

**2024**

**ASSET MANAGEMENT PLAN**

**Preamble**

TOWN OF GRIMSBY



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**GRIMSBY**



## Preamble

In 2017, the Province of Ontario enacted Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure (O. Reg. 588/17), under the Infrastructure for Jobs and Prosperity Act, to support improvements in municipal asset management. The legislation required the Town to complete an Asset Management (AM) Plan for Core infrastructure by July 1, 2022 and for other (non-Core) infrastructure by July 1, 2024. Core infrastructure is defined by the regulation as roads, bridges, water, wastewater, and stormwater assets. All other Town infrastructure is considered non-Core.

Asset management planning helps to minimize the total cost of owning and operating the assets while delivering the required services to the community. The AM Plan presents the current estimated value, condition, and age of the Town's assets. It sets the understanding of current service levels and the estimated needs to maintain this performance over the next 10 years. The Town of Grimsby's Core Infrastructure AM Plan was endorsed by Council in July 2022. The Town has now also completed its AM Plan for non-Core assets. This preamble consolidates the funding gaps identified in the two AM Plans to provide a holistic summary of the funding gap across Town assets.

### Renewal Needs

For capital renewal, funding gaps are determined by comparing the forecasted renewal need versus the renewal funding available in the Town's Capital Plan. The 2022 renewal needs identified in the Core AM Plan have been inflated to current year dollars to match the currency (2024) in the non-Core AM Plan. Funding for the Core AM Plan was based on the 2022 5-Year Capital Plan and assumed similar levels of funding in years 6 to 10. This funding is assumed to have remained the same since the Core AM Plan, with the exception of Baker Road Pollution Prevention and Control Plan (PPCP) projects, which are assumed to be 30% funded by the Region's Combined Sewer Overflow Program. As shown in Table 1, the renewal gap across all assets is estimated at an average of \$4.9 million per year to maintain current service levels related to the condition of Town infrastructure. The gap may be higher than estimated as the current funding assumed in the Capital Plan results in a decreased reserve balance over the 10 years.

**Table 1: Summary of Capital Renewal Estimated Funding Gaps\* (\$M/yr)**

Service	Average Annual Need (\$M/yr)	Average Annual Budget Available (\$M/yr)	% Funded	Average Annual Gap (\$M/yr)
Transportation	\$4.30	\$2.49	58%	\$1.81
Storm	\$0.60	\$0.47	78%	\$0.13
Wastewater (Sewers only)	\$0.64	\$0.34	53%	\$0.30
Wastewater (Baker Road PPCP Projects)	\$1.32	\$0.40**	30%**	\$0.92
Water	\$2.60	\$2.37	91%	\$0.23
<b>Sub-Total (Core)</b>	<b>\$9.5</b>	<b>\$6.1</b>	<b>64%</b>	<b>\$3.4</b>
Facilities	\$1.80	\$0.80	44%	\$1.00
Parks, Outdoor Recreation, and Natural Infrastructure	\$1.80	\$1.30	72%	\$0.50
Fleet	\$1.00	\$1.00	No funding gap	-
Fire	\$0.22	\$0.25	No funding gap	-
Information Technology	\$0.24	\$0.24	No funding gap	-
<b>Sub-Total (Non-Core)</b>	<b>\$5.1</b>	<b>\$3.6</b>	<b>71%</b>	<b>\$1.5</b>
<b>Total</b>	<b>\$14.6</b>	<b>\$9.7</b>	<b>66%</b>	<b>\$4.9</b>

\*Totals may not add due to rounding

\*\*Core AM Plan assumed Baker Road PPCP Projects were 50% funded by Region's Combined Sewer Overflow Program.

If the Town does not invest in renewing its infrastructure, there is potential for significant deterioration in asset condition over time. Though the condition profile for Town assets may currently be good, a considerable amount of renewal work is required to maintain assets from deteriorating to poor condition as the assets age.

### **Growth and Upgrade Needs**

In addition to asset renewal, the AM Plans also forecasts the growth and upgrade needs related to Town assets to maintain current service levels. Additional needs may be identified when updates to Master Plans such as the Parks, Recreation, and Culture Master Plan and Fire Master Plan are complete. The non-Core AM Plan identified a gap for growth needs related to new facilities identified as requiring debt in the 10-year Capital Plan: Fire Station 3 and the Library expansion. Two fire vehicles and some additional equipment associated with Fire Station 3 were also not accounted for in the 10-Year Capital Plan, resulting in an overall 10-year funding gap related to growth of \$26.3 million (average \$2.6 million per year).

### **Next Steps**

The forecasts and funding gap estimates in this AM Plan are based on current available data. As the Town continues to improve on data collection and implement additional condition assessment protocols, the confidence in forecasts and funding gap estimates will improve.

Strategies that may be considered in closing the funding gaps and addressing pressures on operating budgets include increasing available funding sources such as property tax levy, debt, or drawing down on reserves. This AM Plan sets the stage for meeting O.Reg. 588/17 requirements for year 2025 at which time the Town is required to provide an updated AM Plan that outlines appropriate service levels that effectively balances the associated costs and risks along with Council and community priorities.