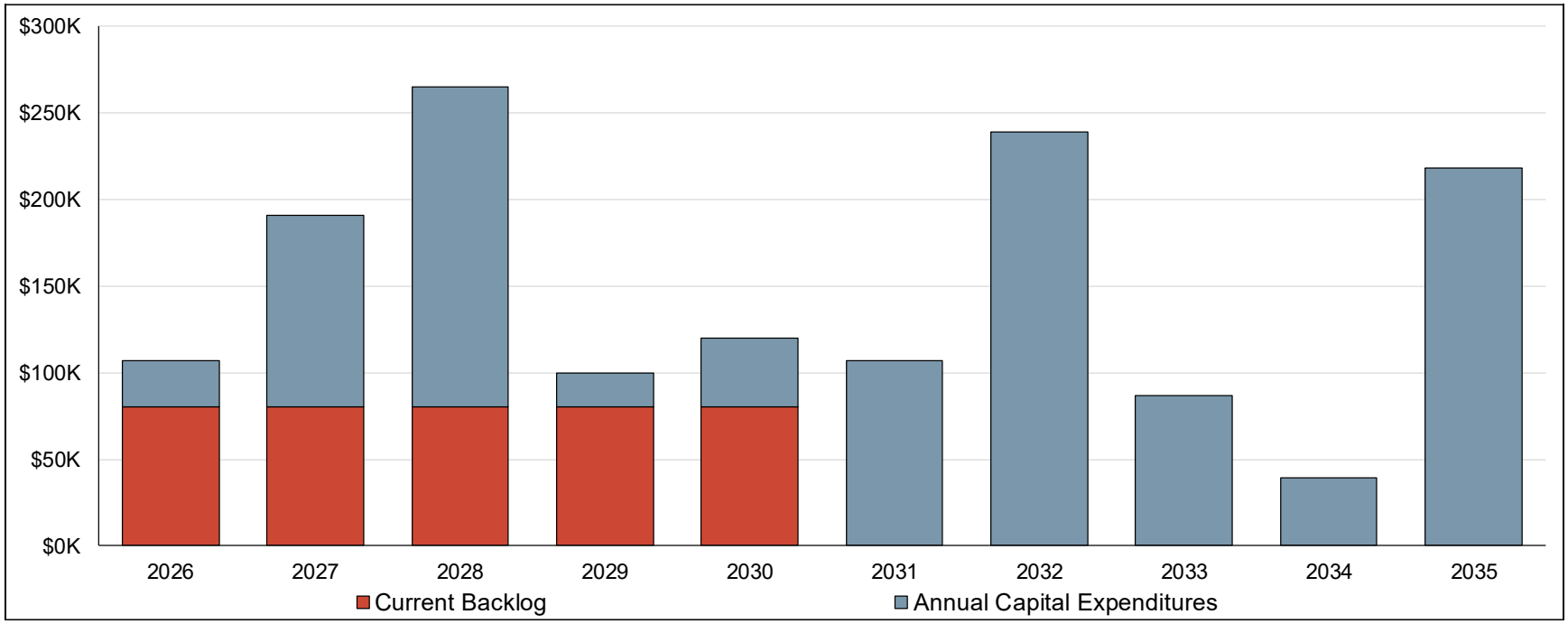



Table 3-4: Parks and Recreation – Lifecycle Expenditure Forecast (2025$)

| Description | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| Ball Diamonds and Sport Courts | $ 7,000 | $ - | $ - | $ - | $ - | $ - | $ 29,000 | $ 63,000 | $ - | $ - |
| Lighting and Fencing | $ - | $ - | $ - | $ - | $ - | $ - | $ 197,000 | $ - | $ 26,000 | $ 12,000 |
| Play Equipment | $ - | $ - | $ 90,000 | $ - | $ - | $ 81,000 | $ - | $ - | $ - | $ 133,000 |
| Parking Lots | $ 13,000 | $ 13,000 | $ 13,000 | $ 13,000 | $ 13,000 | $ 13,000 | $ 13,000 | $ 13,000 | $ 13,000 | $ 13,000 |
| Misc. Equipment | $ 7,000 | $ 98,000 | $ 82,000 | $ 7,000 | $ 27,000 | $ 13,000 | $ - | $ 11,000 | $ - | $ 60,000 |
| Annual Allowance to Address Current Backlog | $ 80,000 | $ 80,000 | $ 80,000 | $ 80,000 | $ 80,000 | $ - | $ - | $ - | $ - | $ - |
| **Total Capital Expenditures** | **$ 107,000** | **$ 191,000** | **$ 265,000** | **$ 100,000** | **$ 120,000** | **$ 107,000** | **$ 239,000** | **$ 87,000** | **$ 39,000** | **$ 218,000** |

## 3.6 Stormwater

This section presents an estimate of costs associated with achieving the proposed levels of service for the Township's stormwater system assets presented earlier in Section 2.4.3.

In general terms, the proposed levels of service for the Township's stormwater system assets involve maintaining assets in adequate condition to reliably provide flood protection, manage the rate of groundwater discharge, and assist in reducing the level of contamination entering the natural environment. The Township will accomplish this by ensuring the timely replacement of ageing and poorly performing assets and through the completion of regular maintenance activities.

It is noted, however, that based on their current age profiles, the Township's stormwater system assets are not expected to require any capital lifecycle activities over the 10-year forecast horizon of this asset management plan.

## 3.7 Water

This section presents an estimate of costs associated with providing the proposed levels of service for the Township's water system assets presented earlier in Section 2.6.3.

In general terms, the proposed levels of service for the Township's water system assets include maintaining assets in adequate condition to reliably support the provision of safe drinking water while minimizing service interruptions and occurrences of adverse water quality events. The Township will accomplish this by ensuring the timely replacement of ageing and poorly performing assets and through the completion of regular maintenance activities.

As noted earlier in Section 2.6.1, the operation of the Township's water distribution system is contracted to OCWA, which also identifies upcoming lifecycle expenditure requirements for the Township's water facilities[1]. As such, the lifecycle expenditure forecast presented in this section for water facilities is based on OCWA's most recent

[1]The forecast of upcoming lifecycle requirements for the Township's water facilities is provided as part of OCWA's annual major maintenance forecast.

(2025) forecast. The lifecycle expenditure forecast presented in this subsection for other water system assets (i.e., watermains, water meters, and fleet assets) includes the costs associated with the replacement of assets based on current estimates of their remaining service lives.

The 10-year lifecycle expenditure forecast for the Township's water system assets is summarized in Figure 3-5 and provided in tabular form in Table 3-5. Average annual expenditures over the forecast period have been estimated at approximately $116,000.

The current backlog of the Township's water system assets comprises water meters that are currently in service beyond their expected useful service lives and has been estimated to be approximately $635,000[1]. The current backlog is forecasted to be addressed gradually over the next 10 years (i.e., from 2026 to 2035).

[1]It is noted that 846 water meters, representing approximately 48% of the Township's total quantity of water meters, are currently in service beyond their useful life expectancies.

Figure 3-5: Water – Lifecycle Expenditure Forecast (2025$)

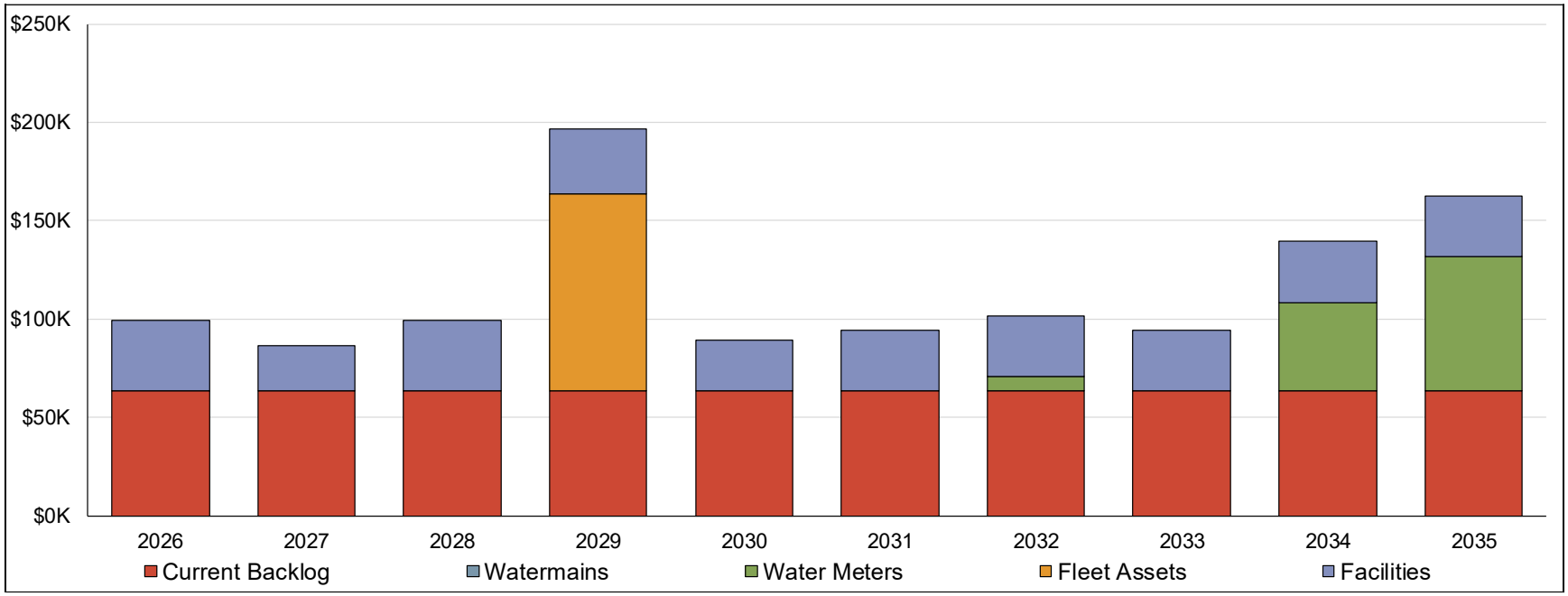



Table 3-5: Water – Lifecycle Expenditure Forecast (2025$)

| Description | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| Watermains | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Water Meters | $ - | $ - | $ - | $ - | $ - | $ - | $ 7,000 | $ - | $ 45,000 | $ 68,000 |
| Fleet Assets | $ - | $ - | $ - | $ 100,000 | $ - | $ - | $ - | $ - | $ - | $ - |
| Facilities | $ 36,000 | $ 23,000 | $ 36,000 | $ 33,000 | $ 26,000 | $ 31,000 | $ 31,000 | $ 31,000 | $ 31,000 | $ 31,000 |
| Annual Allowance to Address Current Backlog | $ 63,500 | $ 63,500 | $ 63,500 | $ 63,500 | $ 63,500 | $ 63,500 | $ 63,500 | $ 63,500 | $ 63,500 | $ 63,500 |
| **Total Capital Expenditures** | **$ 99,500** | **$ 86,500** | **$ 99,500** | **$ 196,500** | **$ 89,500** | **$ 94,500** | **$ 101,500** | **$ 94,500** | **$ 139,500** | **$ 162,500** |

## 3.8 Wastewater

This section presents an estimate of costs associated with providing the proposed levels of service for the Township's wastewater system assets presented earlier in Section 2.7.3.

In general terms, the proposed levels of service for the Township's wastewater system assets include maintaining assets in adequate condition to reliably support the efficient collection and treatment of sanitary flows, minimizing occurrences of wastewater backups due to failure of municipal infrastructure, and minimizing occurrences of effluent violations. The Township will accomplish this by ensuring the timely replacement of ageing and poorly performing assets and through the completion of regular maintenance activities.

As noted earlier in Section 2.7.1, the operation of the Township's wastewater collection and treatment system is contracted to OCWA, which also identifies upcoming lifecycle expenditure requirements for the Talbotville Wastewater Treatment Plant[1]. As such, the lifecycle expenditure forecast presented in this section for this treatment facility is based on OCWA's most recent (2025) forecast. The lifecycle expenditure forecast presented in this subsection for wastewater mains includes the costs associated with the replacement of main segments based on current estimates of their remaining service lives. It is noted, however, that based on their current age profile, none of the Township's wastewater mains are expected to require replacement over the 10-year forecast horizon of this asset management plan.

As noted earlier in Section 2.7.3, the Township anticipates additional wastewater system demand in the settlement areas of Shedden and Fingal in the near term and plans to address this by constructing a new wastewater treatment plant in Shedden. The lifecycle expenditure forecast presented in this section includes the cost associated with the construction of this treatment plant, which is currently planned to occur in two phases over 2026 and 2027. This cost estimate was prepared as part of the Township's 2025 One Water Rate Study, completed by WT Infrastructure, which also estimated

[1]The forecast of upcoming lifecycle requirements for the Talbotville Wastewater Treatment Plant is provided as part of OCWA's annual major maintenance forecast.

future lifecycle expenditure requirements for the plant. These future lifecycle expenditure requirements are also included in the forecast presented herein.

The 10-year lifecycle expenditure forecast for the Township's wastewater system assets is summarized in Figure 3-6 and provided in tabular form in Table 3-6. Average annual expenditures over the forecast period have been estimated at approximately $4.0 million.

Figure 3-6: Wastewater – Lifecycle Expenditure Forecast (2025$)

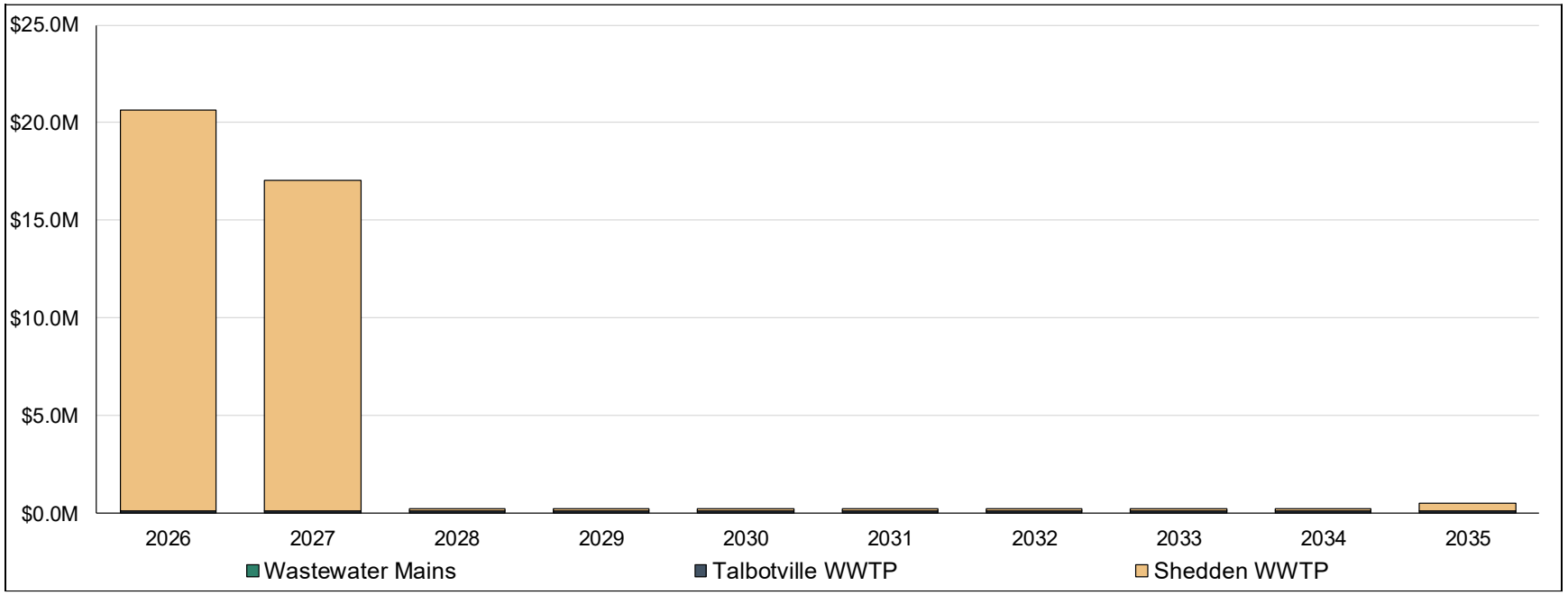



Table 3-6: Wastewater – Lifecycle Expenditure Forecast (2025$)

| Description | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| Wastewater Mains | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Talbotville WWTP | $ 134,000 | $ 119,000 | $ 127,000 | $ 119,000 | $ 124,000 | $ 125,000 | $ 125,000 | $ 125,000 | $ 125,000 | $ 125,000 |
| Shedden WWTP | $ 20,533,000 | $ 16,936,000 | $ 82,000 | $ 92,000 | $ 82,000 | $ 82,000 | $ 82,000 | $ 82,000 | $ 92,000 | $ 365,000 |
| **Total Capital Expenditures** | **$ 20,667,000** | **$ 17,055,000** | **$ 209,000** | **$ 211,000** | **$ 206,000** | **$ 207,000** | **$ 207,000** | **$ 207,000** | **$ 217,000** | **$ 490,000** |

# Chapter 4
## Financial Strategy

# 4. Financial Strategy

## 4.1 Introduction

The financial strategy that supports this asset management plan is designed to fulfill the following key objectives:

- Identify the sources and levels of capital financing available to undertake the lifecycle activities presented previously in Chapter 3, which respond to the Township's proposed levels of service outlined earlier in Chapter 2; and
- Develop a strategy to achieve financial sustainability and intergenerational equity as it relates to the Township's infrastructure assets over the long term.

In support of these objectives, a comprehensive financial strategy model was developed utilizing the Township's financial data, which included:

- 2025 operating budget;
- 2025 capital budget;
- Reserve and reserve fund continuity schedules; and
- Debt continuity schedules.

Subsequent sections of this chapter identify how the Township will fund the forecasts of lifecycle activities presented in Chapter 3. This chapter also identifies the level of sustainable funding that should be provided to assets on an annual basis to maintain the proposed levels of service over the long term (i.e., the annual lifecycle funding target). Relative to the funding target, the Township's current annual infrastructure funding gap is identified based on the level of capital funding that was included in the Township's 2025 budget. Lastly, this chapter also identifies the financial impacts of gradually eliminating the current annual infrastructure funding gap on both the Township's financial position as well as on taxpayers and ratepayers.

The following sections of this chapter related to the Township's tax-funded assets examine the financial outlook and impact on taxpayers associated with the following two scenarios:

- Scenario 1: Eliminating the current annual infrastructure funding gap over a 10-year period (i.e., by 2035); and

- Scenario 2: Eliminating the current annual infrastructure funding gap over a 15-year period (i.e., by 2040).

It is noted that the financial strategies presented herein are suggested approaches which should be examined and re-evaluated as part of the annual budgeting process to ensure continual alignment with the Township's changing financial position and evolving asset management environment.

## 4.2 Assets Funded by the General Tax Levy

### *4.2.1 Annual Capital Expenditure Forecast*

This section summarizes the expenditures associated with undertaking the lifecycle activities identified earlier in Chapter 3 for the Township's infrastructure assets that are funded through its general tax levy (i.e., transportation assets, tax-funded facilities, fleet and equipment assets, and parks and recreation assets).

Capital expenditures over the 10-year forecast horizon are expected to total $33.3 million, an average of $3.33 million annually, in current (2025) dollars (i.e., uninflated). Inflation on capital costs has been estimated based on the historical 20-year annual average rate of inflation as witnessed in the Statistics Canada Non-residential Building Construction Price Index and is expected to be approximately 4.50% annually. Once inflationary impacts are incorporated, lifecycle expenditures over the next 10 years are expected to total $42.0 million.

Figure 4-1 presents the inflated capital expenditure forecast for the Township's tax-funded assets and this information is provided in tabular form in Table 4-1.

Figure 4-1: Tax-funded Assets – Overall Capital Expenditure Forecast (Inflated)

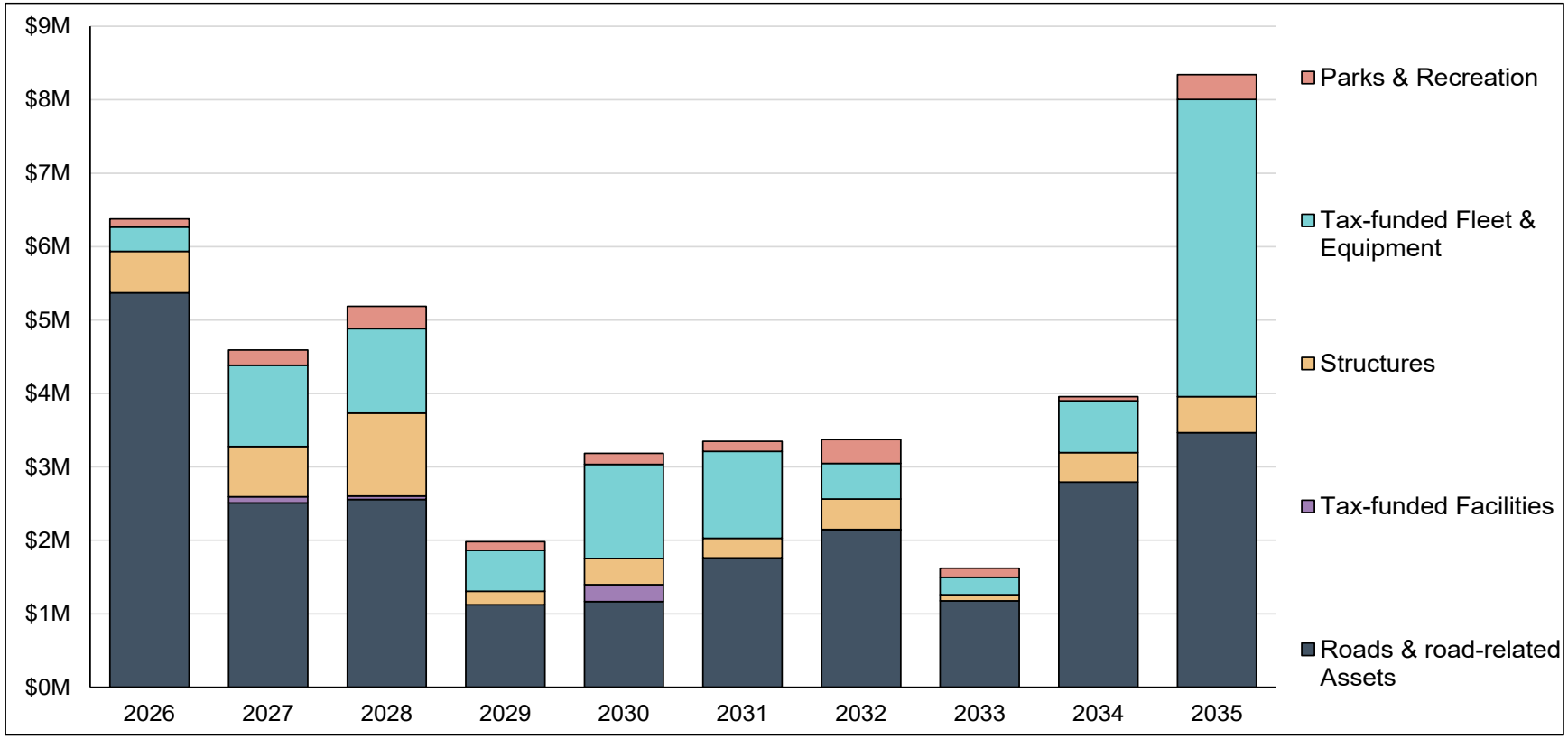



Table 4-1: Tax-funded Assets – Overall Capital Expenditure Forecast (Inflated)

| Description | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Capital Expenditures** | | | | | | | | | | |
| Capital Expenditures for Roads & Road-related Assets | $ 5,372,000 | $ 2,510,000 | $ 2,557,000 | $ 1,121,000 | $ 1,165,000 | $ 1,761,000 | $ 2,139,000 | $ 1,177,000 | $ 2,792,000 | $ 3,466,000 |
| Capital Expenditures for Structures | $ 565,000 | $ 685,000 | $ 1,129,000 | $ 184,000 | $ 358,000 | $ 266,000 | $ 412,000 | $ 81,000 | $ 404,000 | $ 491,000 |
| Capital Expenditures for Tax-funded Facilities | $ - | $ 84,000 | $ 46,000 | $ - | $ 232,000 | $ - | $ 11,000 | $ - | $ - | $ - |
| Capital Expenditures for Tax-funded Fleet and Equipment Assets | $ 328,000 | $ 1,104,000 | $ 1,152,000 | $ 558,000 | $ 1,279,000 | $ 1,184,000 | $ 485,000 | $ 239,000 | $ 703,000 | $ 4,047,000 |
| Capital Expenditures for Parks and Recreation Assets | $ 112,000 | $ 209,000 | $ 302,000 | $ 119,000 | $ 150,000 | $ 139,000 | $ 325,000 | $ 124,000 | $ 58,000 | $ 339,000 |
| **Total Annual Capital Expenditures** | **$ 6,377,000** | **$ 4,592,000** | **$ 5,186,000** | **$ 1,982,000** | **$ 3,184,000** | **$ 3,350,000** | **$ 3,372,000** | **$ 1,621,000** | **$ 3,957,000** | **$ 8,343,000** |

### 4.2.2 Annual Capital Financing Forecast

This section summarizes the recommended strategy to finance the capital expenditures identified in Section 4.2.1. Lifecycle expenditures are expected to be financed from the following sources:

- Annual Ontario Community Infrastructure Fund (OCIF) formula-based funding. It is noted that the Ministry of Infrastructure announced a temporary increase to province-wide OCIF support in 2022, effectively doubling investment in Ontario's infrastructure for a five-year period ending in 2027. Correspondingly, it is assumed that the Township's annual OCIF funding will be reduced by 50% beginning in 2027, declining from approximately $265,000 in 2026 to approximately $132,500 in 2027 and held constant thereafter. It is further noted that the Ministry of Infrastructure recently shifted from using historical costs to using replacement costs in the formula used for calculating annual OCIF funding allocations. As a result of this formula change, the Township's OCIF allocation may continue to change in the coming years. The amount of OCIF funding will need to be monitored by Township staff and, if a significant variance occurs relative to the estimate provided in this asset management plan, the financial strategy may need to be updated;
- Annual Canada Community-Building Fund (CCBF) funding. CCBF funding is expected to be a stable and long-term funding source for eligible capital projects. Annual funding estimates are based on the Township's allocations for 2026 to 2028, with 4% increases for every two-year period thereafter. As such, the Township's annual CCBF funding is expected to increase from approximately $159,000 in 2026 to approximately $193,000 by 2035;
- Funds projected to be available in capital reserves and reserve funds. To manage risks associated with unexpected capital expenditures that may arise, the financial strategy maintains a minimum balance in capital reserve and reserve funds. The minimum balance was set at 10% of average annual capital expenditures over the forecast period, approximately $420,000; and
- Proceeds from external debt financing. The financial strategy for Scenario 1 proposes approximately $414,000 in additional debt financing to fund forecasted capital expenditures, while the financial strategy for Scenario 2 proposes $1.07 million in additional debt.

Table 4-2 summarizes the capital financing forecast for the Township's tax-funded infrastructure assets under Scenario 1, while Table 4-3 summarizes the same under Scenario 2.

Table 4-2: Scenario 1 – Capital Financing by Source (2026-2035)

| Capital Financing Source | Total Capital Financing |
|---|---|
| Transfer Payment Revenues (i.e., OCIF + CCBF) | $3,212,000 |
| Contributions from Capital Reserves and Reserve Funds | $38,338,000 |
| Proceeds from External Debt Financing | $414,000 |
| **Total** | **$41,964,000** |

Table 4-3: Scenario 2 – Capital Financing by Source (2026-2035)

| Capital Financing Source | Total Capital Financing |
|---|---|
| Transfer Payment Revenues (i.e., OCIF + CCBF) | $3,212,000 |
| Contributions from Capital Reserves and Reserve Funds | $37,678,000 |
| Proceeds from External Debt Financing | $1,074,000 |
| **Total** | **$41,964,000** |

### *4.2.3 Current Annual Lifecycle Funding Target & Infrastructure Funding Gap*

An annual lifecycle funding target represents the level of funding that would be required annually to fully finance a lifecycle management strategy over the long term. By planning to achieve this annual funding level, the Township would theoretically be able to fully fund capital works as they arise. In practice, however, capital expenditures are characterized by peaks and valleys and often fluctuate year-to-year based on the lifecycle activities being undertaken. By planning to achieve the lifecycle funding target over the long term, the periods of relatively low capital needs would allow for the building up of lifecycle reserve funds that could be drawn upon in times of relatively high capital needs.

Table 4-4 summarizes the modelling approaches that have been utilized to derive the annual lifecycle funding target for tax-funded assets.

Table 4-4: Modelling Approaches Utilized to Determine Annual Lifecycle Funding Targets by Asset Category

| Asset Category | Modelling Approach |
|---|---|
| Transportation | Roads: Based on lifecycle management strategy recommended in 2024 Road Needs Study and 2022 Asset Management Plan.<br>Bridges & Culverts: Annual reinvestment rate equal to 1.70% of current replacement cost<br>Road-related Assets: Useful life analysis (i.e., determined by dividing the current replacement cost of each asset by its expected useful service life) |
| Facilities | Annual reinvestment rate equal to 2.1% of current replacement cost |
| Fleet and Equipment | Useful life analysis (i.e., determined by dividing the current replacement cost of each asset by its expected useful service life) |
| Parks and Recreation | |

The annual lifecycle funding target for the Township's tax-funded assets is $5.77 million (in 2025 dollars). A breakdown of the lifecycle funding target by asset category for illustrated in Figure 4-2 and provided in tabular form in Table 4-5.

Figure 4-2: Tax-funded Assets – Annual Lifecycle Funding Target (2025$) by Asset Category

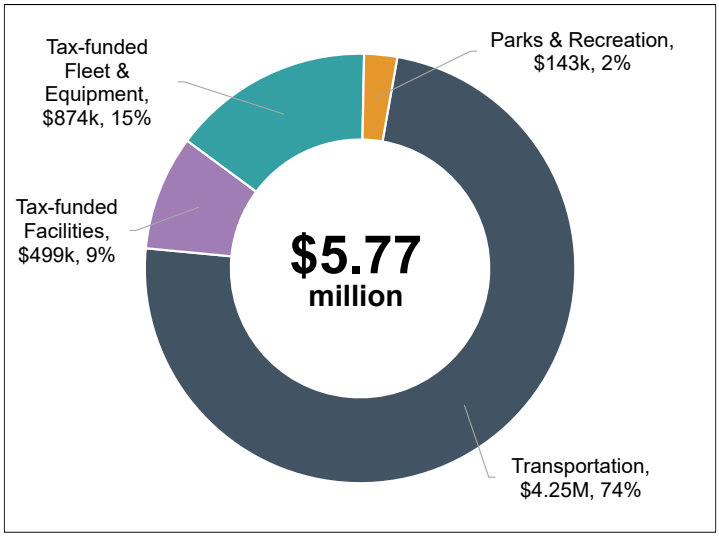


Table 4-5: Tax-funded Assets – Annual Lifecycle Funding Target (2025$) by Asset Category

| Asset Category | Annual Lifecycle Funding Target (2025$) |
|---|---|
| Transportation | $4,253,000 |
| Tax-funded Facilities | $499,000 |
| Tax-funded Fleet & Equipment | $874,000 |
| Land Improvements | $143,000 |
| **Total** | **$5,769,000** |

Relative to this annual lifecycle funding target, the Township allocated approximately $3.70 million in its 2025 budget towards capital-related needs for tax-funded assets. This allocation comprised approximately $3.24 million in contributions to capital reserves and reserve funds and approximately $453,000 in ongoing transfer payment revenues (i.e., OCIF and CCBF).

A breakdown of the capital funding budgeted in the Township's 2025 Council-approved budget for tax-supported assets is illustrated in Figure 4-3 and provided in tabular form in Table 4-6.

Figure 4-3: Tax-funded Assets – Capital Funding Included in 2025 Budget

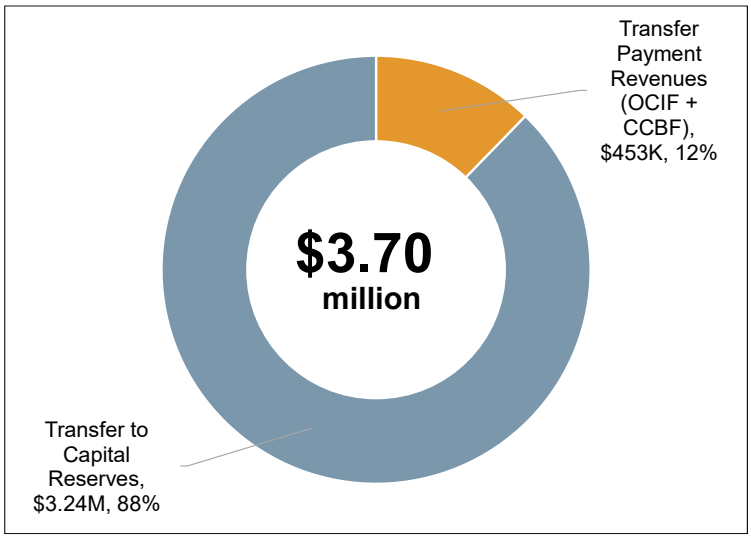


Table 4-6: Tax-funded Assets – Capital Funding Allocated in 2025 Budget

| Capital Funding Source | Capital Funding Budgeted in 2025 |
|---|---|
| Transfer Payment Revenues (OCIF & CCBF) | $453,000 |
| Contributions to Capital Reserves & Reserve Funds | $3,244,000 |
| **Total** | **$3,697,000** |

The difference between the annual lifecycle funding target and the currently budgeted capital funding represents the Township's annual infrastructure funding gap for its tax-funded assets. Based on this analysis, the Township is facing a tax-based annual infrastructure funding gap of $2.07 million.

### *4.2.4 Overall Financial Forecast and Estimated Impact on Tax Levy*

#### *4.2.4.1 Scenario 1: 10-year AMP Phase-in Period*

This section presents the overall impacts on the Township's financial position of gradually eliminating the funding gap by 2035.

As noted earlier in Section 4.2.2, the capital financing forecast proposes additional debt financing of approximately $414,000 over the forecast period under Scenario 1. Furthermore, annual repayments on external debt (i.e., principal and interest payments) utilized to fund the tax-supported portion of construction costs of the new public works facility are expected to commence in 2026. As such, annual repayments on external debt are expected to rise from approximately $368,000 in 2026 to approximately $406,000 by 2035.

The Township is expected to have approximately $5.3 million in its capital reserves and reserve funds at the end of 2025. By 2035, that balance is expected to grow to approximately $20.9 million. A detailed continuity schedule of capital reserves and reserve funds can be found in Appendix A.

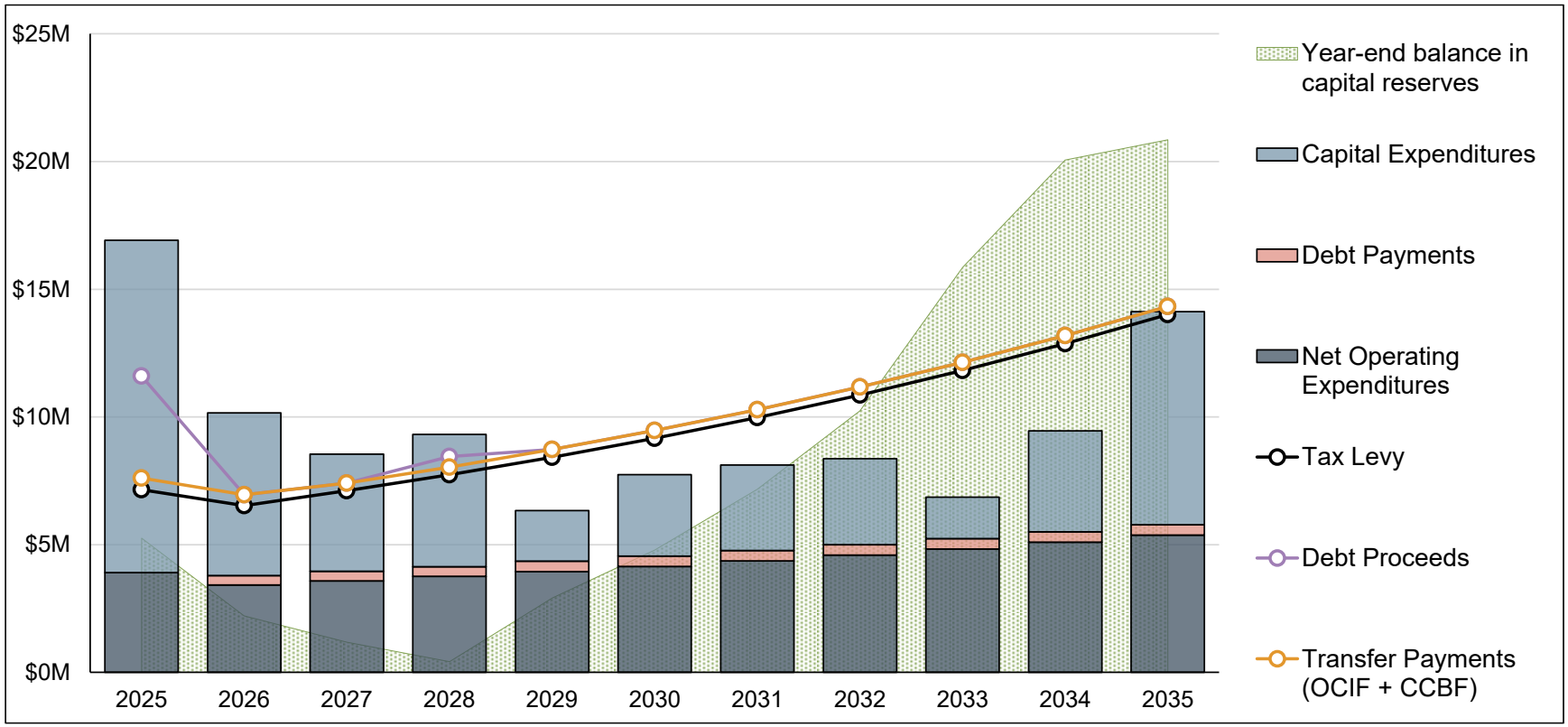
It is noted that the Township's tax levy is expected to decrease from 2025 to 2026 due to an anticipated reduction in the assessed value of a major commercial property, pending the outcome of an ongoing property assessment appeal. Following this decrease, in order to fund the recommended lifecycle management strategy and gradually eliminate the infrastructure funding gap by 2035, the Township's tax levy

would need to increase by 8.85% annually from 2027 to 2035. The tax levy is forecasted to rise from the current level of approximately $7.2 million in 2025 to approximately $14.0 million by 2035.

The taxation impacts identified above include inflationary adjustments to the Township's operating costs and revenues as identified in its 2025 budget (i.e., general operating inflation of 2.22% annually).

Figure 4-4 illustrates the overall financial forecast for the Township under Scenario 1. Full details of the financial strategy are provided in Appendix A.

Figure 4-4: Scenario 1 – Overall Financial Forecast (Inflated)



### *4.2.4.2 Scenario 2: 15-year AMP Phase-in Period*

This section presents the overall impacts on the Township's financial position of gradually eliminating the funding gap by 2040.

As noted earlier in Section 4.2.2, the capital financing forecast proposes additional debt financing of approximately $1.07 million over the forecast period under Scenario 2. Furthermore, as noted earlier in Section 4.2.4.1, annual repayments on external debt (i.e., principal and interest payments) utilized to fund the tax-supported portion of construction costs of the new public works facility are expected to commence in 2026. As such, annual repayments on external debt are expected to rise from approximately $368,000 in 2026 to approximately $467,000 by 2035.

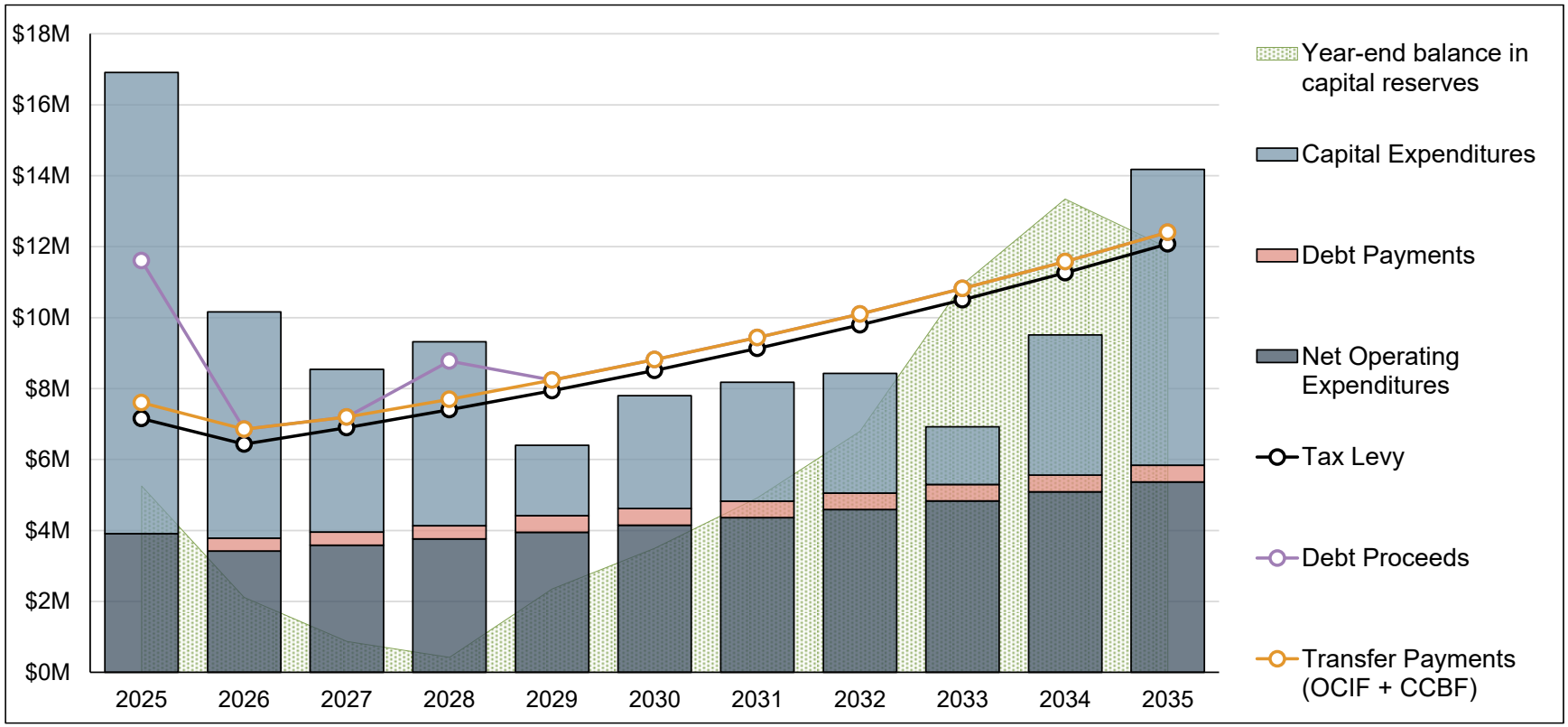
As noted earlier in Section 4.2.4.1, the Township is expected to have approximately $5.3 million in its capital reserves and reserve funds at the end of 2025. By 2035, that balance is expected to grow to approximately $12.0 million in this scenario. A detailed continuity schedule of capital reserves and reserve funds can be found in Appendix B.

As noted earlier in Section 4.2.4.1, the Township's tax levy is expected to decrease from 2025 to 2026 due to an anticipated reduction in the assessed value of a major commercial property, pending the outcome of an ongoing property assessment appeal. Following this decrease, in order to fund the recommended lifecycle management strategy and gradually eliminate the infrastructure funding gap by 2040, the Township's tax levy would need to increase by 7.25% annually from 2027 to 2040. The tax levy is forecasted to rise from the current level of approximately $7.2 million in 2025 to approximately $12.1 million by 2035, and further rise to approximately $17.1 million by 2040.

The taxation impacts identified above include inflationary adjustments to the Township's operating costs and revenues as identified in its 2025 budget (i.e., general operating inflation of 2.22% annually).

Figure 4-5 illustrates the overall financial forecast for the Township under Scenario 2. Full details of the financial strategy are provided in Appendix B.

Figure 4-5: Scenario 2 – Overall Financial Forecast (Inflated)



### 4.2.5 Estimated Impact on Tax Bills (2026-2035)

#### 4.2.5.1 Scenario 1: 10-year AMP Phase-in Period

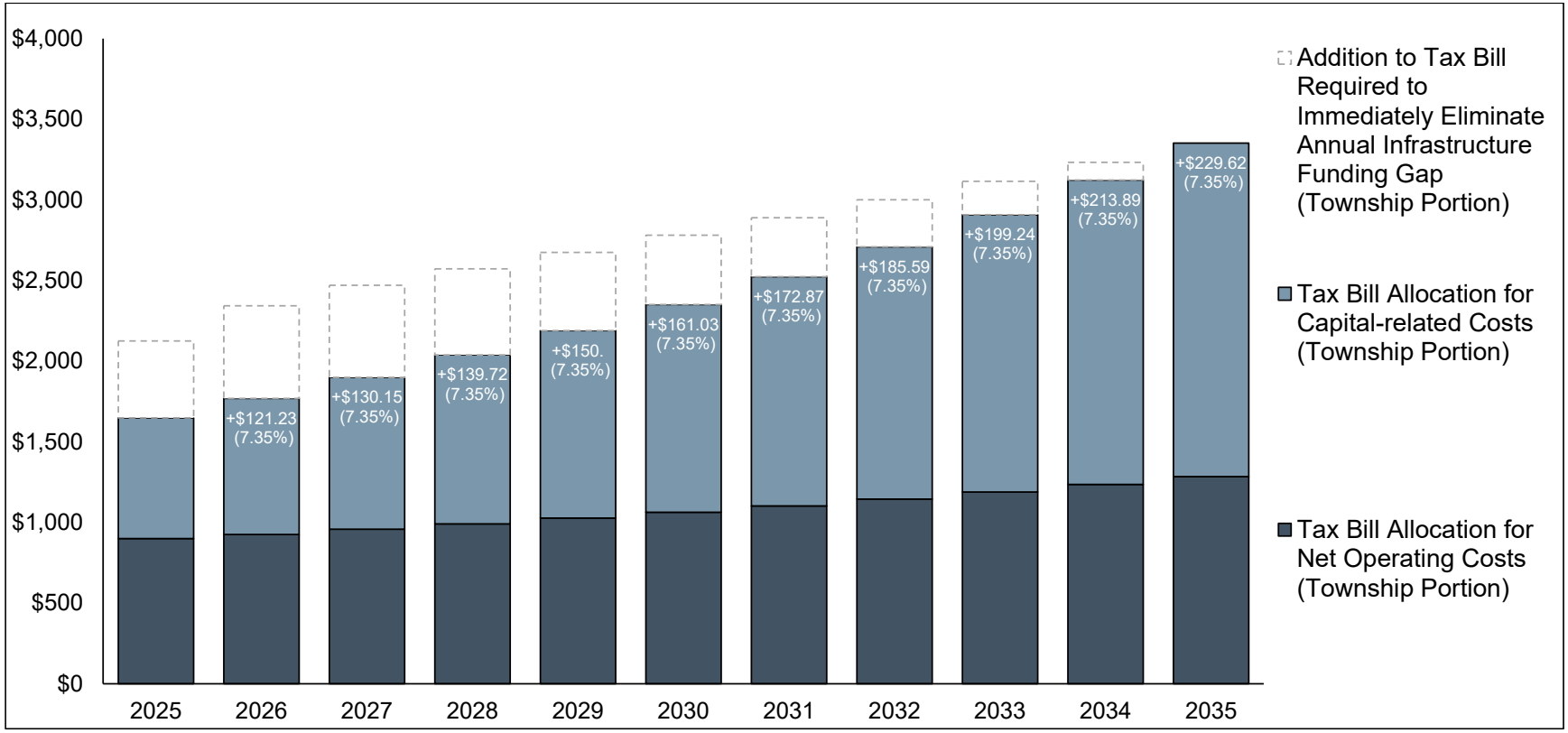
This section presents the estimated impact resulting from Scenario 1 on the annual tax bill of a typical single-family detached house in the Township with a current value assessment of $282,000[1].

As noted in Section 4.2.4.1, the Township would need to increase its tax levy from approximately $7.2 million in 2025 to approximately $14.0 million by 2035. Layering on assessment increases resulting from new assessment growth, assumed to be 1.39% annually over the forecast period, the impact on the municipal portion of individual property tax bills would be increases of 7.35% annually from 2026 to 2035. A typical single-family detached house in the Township with a current value assessment of $282,000 would see the municipal portion of its tax bill rise from approximately $1,648 as of 2025 to approximately $3,352 by 2035.

Figure 4-6 illustrates the estimated impact on the municipal portion of the tax bill for a typical single-family detached house with a current value assessment of $282,000 under Scenario 1.

[1]Current Value Assessment is determined by MPAC for taxation purposes and is not reflective of average market value.

Figure 4-6: Scenario 1 - Estimated Impact on the Municipal Portion of the Tax Bill for Typical Single-family Detached House Assessed at $282,000 (2025-2035)



### *4.2.5.2 Scenario 2: 15-year AMP Phase-in Period*

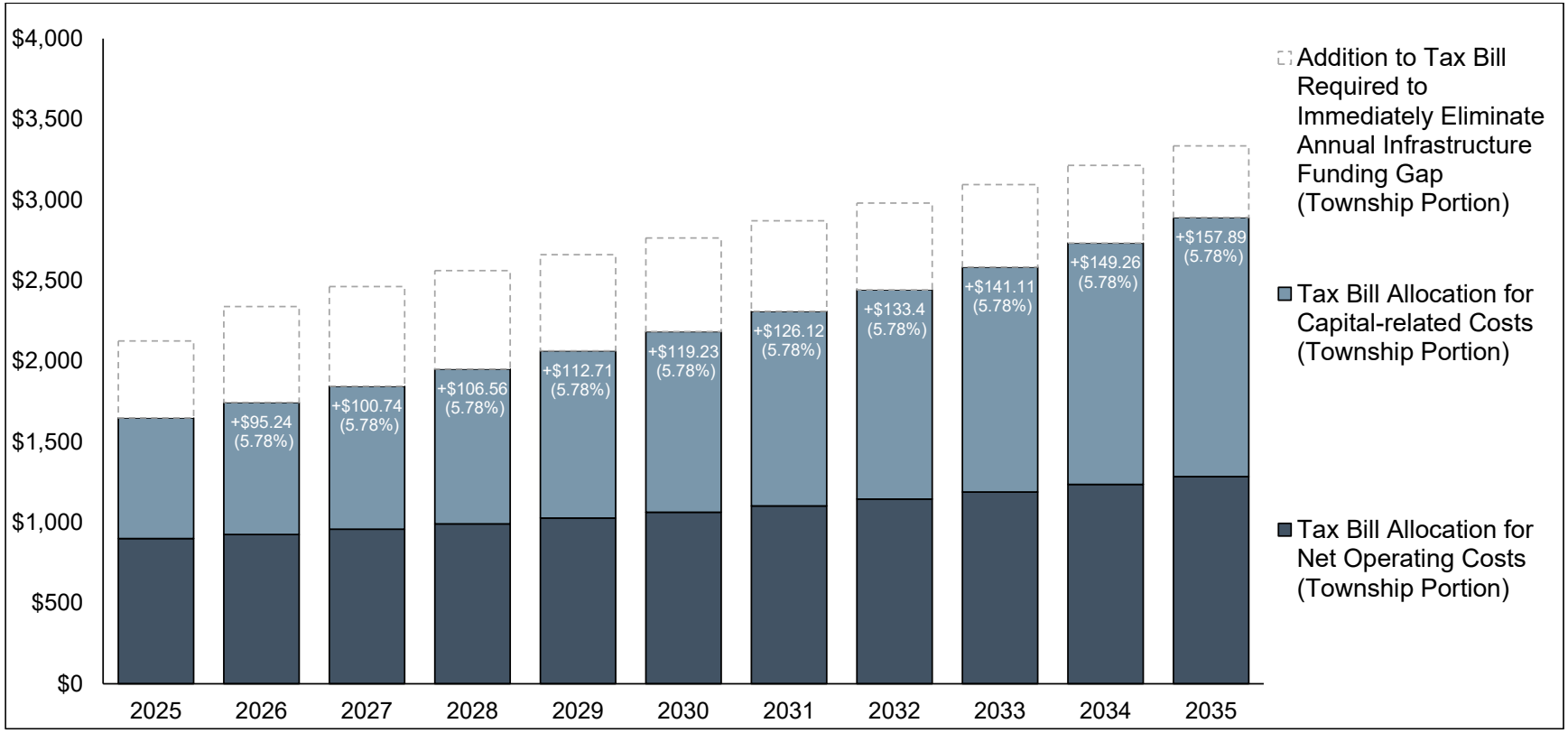
This section presents the estimated impact resulting from Scenario 2 on the annual tax bill of a typical single-family detached house in the Township with a current value assessment of $282,000[1].

As noted in Section 4.2.4.2, the Township would need to increase its tax levy from approximately $7.2 million in 2025 to approximately $17.1 million by 2040. Layering on assessment increases resulting from new assessment growth, assumed to be 1.39% annually over the forecast period, the impact on the municipal portion of individual property tax bills would be increases of 5.78% annually from 2026 to 2040. A typical single-family detached house in the Township with a current value assessment of $282,000 would see the municipal portion of its tax bill rise from approximately $1,648 as of 2025 to approximately $2,891 by 2035, and further increase to approximately $3,828 by 2040.

Figure 4-7 illustrates the estimated impact on the municipal portion of the tax bill for a typical single-family detached house with a current value assessment of $282,000 under Scenario 2.

[1]Current Value Assessment is determined by MPAC for taxation purposes and is not reflective of average market value.

Figure 4-7: Scenario 2 - Estimated Impact on the Municipal Portion of the Tax Bill for Typical Single-family Detached House Assessed at $282,000 (2025-2035)



## 4.3 Assets Funded by Water and Wastewater Rates

### *4.3.1 Annual Capital Expenditure Forecast*

This section summarizes the expenditures associated with undertaking the lifecycle activities identified earlier in Chapter 3 for the Township's water and wastewater assets.

Capital expenditures over the 10-year forecast horizon are expected to total $40.8 million, an average of $4.1 million annually, in current (2025) dollars (i.e., uninflated). Inflation on capital costs has been estimated based on the historical 20-year annual average rate of inflation as witnessed in the Statistics Canada Non-residential Building Construction Price Index and is expected to be approximately 4.50% annually. Once inflationary impacts are incorporated, lifecycle expenditures over the next 10 years are expected to total $44.4 million.

Figure 4-8 presents the inflated capital expenditure forecast for the Township's water and wastewater assets and this information is provided in tabular form in Table 4-7.

Figure 4-8: Water & Wastewater – Overall Capital Expenditure Forecast (Inflated)

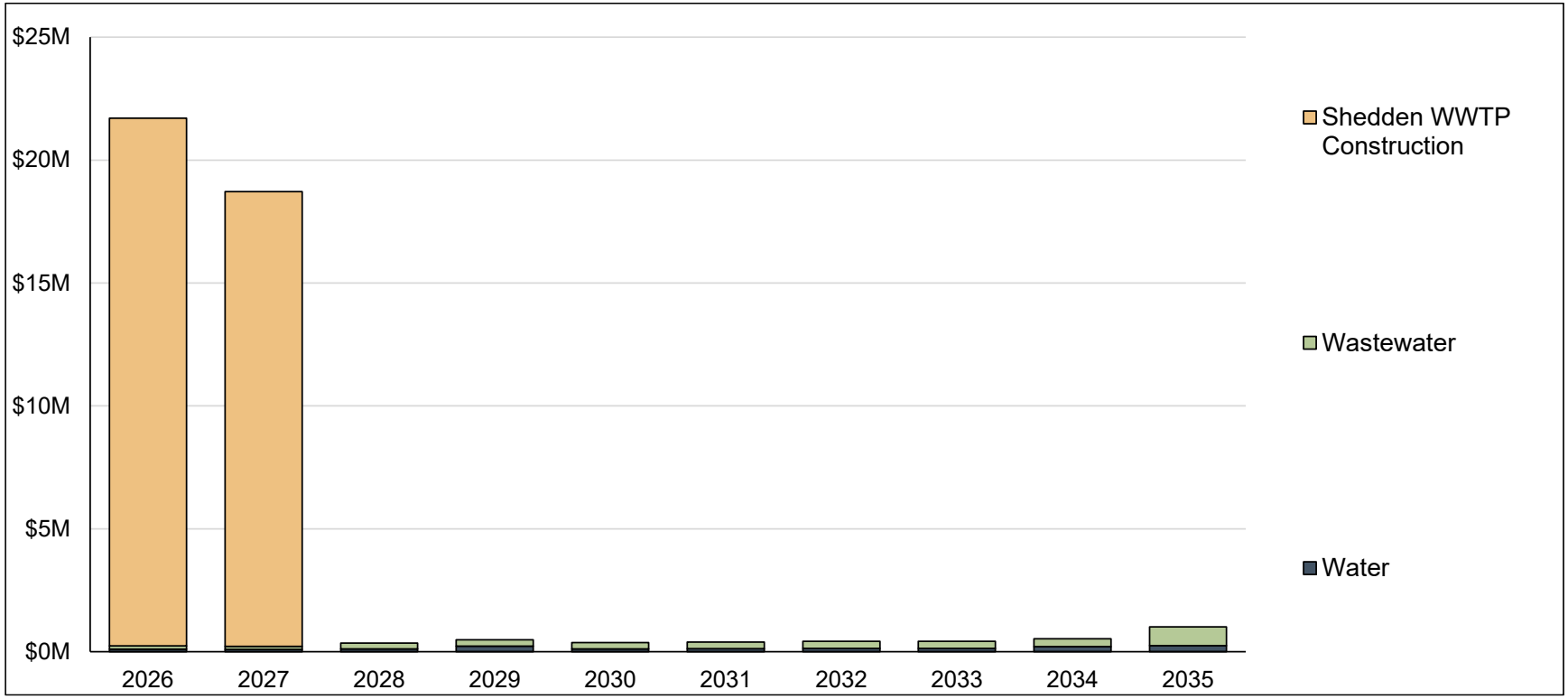



Table 4-7: Water & Wastewater – Overall Capital Expenditure Forecast (Inflated)

| Description | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Capital Expenditures** | | | | | | | | | | |
| Capital Expenditures for Water Assets | $ 104,000 | $ 94,000 | $ 114,000 | $ 234,000 | $ 112,000 | $ 123,000 | $ 138,000 | $ 134,000 | $ 207,000 | $ 252,000 |
| Capital Expenditures for Wastewater Assets | $ 140,000 | $ 130,000 | $ 239,000 | $ 252,000 | $ 257,000 | $ 270,000 | $ 282,000 | $ 294,000 | $ 323,000 | $ 761,000 |
| Capital Expenditures for Shedden WWTP Construction - Phase 1 | $ 21,458,000 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Capital Expenditures for Shedden WWTP Construction - Phase 2 | $ - | $ 18,496,000 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Total Annual Capital Expenditures** | **$ 21,702,000** | **$ 18,720,000** | **$ 353,000** | **$ 486,000** | **$ 369,000** | **$ 393,000** | **$ 420,000** | **$ 428,000** | **$ 530,000** | **$ 1,013,000** |

### 4.3.2 Annual Capital Financing Forecast

This section summarizes the recommended strategy to finance the capital expenditures identified in Section 4.3.1. Lifecycle expenditures are expected to be financed from the following sources:

- Funds projected to be available in capital reserves and reserve funds. To manage risks associated with unexpected capital expenditures that may arise, the financial strategy maintains a minimum balance in capital reserve and reserve funds. The minimum balance was set at 10% of average annual capital expenditures over the forecast period, approximately $444,000;
- Grant funding received from the Housing-Enabling Water Systems Fund (HEWSF) for the construction of the Shedden Wastewater Treatment Plant. As per HEWSF's cost-sharing rules, it is expected that 73% of the overall construction costs for this project will be funded through the grant. In total, approximately $29.2 million in HEWSF grant funding is expected to be received for this project; and
- Revenues from future connection fees. The Township anticipates funding the remaining 27% of costs associated with the construction of the Shedden Wastewater Treatment Plant through future connection fee revenues. In total, approximately $10.8 million in future connection fee revenues is expected to be required to fund this project.

As noted above, the Township expects to fund 27% of the Shedden Wastewater Treatment Plant's construction costs from future connection fee revenues. Depending on the timing of construction-related payments (i.e., progress payments) relative to connection fee revenues, the Township may need to temporarily finance construction costs from other internal sources (e.g., existing reserves and reserve funds) or external borrowing. These cashflow matters have not been considered in the financial strategy presented herein.

Table 4-8 summarizes the capital financing forecast for the Township's water and wastewater assets.

Table 4-8: Water and Wastewater – Capital Financing by Source (2026-2035)

| Capital Financing Source | Total Capital Financing |
|---|---|
| Contributions from Capital Reserves and Reserve Funds | $4,460,000 |
| Housing-Enabling Water Systems Fund Grant | $29,166,000 |
| Connection Fee Revenues | $10,788,000 |
| **Total** | **$44,414,000** |

### *4.3.3 Current Annual Lifecycle Funding Target & Infrastructure Funding Gap*

The current annual lifecycle funding target for the Township's water and wastewater assets is $1.44 million (in 2025 dollars). As noted earlier in Section 2.7.3 and Section 3.8, the Township anticipates additional growth-related wastewater system demand in the settlement areas of Shedden and Fingal in the near term and plans to address this by constructing a new wastewater treatment plant in Shedden. The construction of this plant is currently planned to occur in two phases over 2026 and 2027. Following the construction of this plant, the annual lifecycle funding target for the water and wastewater assets is estimated to rise by $868,000 to $2.31 million (in 2025 dollars). Please refer to Section 4.2.3 for further information on annual lifecycle funding targets.

Table 4-9 summarizes the modelling approaches that have been utilized to derive the annual lifecycle funding target for water and wastewater assets.

Table 4-9: Modelling Approaches Utilized to Determine Annual Lifecycle Funding Targets by Asset Category

| Asset Category | Modelling Approach |
|---|---|
| Water | Watermains: Useful life analysis (i.e., determined by dividing the current replacement cost of each watermain segment by a 75-year expected useful service life)<br><br>Water Treatment Facilities: Useful life analysis (i.e., determined by dividing the current replacement cost of various building elements and treatment components by their respective useful service life expectancies)<br><br>Other Assets: Useful life analysis (i.e., determined by dividing the current replacement cost of assets by their respective useful service life expectancies) |
| Wastewater | Wastewater Mains: Useful life analysis (i.e., determined by dividing the current replacement cost of each wastewater main segment by a 75-year expected useful service life)<br><br>Talbotville WWTP: Useful life analysis (i.e., determined by dividing the current replacement cost of various building elements and treatment components by their respective useful service life expectancies)<br><br>Shedden WWTP: Estimated based on the annual lifecycle funding target for the Talbotville WWTP, considering relative increases to plant size/capacity |

A breakdown of the lifecycle funding target by asset category is illustrated in Figure 4-9 and provided in tabular form in Table 4-10.

Figure 4-9: Water and Wastewater – Annual Lifecycle Funding Target (2025$) by Asset Category

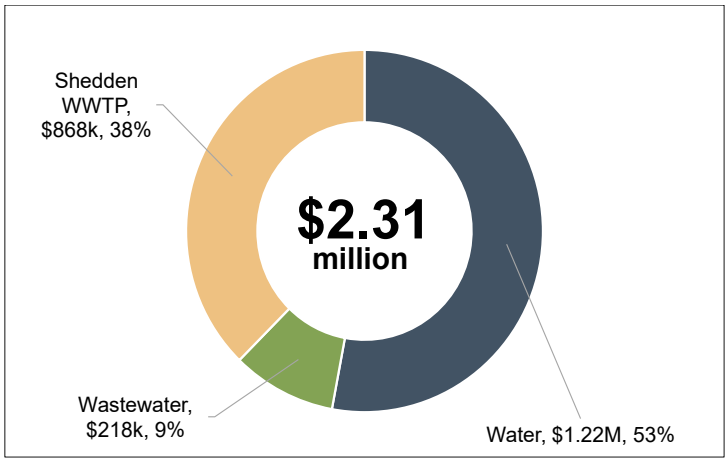



Table 4-10: Water and Wastewater – Annual Lifecycle Funding Target (2025$) by Asset Category

| Asset Category | Annual Lifecycle Funding Target (2025$) |
|---|---|
| Water | $1,221,000 |
| Wastewater | $218,000 |
| Shedden Wastewater Treatment Plant | $868,000 |
| **Total** | **$2,307,000** |

The Township allocated approximately $458,000 million towards capital-related needs in its 2025 budget for water and wastewater assets, which comprised contributions made into the Township's water and wastewater rate-funded capital reserves and reserve funds. The difference between the annual lifecycle funding target and the currently budgeted capital funding represents the Township's annual infrastructure funding gap for its water and wastewater assets.

Based on this analysis, the Township is currently facing a water and wastewater rate-based annual infrastructure funding gap of approximately $981,000 (in 2025 dollars). Once the annual lifecycle funding needs of the Shedden WWTP are incorporated into the funding target, the annual infrastructure funding gap rises to approximately $1.85 million (in 2025 dollars).

### 4.3.4 Overall Financial Forecast and Estimated Impact on Tax Levy

This section presents the overall impacts on the Township's financial position of gradually eliminating the $1.85 million funding gap by 2035.

The capital financing forecast for water and wastewater assets does not require any additional debt financing over the 10-year forecast period. Furthermore, annual repayments on external debt (i.e., principal and interest payments) utilized to fund the water and wastewater portion of construction costs of the new public works facility are expected to commence in 2026. As such, annual repayments on external debt are expected to remain stable at approximately $62,000 for the next 10 years. As noted previously in Section 4.3.2, there may be some debt financing required for the Shedden WWTP. However, this has not been included in the financial strategy presented herein.

The Township is expected to have approximately $5.2 million in its water and wastewater rate-funded capital reserves and reserve funds at the end of 2025. By 2035, this balance is expected to grow to approximately $16.6 million. A detailed continuity schedule of water and wastewater rate-funded capital reserves/reserve funds can be found in Appendix B

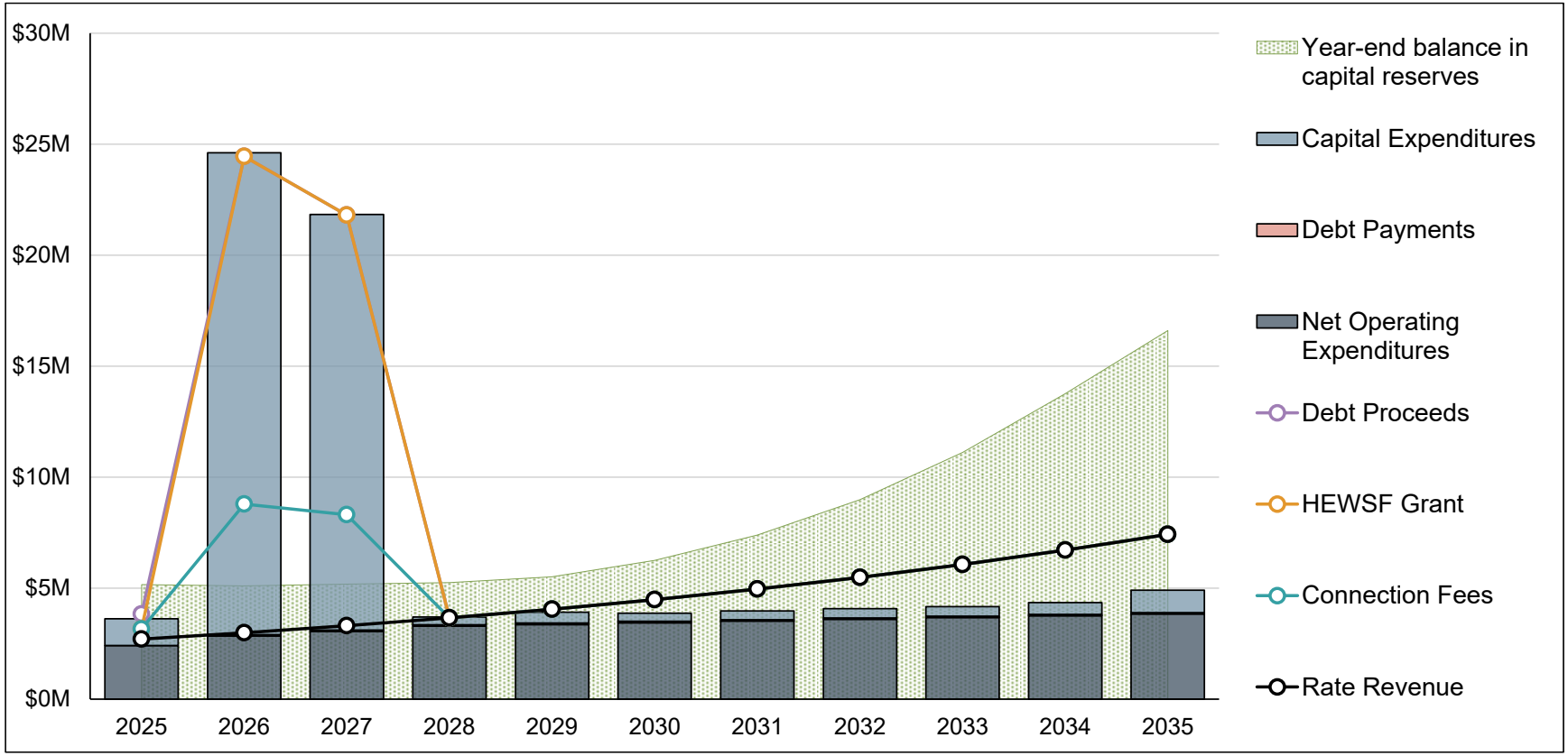
In order to fund the recommended lifecycle management strategy and eliminate the infrastructure funding gap for water and wastewater assets, the Township's water and wastewater rate revenues would need to increase by 10.62% annually from 2026 to 2035[1]. Rate revenues are forecasted to rise from the current level of approximately $2.7 million to approximately $7.4 million by 2035.

The identified rate-revenue impacts include inflationary adjustments to the Township's operating costs and revenues as identified in its 2025 budget (i.e., general operating inflation of 2.22% annually).

Figure 4-10 illustrates the overall financial forecast for the Township's rate-funded assets, with full details of the Financial Strategy provided in Appendix B.

[1]Please note that this may not necessarily lead to an equivalent increase in the water and wastewater rates that are charged to users. The Township's water and wastewater rates are determined as part of its annual budgeting process and are dependent on other factors (such as the total number of customers and metered consumption), which are outside the scope of the analysis presented herein.

Figure 4-10: Water & Wastewater – Overall Financial Forecast (Inflated)



## 4.4 Assets Funded by Stormwater Rates

The Township implemented stormwater rates in July 2025 to provide a dedicated funding source for stormwater management services. Stormwater rates have been set as per the recommendations provided in the Township's 2024 One Water Rate Study[1], with the intent to, over time, fully fund the cost of providing stormwater management services from stormwater rate revenues.

Due to the recency of the implementation of stormwater rates within the Township, there is currently insufficient data to develop an accurate and robust financial strategy for stormwater assets. In order to support the development of such a financial strategy in future iterations of this asset management plan, it is recommended that the Township:

- Refine and update its current inventory of stormwater assets; and
- Update stormwater revenue and operating cost projections based on data collected from the on-going implementation phase.

[1]The Township's 2024 One Water Rate Study was completed by WT Infrastructure.

# Chapter 5
# Recommendations and Next Steps

# 5. Recommendations and Next Steps

## 5.1 Recommendations

The following recommendations are provided for the Township's consideration:

- That the Township of Southwold Asset Management Plan be received and approved by Council based on one of the following financial strategy scenarios for tax-funded assets:
    - Scenario 1: Eliminating the current annual infrastructure funding gap over a 10-year period (i.e., by 2035); or
    - Scenario 2: Eliminating the current annual infrastructure funding gap over a 15-year period (i.e., by 2040)
- That consideration be made as part of the annual budgeting process to ensure sufficient capital funding is available to implement the asset management plan.

As noted earlier in Section 4.4, due to the recency of the implementation of stormwater rates within the Township, there is currently insufficient data to develop an accurate and robust financial strategy for stormwater assets. As such, it is further recommended that the Township continue its data collection efforts from the on-going implementation phase to:

- Refine and update its current inventory of stormwater assets; and
- Update its stormwater revenue and operating cost projections.

## 5.2 Next Steps

Following the approval of this asset management plan by Council, the Township's asset management journey will transition from developing the plan to its operationalization. The Township will need to establish processes and implement systems to keep asset information (e.g., condition, replacement costs, etc.) updated and relevant, so that it can be relied on to identify capital priorities and inform the annual budget process.

To ensure ongoing compliance with O. Reg. 588/17, the Township will need to start conducting annual reviews of the progress being made towards implementing the asset

management plan, with the first review required to be conducted prior to July 1, 2027. The annual reviews must identify any factors preventing progress towards full implementation and outline a strategy to address those impeding factors. Following the completion of this asset management plan, the Township should shift its focus to developing the format and content of these annual reviews to enable informed decision-making by Council and staff.

Furthermore, O. Reg. 588/17 requires updates to this asset management plan to be conducted at a minimum every five years. To maximize the reliability of the updated analyses, the Township should proactively plan to conduct updates of background studies and underlying asset data in a timely manner prior to undertaking an update of this asset management plan. The Township should also plan to proactively update the underlying data utilized to inform the current performance of the included level of service measures on a regular basis. Tracking the current performance of included measures over time relative to their targeted performance provides a key measure of success in fully implementing the asset management plan.

# Appendix A
## Financial Strategy Tables for Tax-funded Assets

## Table A-1: Tax-supported Capital Budget Forecast for Scenario 1 (Inflated)
## Township of Southwold

| Description | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Capital Expenditures** | | | | | | | | | | |
| Capital Expenditures for Roads & Road-related Assets | $ 5,372,000 | $ 2,510,000 | $ 2,557,000 | $ 1,121,000 | $ 1,165,000 | $ 1,761,000 | $ 2,139,000 | $ 1,177,000 | $ 2,792,000 | $ 3,466,000 |
| Capital Expenditures for Structures | $ 565,000 | $ 685,000 | $ 1,129,000 | $ 184,000 | $ 358,000 | $ 266,000 | $ 412,000 | $ 81,000 | $ 404,000 | $ 491,000 |
| Capital Expenditures for Tax-funded Facilities | $ - | $ 84,000 | $ 46,000 | $ - | $ 232,000 | $ - | $ 11,000 | $ - | $ - | $ - |
| Capital Expenditures for Tax-funded Fleet and Equipment Assets | $ 328,000 | $ 1,104,000 | $ 1,152,000 | $ 558,000 | $ 1,279,000 | $ 1,184,000 | $ 485,000 | $ 239,000 | $ 703,000 | $ 4,047,000 |
| Capital Expenditures for Parks and Recreation Assets | $ 112,000 | $ 209,000 | $ 302,000 | $ 119,000 | $ 150,000 | $ 139,000 | $ 325,000 | $ 124,000 | $ 58,000 | $ 339,000 |
| **Total Annual Capital Expenditures** | **$ 6,377,000** | **$ 4,592,000** | **$ 5,186,000** | **$ 1,982,000** | **$ 3,184,000** | **$ 3,350,000** | **$ 3,372,000** | **$ 1,621,000** | **$ 3,957,000** | **$ 8,343,000** |
| **Capital Financing** | | | | | | | | | | |
| Transfer Payment Revenues (OCIF + CCBF) | $ 424,000 | $ 298,000 | $ 298,000 | $ 304,000 | $ 304,000 | $ 311,000 | $ 311,000 | $ 318,000 | $ 318,000 | $ 326,000 |
| Debt Proceeds | $ - | $ - | $ 414,000 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Contribution from Capital Reserves and Reserve Funds | $ 5,953,000 | $ 4,294,000 | $ 4,474,000 | $ 1,678,000 | $ 2,880,000 | $ 3,039,000 | $ 3,061,000 | $ 1,303,000 | $ 3,639,000 | $ 8,017,000 |
| **Total Annual Capital Financing** | **$ 6,377,000** | **$ 4,592,000** | **$ 5,186,000** | **$ 1,982,000** | **$ 3,184,000** | **$ 3,350,000** | **$ 3,372,000** | **$ 1,621,000** | **$ 3,957,000** | **$ 8,343,000** |

## Table A-2: Tax-supported Schedule of Debt Payments for Scenario 1 (Inflated)
## Township of Southwold

| Year | Principal Borrowed | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Existing | $ 368,000 | $ 368,000 | $ 368,000 | $ 368,000 | $ 368,000 | $ 368,000 | $ 368,000 | $ 368,000 | $ 368,000 | $ 368,000 |
| 2026 | $ - | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 2027 | $ - | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 2028 | $ 414,000 | | | | $ 38,000 | $ 38,000 | $ 38,000 | $ 38,000 | $ 38,000 | $ 38,000 | $ 38,000 |
| 2029 | $ - | | | | | $ - | $ - | $ - | $ - | $ - | $ - |
| 2030 | $ - | | | | | | $ - | $ - | $ - | $ - | $ - |
| 2031 | $ - | | | | | | | $ - | $ - | $ - | $ - |
| 2032 | $ - | | | | | | | | $ - | $ - | $ - |
| 2033 | $ - | | | | | | | | | $ - | $ - |
| 2034 | $ - | | | | | | | | | | $ - |
| 2035 | $ - | | | | | | | | | | |
| **Total Annual Debt Repayments** | | **$ 368,000** | **$ 368,000** | **$ 368,000** | **$ 406,000** | **$ 406,000** | **$ 406,000** | **$ 406,000** | **$ 406,000** | **$ 406,000** | **$ 406,000** |

Table A-3: Tax-supported Schedule of Capital Reserves and Reserve Funds Continuity for Scenario 1 (Inflated)
Township of Southwold

| Description | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| Opening Balance | $ 5,252,000 | $ 2,212,000 | $ 1,186,000 | $ 420,000 | $ 2,903,000 | $ 4,791,000 | $ 7,169,000 | $ 10,240,000 | $ 15,863,000 | $ 20,064,000 |
| Add: Transfer from Operating | $ 2,745,000 | $ 3,155,000 | $ 3,606,000 | $ 4,065,000 | $ 4,611,000 | $ 5,210,000 | $ 5,865,000 | $ 6,583,000 | $ 7,368,000 | $ 8,229,000 |
| Add: Interest Earned | $ 168,000 | $ 113,000 | $ 102,000 | $ 96,000 | $ 157,000 | $ 207,000 | $ 267,000 | $ 343,000 | $ 472,000 | $ 572,000 |
| Less: Transfer to Fund Capital Expenditures | $ 5,953,000 | $ 4,294,000 | $ 4,474,000 | $ 1,678,000 | $ 2,880,000 | $ 3,039,000 | $ 3,061,000 | $ 1,303,000 | $ 3,639,000 | $ 8,017,000 |
| **Closing Balance** | **$ 2,212,000** | **$ 1,186,000** | **$ 420,000** | **$ 2,903,000** | **$ 4,791,000** | **$ 7,169,000** | **$ 10,240,000** | **$ 15,863,000** | **$ 20,064,000** | **$ 20,848,000** |
| *Minimum Reserve Balance Theshold (10% of avg. inflated CAPEX)* | *$ 420,000* | *$ 420,000* | *$ 420,000* | *$ 420,000* | *$ 420,000* | *$ 420,000* | *$ 420,000* | *$ 420,000* | *$ 420,000* | *$ 420,000* |

# Table A-4: Tax-supported Operating Budget Forecast for Scenario 1 (Inflated)
# Township of Southwold

| Description | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Operating Expenditures** | | | | | | | | | | |
| Council | $ 132,000 | $ 135,000 | $ 138,000 | $ 141,000 | $ 144,000 | $ 147,000 | $ 150,000 | $ 153,000 | $ 156,000 | $ 159,000 |
| Administration | $ 892,000 | $ 912,000 | $ 932,000 | $ 953,000 | $ 974,000 | $ 996,000 | $ 1,018,000 | $ 1,041,000 | $ 1,064,000 | $ 1,088,000 |
| Police | $ 736,000 | $ 752,000 | $ 769,000 | $ 786,000 | $ 803,000 | $ 821,000 | $ 839,000 | $ 858,000 | $ 877,000 | $ 896,000 |
| Conservation Authority | $ 118,000 | $ 121,000 | $ 124,000 | $ 127,000 | $ 130,000 | $ 133,000 | $ 136,000 | $ 139,000 | $ 142,000 | $ 145,000 |
| By-law, Canine, Livestock | $ 59,000 | $ 60,000 | $ 61,000 | $ 62,000 | $ 63,000 | $ 64,000 | $ 65,000 | $ 66,000 | $ 67,000 | $ 68,000 |
| Waste Management | $ 384,000 | $ 393,000 | $ 402,000 | $ 411,000 | $ 420,000 | $ 429,000 | $ 439,000 | $ 449,000 | $ 459,000 | $ 469,000 |
| Cemeteries | $ 23,000 | $ 24,000 | $ 25,000 | $ 26,000 | $ 27,000 | $ 28,000 | $ 29,000 | $ 30,000 | $ 31,000 | $ 32,000 |
| Fire Department | $ 874,000 | $ 893,000 | $ 913,000 | $ 933,000 | $ 954,000 | $ 975,000 | $ 997,000 | $ 1,019,000 | $ 1,042,000 | $ 1,065,000 |
| Building | $ 377,000 | $ 385,000 | $ 394,000 | $ 403,000 | $ 412,000 | $ 421,000 | $ 430,000 | $ 440,000 | $ 450,000 | $ 460,000 |
| Municipal Property | $ 138,000 | $ 141,000 | $ 144,000 | $ 147,000 | $ 150,000 | $ 153,000 | $ 156,000 | $ 159,000 | $ 163,000 | $ 167,000 |
| Keystone | $ 129,000 | $ 132,000 | $ 135,000 | $ 138,000 | $ 141,000 | $ 144,000 | $ 147,000 | $ 150,000 | $ 153,000 | $ 156,000 |
| Parks | $ 308,000 | $ 315,000 | $ 322,000 | $ 329,000 | $ 336,000 | $ 343,000 | $ 351,000 | $ 359,000 | $ 367,000 | $ 375,000 |
| Roads (not including loosetop maintenance) | $ 2,135,000 | $ 2,182,000 | $ 2,230,000 | $ 2,279,000 | $ 2,330,000 | $ 2,382,000 | $ 2,435,000 | $ 2,489,000 | $ 2,544,000 | $ 2,600,000 |
| Loosetop Maintenance | $ 502,000 | $ 563,000 | $ 632,000 | $ 709,000 | $ 796,000 | $ 893,000 | $ 1,002,000 | $ 1,124,000 | $ 1,262,000 | $ 1,416,000 |
| Planning | $ 325,000 | $ 332,000 | $ 339,000 | $ 347,000 | $ 355,000 | $ 363,000 | $ 371,000 | $ 379,000 | $ 387,000 | $ 396,000 |
| Drainage | $ 174,000 | $ 178,000 | $ 182,000 | $ 186,000 | $ 190,000 | $ 194,000 | $ 198,000 | $ 202,000 | $ 206,000 | $ 211,000 |
| Fee Waivers/Grants | $ 35,000 | $ 36,000 | $ 37,000 | $ 38,000 | $ 39,000 | $ 40,000 | $ 41,000 | $ 42,000 | $ 43,000 | $ 44,000 |
| Transfer to Operating Reserve | $ 77,000 | $ 79,000 | $ 81,000 | $ 83,000 | $ 85,000 | $ 87,000 | $ 89,000 | $ 91,000 | $ 93,000 | $ 95,000 |
| Adjustment for Equipment Internal Charges | -$ 355,000 | -$ 360,000 | -$ 365,000 | -$ 370,000 | -$ 375,000 | -$ 380,000 | -$ 385,000 | -$ 390,000 | -$ 395,000 | -$ 400,000 |
| **Sub-total: Operating Expenditures** | **$ 7,063,000** | **$ 7,273,000** | **$ 7,495,000** | **$ 7,728,000** | **$ 7,974,000** | **$ 8,233,000** | **$ 8,508,000** | **$ 8,800,000** | **$ 9,111,000** | **$ 9,442,000** |
| **Capital-related Expenditures** | | | | | | | | | | |
| Transfer to Capital Reserves and Reserve Funds | $ 2,745,000 | $ 3,155,000 | $ 3,606,000 | $ 4,065,000 | $ 4,611,000 | $ 5,210,000 | $ 5,865,000 | $ 6,583,000 | $ 7,368,000 | $ 8,229,000 |
| Debt Repayment | $ 368,000 | $ 368,000 | $ 368,000 | $ 406,000 | $ 406,000 | $ 406,000 | $ 406,000 | $ 406,000 | $ 406,000 | $ 406,000 |
| **Sub-total: Capital-related Expenditures** | **$ 3,113,000** | **$ 3,523,000** | **$ 3,974,000** | **$ 4,471,000** | **$ 5,017,000** | **$ 5,616,000** | **$ 6,271,000** | **$ 6,989,000** | **$ 7,774,000** | **$ 8,635,000** |
| **Total Annual Expenditures** | **$ 10,176,000** | **$ 10,796,000** | **$ 11,469,000** | **$ 12,199,000** | **$ 12,991,000** | **$ 13,849,000** | **$ 14,779,000** | **$ 15,789,000** | **$ 16,885,000** | **$ 18,077,000** |
| **Operating Revenues** | | | | | | | | | | |
| Tax Levy | $ 6,531,000 | $ 7,108,000 | $ 7,737,000 | $ 8,422,000 | $ 9,167,000 | $ 9,978,000 | $ 10,860,000 | $ 11,821,000 | $ 12,867,000 | $ 14,005,000 |
| Administration | $ 97,000 | $ 99,000 | $ 101,000 | $ 103,000 | $ 105,000 | $ 107,000 | $ 109,000 | $ 111,000 | $ 113,000 | $ 116,000 |
| Waste Management | $ 71,000 | $ 73,000 | $ 75,000 | $ 77,000 | $ 79,000 | $ 81,000 | $ 83,000 | $ 85,000 | $ 87,000 | $ 89,000 |
| Fire Department | $ 234,000 | $ 239,000 | $ 244,000 | $ 249,000 | $ 255,000 | $ 261,000 | $ 267,000 | $ 273,000 | $ 279,000 | $ 285,000 |
| Building | $ 377,000 | $ 385,000 | $ 394,000 | $ 403,000 | $ 412,000 | $ 421,000 | $ 430,000 | $ 440,000 | $ 450,000 | $ 460,000 |
| Municipal Property | $ 100,000 | $ 102,000 | $ 104,000 | $ 106,000 | $ 108,000 | $ 110,000 | $ 112,000 | $ 114,000 | $ 117,000 | $ 120,000 |
| Keystone | $ 44,000 | $ 45,000 | $ 46,000 | $ 47,000 | $ 48,000 | $ 49,000 | $ 50,000 | $ 51,000 | $ 52,000 | $ 53,000 |
| Parks | $ 21,000 | $ 21,000 | $ 21,000 | $ 21,000 | $ 21,000 | $ 21,000 | $ 21,000 | $ 21,000 | $ 21,000 | $ 21,000 |
| Roads | $ 421,000 | $ 431,000 | $ 441,000 | $ 450,000 | $ 460,000 | $ 470,000 | $ 481,000 | $ 492,000 | $ 502,000 | $ 515,000 |
| Planning | $ 195,000 | $ 199,000 | $ 203,000 | $ 208,000 | $ 213,000 | $ 218,000 | $ 223,000 | $ 228,000 | $ 233,000 | $ 238,000 |
| Drainage | $ 99,000 | $ 101,000 | $ 103,000 | $ 105,000 | $ 107,000 | $ 109,000 | $ 111,000 | $ 113,000 | $ 116,000 | $ 119,000 |
| Interest Income | $ 153,000 | $ 156,000 | $ 159,000 | $ 163,000 | $ 167,000 | $ 171,000 | $ 175,000 | $ 179,000 | $ 183,000 | $ 187,000 |
| PILs | $ 1,168,000 | $ 1,168,000 | $ 1,168,000 | $ 1,168,000 | $ 1,168,000 | $ 1,168,000 | $ 1,168,000 | $ 1,168,000 | $ 1,168,000 | $ 1,168,000 |
| Penalty & Interest | $ 77,000 | $ 79,000 | $ 81,000 | $ 83,000 | $ 85,000 | $ 87,000 | $ 89,000 | $ 91,000 | $ 93,000 | $ 95,000 |
| Supplemental Taxation | $ 87,000 | $ 89,000 | $ 91,000 | $ 93,000 | $ 95,000 | $ 97,000 | $ 99,000 | $ 101,000 | $ 103,000 | $ 105,000 |
| OMPF | $ 501,000 | $ 501,000 | $ 501,000 | $ 501,000 | $ 501,000 | $ 501,000 | $ 501,000 | $ 501,000 | $ 501,000 | $ 501,000 |
| **Total Annual Revenues** | **$ 10,176,000** | **$ 10,796,000** | **$ 11,469,000** | **$ 12,199,000** | **$ 12,991,000** | **$ 13,849,000** | **$ 14,779,000** | **$ 15,789,000** | **$ 16,885,000** | **$ 18,077,000** |

Table A-5: Tax Levy Forecast for Scenario 1 (Inflated)
Township of Southwold

| Description | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| Prior-year Tax Levy | $ 7,153,000 | $ 6,531,000 | $ 7,108,000 | $ 7,737,000 | $ 8,422,000 | $ 9,167,000 | $ 9,978,000 | $ 10,860,000 | $ 11,821,000 | $ 12,867,000 |
| Add: Tax Revenues from Incremental Assessment Growth | -$ 1,070,000 | $ 91,000 | $ 99,000 | $ 108,000 | $ 117,000 | $ 127,000 | $ 139,000 | $ 151,000 | $ 164,000 | $ 179,000 |
| Add: Tax Revenues from Existing Assessment Base | $ 448,000 | $ 486,000 | $ 530,000 | $ 577,000 | $ 628,000 | $ 684,000 | $ 743,000 | $ 810,000 | $ 882,000 | $ 959,000 |
| **Total Tax Levy** | **$ 6,531,000** | **$ 7,108,000** | **$ 7,737,000** | **$ 8,422,000** | **$ 9,167,000** | **$ 9,978,000** | **$ 10,860,000** | **$ 11,821,000** | **$ 12,867,000** | **$ 14,005,000** |
| *Tax Levy Increase %* | | *-8.71%* | *8.85%* | *8.85%* | *8.85%* | *8.85%* | *8.85%* | *8.85%* | *8.85%* | *8.85%* |
| *Tax Rate Increase %* | | *7.35%* | *7.35%* | *7.35%* | *7.35%* | *7.35%* | *7.35%* | *7.35%* | *7.35%* | *7.35%* |

## Table A-6: Tax-supported Capital Budget Forecast for Scenario 2 (Inflated)
## Township of Southwold

| Description | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Capital Expenditures** | | | | | | | | | | |
| Capital Expenditures for Roads & Road-related Assets | $ 5,372,000 | $ 2,510,000 | $ 2,557,000 | $ 1,121,000 | $ 1,165,000 | $ 1,761,000 | $ 2,139,000 | $ 1,177,000 | $ 2,792,000 | $ 3,466,000 |
| Capital Expenditures for Structures | $ 565,000 | $ 685,000 | $ 1,129,000 | $ 184,000 | $ 358,000 | $ 266,000 | $ 412,000 | $ 81,000 | $ 404,000 | $ 491,000 |
| Capital Expenditures for Tax-funded Facilities | $ - | $ 84,000 | $ 46,000 | $ - | $ 232,000 | $ - | $ 11,000 | $ - | $ - | $ - |
| Capital Expenditures for Tax-funded Fleet and Equipment Assets | $ 328,000 | $ 1,104,000 | $ 1,152,000 | $ 558,000 | $ 1,279,000 | $ 1,184,000 | $ 485,000 | $ 239,000 | $ 703,000 | $ 4,047,000 |
| Capital Expenditures for Parks and Recreation Assets | $ 112,000 | $ 209,000 | $ 302,000 | $ 119,000 | $ 150,000 | $ 139,000 | $ 325,000 | $ 124,000 | $ 58,000 | $ 339,000 |
| **Total Annual Capital Expenditures** | **$ 6,377,000** | **$ 4,592,000** | **$ 5,186,000** | **$ 1,982,000** | **$ 3,184,000** | **$ 3,350,000** | **$ 3,372,000** | **$ 1,621,000** | **$ 3,957,000** | **$ 8,343,000** |
| **Capital Financing** | | | | | | | | | | |
| Transfer Payment Revenues (OCIF + CCBF) | $ 424,000 | $ 298,000 | $ 298,000 | $ 304,000 | $ 304,000 | $ 311,000 | $ 311,000 | $ 318,000 | $ 318,000 | $ 326,000 |
| Debt Proceeds | $ - | $ - | $ 1,074,000 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Contribution from Capital Reserves and Reserve Funds | $ 5,953,000 | $ 4,294,000 | $ 3,814,000 | $ 1,678,000 | $ 2,880,000 | $ 3,039,000 | $ 3,061,000 | $ 1,303,000 | $ 3,639,000 | $ 8,017,000 |
| **Total Annual Capital Financing** | **$ 6,377,000** | **$ 4,592,000** | **$ 5,186,000** | **$ 1,982,000** | **$ 3,184,000** | **$ 3,350,000** | **$ 3,372,000** | **$ 1,621,000** | **$ 3,957,000** | **$ 8,343,000** |

## Table A-7: Tax-supported Schedule of Debt Payments for Scenario 2 (Inflated)
## Township of Southwold

| Year | Principal Borrowed | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Existing | $ 368,000 | $ 368,000 | $ 368,000 | $ 368,000 | $ 368,000 | $ 368,000 | $ 368,000 | $ 368,000 | $ 368,000 | $ 368,000 |
| 2026 | $ - | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 2027 | $ - | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 2028 | $ 1,074,000 | | | | $ 99,000 | $ 99,000 | $ 99,000 | $ 99,000 | $ 99,000 | $ 99,000 | $ 99,000 |
| 2029 | $ - | | | | | $ - | $ - | $ - | $ - | $ - | $ - |
| 2030 | $ - | | | | | | $ - | $ - | $ - | $ - | $ - |
| 2031 | $ - | | | | | | | $ - | $ - | $ - | $ - |
| 2032 | $ - | | | | | | | | $ - | $ - | $ - |
| 2033 | $ - | | | | | | | | | $ - | $ - |
| 2034 | $ - | | | | | | | | | | $ - |
| 2035 | $ - | | | | | | | | | | |
| **Total Annual Debt Repayments** | | **$ 368,000** | **$ 368,000** | **$ 368,000** | **$ 467,000** | **$ 467,000** | **$ 467,000** | **$ 467,000** | **$ 467,000** | **$ 467,000** | **$ 467,000** |

Table A-8: Tax-supported Schedule of Capital Reserves and Reserve Funds Continuity for Scenario 2 (Inflated)
Township of Southwold

| Description | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| Opening Balance | $ 5,252,000 | $ 2,115,000 | $ 875,000 | $ 420,000 | $ 2,348,000 | $ 3,495,000 | $ 4,920,000 | $ 6,794,000 | $ 10,940,000 | $ 13,343,000 |
| Add: Transfer from Operating | $ 2,649,000 | $ 2,948,000 | $ 3,270,000 | $ 3,520,000 | $ 3,897,000 | $ 4,302,000 | $ 4,735,000 | $ 5,202,000 | $ 5,703,000 | $ 6,241,000 |
| Add: Interest Earned | $ 167,000 | $ 106,000 | $ 89,000 | $ 86,000 | $ 130,000 | $ 162,000 | $ 200,000 | $ 247,000 | $ 339,000 | $ 398,000 |
| Less: Transfer to Fund Capital Expenditures | $ 5,953,000 | $ 4,294,000 | $ 3,814,000 | $ 1,678,000 | $ 2,880,000 | $ 3,039,000 | $ 3,061,000 | $ 1,303,000 | $ 3,639,000 | $ 8,017,000 |
| **Closing Balance** | **$ 2,115,000** | **$ 875,000** | **$ 420,000** | **$ 2,348,000** | **$ 3,495,000** | **$ 4,920,000** | **$ 6,794,000** | **$ 10,940,000** | **$ 13,343,000** | **$ 11,965,000** |
| *Minimum Reserve Balance Theshold (10% of avg. inflated CAPEX)* | *$ 420,000* | *$ 420,000* | *$ 420,000* | *$ 420,000* | *$ 420,000* | *$ 420,000* | *$ 420,000* | *$ 420,000* | *$ 420,000* | *$ 420,000* |

# Table A-9: Tax-supported Operating Budget Forecast for Scenario 2 (Inflated)
# Township of Southwold

| Description | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Operating Expenditures** | | | | | | | | | | |
| Council | $ 132,000 | $ 135,000 | $ 138,000 | $ 141,000 | $ 144,000 | $ 147,000 | $ 150,000 | $ 153,000 | $ 156,000 | $ 159,000 |
| Administration | $ 892,000 | $ 912,000 | $ 932,000 | $ 953,000 | $ 974,000 | $ 996,000 | $ 1,018,000 | $ 1,041,000 | $ 1,064,000 | $ 1,088,000 |
| Police | $ 736,000 | $ 752,000 | $ 769,000 | $ 786,000 | $ 803,000 | $ 821,000 | $ 839,000 | $ 858,000 | $ 877,000 | $ 896,000 |
| Conservation Authority | $ 118,000 | $ 121,000 | $ 124,000 | $ 127,000 | $ 130,000 | $ 133,000 | $ 136,000 | $ 139,000 | $ 142,000 | $ 145,000 |
| By-law, Canine, Livestock | $ 59,000 | $ 60,000 | $ 61,000 | $ 62,000 | $ 63,000 | $ 64,000 | $ 65,000 | $ 66,000 | $ 67,000 | $ 68,000 |
| Waste Management | $ 384,000 | $ 393,000 | $ 402,000 | $ 411,000 | $ 420,000 | $ 429,000 | $ 439,000 | $ 449,000 | $ 459,000 | $ 469,000 |
| Cemeteries | $ 23,000 | $ 24,000 | $ 25,000 | $ 26,000 | $ 27,000 | $ 28,000 | $ 29,000 | $ 30,000 | $ 31,000 | $ 32,000 |
| Fire Department | $ 874,000 | $ 893,000 | $ 913,000 | $ 933,000 | $ 954,000 | $ 975,000 | $ 997,000 | $ 1,019,000 | $ 1,042,000 | $ 1,065,000 |
| Building | $ 377,000 | $ 385,000 | $ 394,000 | $ 403,000 | $ 412,000 | $ 421,000 | $ 430,000 | $ 440,000 | $ 450,000 | $ 460,000 |
| Municipal Property | $ 138,000 | $ 141,000 | $ 144,000 | $ 147,000 | $ 150,000 | $ 153,000 | $ 156,000 | $ 159,000 | $ 163,000 | $ 167,000 |
| Keystone | $ 129,000 | $ 132,000 | $ 135,000 | $ 138,000 | $ 141,000 | $ 144,000 | $ 147,000 | $ 150,000 | $ 153,000 | $ 156,000 |
| Parks | $ 308,000 | $ 315,000 | $ 322,000 | $ 329,000 | $ 336,000 | $ 343,000 | $ 351,000 | $ 359,000 | $ 367,000 | $ 375,000 |
| Roads (not including loosetop maintenance) | $ 2,135,000 | $ 2,182,000 | $ 2,230,000 | $ 2,279,000 | $ 2,330,000 | $ 2,382,000 | $ 2,435,000 | $ 2,489,000 | $ 2,544,000 | $ 2,600,000 |
| Loosetop Maintenance | $ 502,000 | $ 563,000 | $ 632,000 | $ 709,000 | $ 796,000 | $ 893,000 | $ 1,002,000 | $ 1,124,000 | $ 1,262,000 | $ 1,416,000 |
| Planning | $ 325,000 | $ 332,000 | $ 339,000 | $ 347,000 | $ 355,000 | $ 363,000 | $ 371,000 | $ 379,000 | $ 387,000 | $ 396,000 |
| Drainage | $ 174,000 | $ 178,000 | $ 182,000 | $ 186,000 | $ 190,000 | $ 194,000 | $ 198,000 | $ 202,000 | $ 206,000 | $ 211,000 |
| Fee Waivers/Grants | $ 35,000 | $ 36,000 | $ 37,000 | $ 38,000 | $ 39,000 | $ 40,000 | $ 41,000 | $ 42,000 | $ 43,000 | $ 44,000 |
| Transfer to Operating Reserve | $ 77,000 | $ 79,000 | $ 81,000 | $ 83,000 | $ 85,000 | $ 87,000 | $ 89,000 | $ 91,000 | $ 93,000 | $ 95,000 |
| Adjustment for Equipment Internal Charges (Transfer to Reserve) | -$ 355,000 | -$ 360,000 | -$ 365,000 | -$ 370,000 | -$ 375,000 | -$ 380,000 | -$ 385,000 | -$ 390,000 | -$ 395,000 | -$ 400,000 |
| **Sub-total: Operating Expenditures** | **$ 7,063,000** | **$ 7,273,000** | **$ 7,495,000** | **$ 7,728,000** | **$ 7,974,000** | **$ 8,233,000** | **$ 8,508,000** | **$ 8,800,000** | **$ 9,111,000** | **$ 9,442,000** |
| **Capital-related Expenditures** | | | | | | | | | | |
| Transfer to Capital Reserves and Reserve Funds | $ 2,649,000 | $ 2,948,000 | $ 3,270,000 | $ 3,520,000 | $ 3,897,000 | $ 4,302,000 | $ 4,735,000 | $ 5,202,000 | $ 5,703,000 | $ 6,241,000 |
| Debt Repayment | $ 368,000 | $ 368,000 | $ 368,000 | $ 467,000 | $ 467,000 | $ 467,000 | $ 467,000 | $ 467,000 | $ 467,000 | $ 467,000 |
| **Sub-total: Capital-related Expenditures** | **$ 3,017,000** | **$ 3,316,000** | **$ 3,638,000** | **$ 3,987,000** | **$ 4,364,000** | **$ 4,769,000** | **$ 5,202,000** | **$ 5,669,000** | **$ 6,170,000** | **$ 6,708,000** |
| **Total Annual Expenditures** | **$ 10,080,000** | **$ 10,589,000** | **$ 11,133,000** | **$ 11,715,000** | **$ 12,338,000** | **$ 13,002,000** | **$ 13,710,000** | **$ 14,469,000** | **$ 15,281,000** | **$ 16,150,000** |
| **Operating Revenues** | | | | | | | | | | |
| Tax Levy | $ 6,435,000 | $ 6,901,000 | $ 7,401,000 | $ 7,938,000 | $ 8,513,000 | $ 9,130,000 | $ 9,792,000 | $ 10,501,000 | $ 11,262,000 | $ 12,078,000 |
| Administration | $ 97,000 | $ 99,000 | $ 101,000 | $ 103,000 | $ 105,000 | $ 107,000 | $ 109,000 | $ 111,000 | $ 113,000 | $ 116,000 |
| Waste Management | $ 71,000 | $ 73,000 | $ 75,000 | $ 77,000 | $ 79,000 | $ 81,000 | $ 83,000 | $ 85,000 | $ 87,000 | $ 89,000 |
| Fire Department | $ 234,000 | $ 239,000 | $ 244,000 | $ 249,000 | $ 255,000 | $ 261,000 | $ 267,000 | $ 273,000 | $ 279,000 | $ 285,000 |
| Building | $ 377,000 | $ 385,000 | $ 394,000 | $ 403,000 | $ 412,000 | $ 421,000 | $ 430,000 | $ 440,000 | $ 450,000 | $ 460,000 |
| Municipal Property | $ 100,000 | $ 102,000 | $ 104,000 | $ 106,000 | $ 108,000 | $ 110,000 | $ 112,000 | $ 114,000 | $ 117,000 | $ 120,000 |
| Keystone | $ 44,000 | $ 45,000 | $ 46,000 | $ 47,000 | $ 48,000 | $ 49,000 | $ 50,000 | $ 51,000 | $ 52,000 | $ 53,000 |
| Parks | $ 21,000 | $ 21,000 | $ 21,000 | $ 21,000 | $ 21,000 | $ 21,000 | $ 21,000 | $ 21,000 | $ 21,000 | $ 21,000 |
| Roads | $ 421,000 | $ 431,000 | $ 441,000 | $ 450,000 | $ 461,000 | $ 471,000 | $ 480,000 | $ 492,000 | $ 503,000 | $ 515,000 |
| Planning | $ 195,000 | $ 199,000 | $ 203,000 | $ 208,000 | $ 213,000 | $ 218,000 | $ 223,000 | $ 228,000 | $ 233,000 | $ 238,000 |
| Drainage | $ 99,000 | $ 101,000 | $ 103,000 | $ 105,000 | $ 107,000 | $ 109,000 | $ 111,000 | $ 113,000 | $ 116,000 | $ 119,000 |
| Interest Income | $ 153,000 | $ 156,000 | $ 159,000 | $ 163,000 | $ 167,000 | $ 171,000 | $ 175,000 | $ 179,000 | $ 183,000 | $ 187,000 |
| PILs | $ 1,168,000 | $ 1,168,000 | $ 1,168,000 | $ 1,168,000 | $ 1,168,000 | $ 1,168,000 | $ 1,168,000 | $ 1,168,000 | $ 1,168,000 | $ 1,168,000 |
| Penalty & Interest | $ 77,000 | $ 79,000 | $ 81,000 | $ 83,000 | $ 85,000 | $ 87,000 | $ 89,000 | $ 91,000 | $ 93,000 | $ 95,000 |
| Supplemental Taxation | $ 87,000 | $ 89,000 | $ 91,000 | $ 93,000 | $ 95,000 | $ 97,000 | $ 99,000 | $ 101,000 | $ 103,000 | $ 105,000 |
| OMPF | $ 501,000 | $ 501,000 | $ 501,000 | $ 501,000 | $ 501,000 | $ 501,000 | $ 501,000 | $ 501,000 | $ 501,000 | $ 501,000 |
| **Total Annual Revenues** | **$ 10,080,000** | **$ 10,589,000** | **$ 11,133,000** | **$ 11,715,000** | **$ 12,338,000** | **$ 13,002,000** | **$ 13,710,000** | **$ 14,469,000** | **$ 15,281,000** | **$ 16,150,000** |

Table A-10: Tax Levy Forecast for Scenario 2 (Inflated)
Township of Southwold

| Description | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| Prior-year Tax Levy | $ 7,153,000 | $ 6,435,000 | $ 6,901,000 | $ 7,401,000 | $ 7,938,000 | $ 8,513,000 | $ 9,130,000 | $ 9,792,000 | $ 10,501,000 | $ 11,262,000 |
| Add: Tax Revenues from Incremental Assessment Growth | -$ 1,070,000 | $ 89,000 | $ 96,000 | $ 103,000 | $ 110,000 | $ 118,000 | $ 127,000 | $ 136,000 | $ 146,000 | $ 156,000 |
| Add: Tax Revenues from Existing Assessment Base | $ 352,000 | $ 377,000 | $ 404,000 | $ 434,000 | $ 465,000 | $ 499,000 | $ 535,000 | $ 573,000 | $ 615,000 | $ 660,000 |
| **Total Tax Levy** | **$ 6,435,000** | **$ 6,901,000** | **$ 7,401,000** | **$ 7,938,000** | **$ 8,513,000** | **$ 9,130,000** | **$ 9,792,000** | **$ 10,501,000** | **$ 11,262,000** | **$ 12,078,000** |
| *Tax Levy Increase %* | | *-10.05%* | *7.25%* | *7.25%* | *7.25%* | *7.25%* | *7.25%* | *7.25%* | *7.25%* | *7.25%* |
| *Tax Rate Increase %* | | *5.78%* | *5.78%* | *5.78%* | *5.78%* | *5.78%* | *5.78%* | *5.78%* | *5.78%* | *5.78%* |

# Appendix B
## Financial Strategy Tables for Water and Wastewater Assets

## Table B-1: Water and Wastewater Capital Budget Forecast (Inflated)
## Township of Southwold

| Description | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Capital Expenditures** | | | | | | | | | | |
| Capital Expenditures for Water Assets | $ 104,000 | $ 94,000 | $ 114,000 | $ 234,000 | $ 112,000 | $ 123,000 | $ 138,000 | $ 134,000 | $ 207,000 | $ 252,000 |
| Capital Expenditures for Wastewater Assets | $ 140,000 | $ 130,000 | $ 239,000 | $ 252,000 | $ 257,000 | $ 270,000 | $ 282,000 | $ 294,000 | $ 323,000 | $ 761,000 |
| Capital Expenditures for Shedden WWTP Construction - Phase 1 | $ 21,458,000 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Capital Expenditures for Shedden WWTP Construction - Phase 2 | $ - | $ 18,496,000 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Total Annual Capital Expenditures** | **$ 21,702,000** | **$ 18,720,000** | **$ 353,000** | **$ 486,000** | **$ 369,000** | **$ 393,000** | **$ 420,000** | **$ 428,000** | **$ 530,000** | **$ 1,013,000** |
| **Capital Financing** | | | | | | | | | | |
| Contribution from Connection Fees | $ 5,794,000 | $ 4,994,000 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| HEWSF Grant | $ 15,664,000 | $ 13,502,000 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Contribution from Capital Reserves and Reserve Funds | $ 244,000 | $ 224,000 | $ 353,000 | $ 486,000 | $ 369,000 | $ 393,000 | $ 420,000 | $ 428,000 | $ 530,000 | $ 1,013,000 |
| **Total Annual Capital Financing** | **$ 21,702,000** | **$ 18,720,000** | **$ 353,000** | **$ 486,000** | **$ 369,000** | **$ 393,000** | **$ 420,000** | **$ 428,000** | **$ 530,000** | **$ 1,013,000** |

## Table B-2: Water and Wastewater Schedule of Debt Payments (Inflated)
## Township of Southwold

| Year | Principal Borrowed | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Existing | $ 62,000 | $ 62,000 | $ 62,000 | $ 62,000 | $ 62,000 | $ 62,000 | $ 62,000 | $ 62,000 | $ 62,000 | $ 62,000 |
| 2026 | $ - | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 2027 | $ - | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 2028 | $ - | | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 2029 | $ - | | | | | $ - | $ - | $ - | $ - | $ - | $ - |
| 2030 | $ - | | | | | | $ - | $ - | $ - | $ - | $ - |
| 2031 | $ - | | | | | | | $ - | $ - | $ - | $ - |
| 2032 | $ - | | | | | | | | $ - | $ - | $ - |
| 2033 | $ - | | | | | | | | | $ - | $ - |
| 2034 | $ - | | | | | | | | | | $ - |
| 2035 | $ - | | | | | | | | | | |
| **Total Annual Debt Repayments** | | **$ 62,000** | **$ 62,000** | **$ 62,000** | **$ 62,000** | **$ 62,000** | **$ 62,000** | **$ 62,000** | **$ 62,000** | **$ 62,000** | **$ 62,000** |

Table B-3: Water and Wastewater Schedule of Capital Reserves and Reserve Funds Continuity (Inflated)
Township of Southwold

| Description | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| Opening Balance | $ 5,159,000 | $ 5,105,000 | $ 5,188,000 | $ 5,255,000 | $ 5,511,000 | $ 6,251,000 | $ 7,391,000 | $ 8,982,000 | $ 11,112,000 | $ 13,755,000 |
| Add: Transfer from Operating | $ 85,000 | $ 202,000 | $ 309,000 | $ 624,000 | $ 980,000 | $ 1,380,000 | $ 1,827,000 | $ 2,332,000 | $ 2,893,000 | $ 3,524,000 |
| Add: Interest Earned | $ 105,000 | $ 105,000 | $ 111,000 | $ 118,000 | $ 129,000 | $ 153,000 | $ 184,000 | $ 226,000 | $ 280,000 | $ 346,000 |
| Less: Transfer to Fund Capital Expenditures and Operating Expenditu | $ 244,000 | $ 224,000 | $ 353,000 | $ 486,000 | $ 369,000 | $ 393,000 | $ 420,000 | $ 428,000 | $ 530,000 | $ 1,013,000 |
| **Closing Balance** | **$ 5,105,000** | **$ 5,188,000** | **$ 5,255,000** | **$ 5,511,000** | **$ 6,251,000** | **$ 7,391,000** | **$ 8,982,000** | **$ 11,112,000** | **$ 13,755,000** | **$ 16,612,000** |
| *Minimum Reserve Balance Theshold (10% of avg. inflated CAPEX)* | *$ 444,000* | *$ 444,000* | *$ 444,000* | *$ 444,000* | *$ 444,000* | *$ 444,000* | *$ 444,000* | *$ 444,000* | *$ 444,000* | *$ 444,000* |

Table B-4: Water and Wastewater Operating Budget Forecast (Inflated)
Township of Southwold

| Description | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Operating Expenditures** | | | | | | | | | | |
| Water | $ 2,187,000 | $ 2,236,000 | $ 2,285,000 | $ 2,336,000 | $ 2,388,000 | $ 2,441,000 | $ 2,495,000 | $ 2,550,000 | $ 2,607,000 | $ 2,664,000 |
| Wastewater | $ 646,000 | $ 660,000 | $ 675,000 | $ 690,000 | $ 705,000 | $ 721,000 | $ 737,000 | $ 753,000 | $ 770,000 | $ 787,000 |
| Shedden Wastewater System | $ 377,000 | $ 523,000 | $ 712,000 | $ 728,000 | $ 744,000 | $ 761,000 | $ 778,000 | $ 795,000 | $ 813,000 | $ 831,000 |
| **Sub-total: Operating Expenditures** | **$ 3,210,000** | **$ 3,419,000** | **$ 3,672,000** | **$ 3,754,000** | **$ 3,837,000** | **$ 3,923,000** | **$ 4,010,000** | **$ 4,098,000** | **$ 4,190,000** | **$ 4,282,000** |
| **Capital-related Expenditures** | | | | | | | | | | |
| Transfer to Capital Reserves and Reserve Funds | $ 85,000 | $ 202,000 | $ 309,000 | $ 624,000 | $ 980,000 | $ 1,380,000 | $ 1,827,000 | $ 2,332,000 | $ 2,893,000 | $ 3,524,000 |
| Debt Repayment | $ 62,000 | $ 62,000 | $ 62,000 | $ 62,000 | $ 62,000 | $ 62,000 | $ 62,000 | $ 62,000 | $ 62,000 | $ 62,000 |
| **Sub-total: Capital-related Expenditures** | **$ 147,000** | **$ 264,000** | **$ 371,000** | **$ 686,000** | **$ 1,042,000** | **$ 1,442,000** | **$ 1,889,000** | **$ 2,394,000** | **$ 2,955,000** | **$ 3,586,000** |
| **Total Annual Expenditures** | **$ 3,357,000** | **$ 3,683,000** | **$ 4,043,000** | **$ 4,440,000** | **$ 4,879,000** | **$ 5,365,000** | **$ 5,899,000** | **$ 6,492,000** | **$ 7,145,000** | **$ 7,868,000** |
| **Operating Revenues** | | | | | | | | | | |
| Water and Wastewater Rate Revenue | $ 2,994,000 | $ 3,312,000 | $ 3,664,000 | $ 4,053,000 | $ 4,483,000 | $ 4,959,000 | $ 5,486,000 | $ 6,068,000 | $ 6,712,000 | $ 7,425,000 |
| Other Revenue - Water | $ 263,000 | $ 269,000 | $ 274,000 | $ 280,000 | $ 287,000 | $ 294,000 | $ 299,000 | $ 307,000 | $ 314,000 | $ 321,000 |
| Other Revenue - Wastewater | $ 100,000 | $ 102,000 | $ 105,000 | $ 107,000 | $ 109,000 | $ 112,000 | $ 114,000 | $ 117,000 | $ 119,000 | $ 122,000 |
| **Total Annual Revenues** | **$ 3,357,000** | **$ 3,683,000** | **$ 4,043,000** | **$ 4,440,000** | **$ 4,879,000** | **$ 5,365,000** | **$ 5,899,000** | **$ 6,492,000** | **$ 7,145,000** | **$ 7,868,000** |