



Making Progress in Asset Management: Achieving 2025 Regulatory Compliance

Municipal Asset Management Webinar Series

March-April 2025

Four-Part Webinar Series on Asset Management in the Context of Ontario Regulation

❖ Objective: Enable municipalities to meet regulatory requirements and advance their asset management programs for effective infrastructure management and long-term financial planning.

❖ Four sessions:

- ❖ Proposed Levels of Service & Performance
- ❖ Risk Assessment
- ❖ Lifecycle Management & Financial Strategy
- ❖ Growth

Asset Management Compliance

Canada Community-Building Fund (CCBF)

- ❖ Permanent, predictable, and upfront
- ❖ [Administrative Agreement](#) and [Municipal Funding Agreement](#)
- ❖ Develop and implement an asset management culture, methodology, and plan in accordance with Ontario regulation

O. Reg. 588/17

- ❖ **2019**: Asset Management Policy
- ❖ **2022**: Asset Management Plan for Core Assets
- ❖ **2024**: Asset Management Plan for All Assets
- ❖ **2025**: Asset Management Plan with Proposed Levels of Service

AMO Support

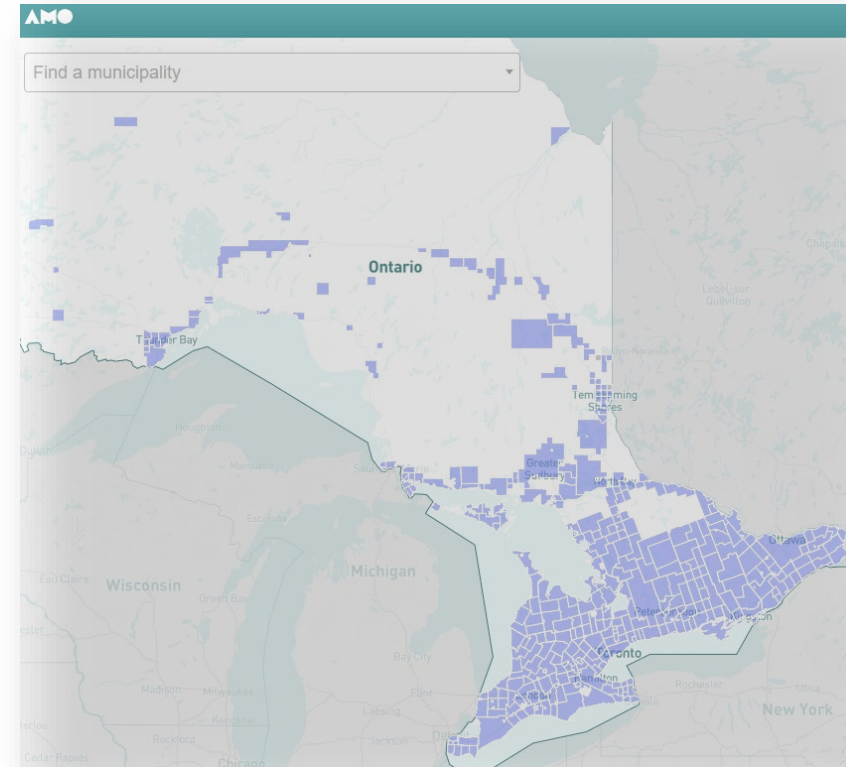
❖ [Webinars](#)

❖ [Research](#)

❖ Ongoing AMP analysis

❖ Asset management questionnaire
(2024 CCBF reporting)

❖ Contact us at: ccbf@amo.on.ca



Session 3: Lifecycle Management & Financial Strategy

Date: March 27, 2025



Thank you!

For more questions or support, please reach out.

AMO: ccb@amo.on.ca

AMONTario: info@amontario.ca



Session 3: Lifecycle Management & Financial Strategy
Part A

Dan Wilson, AMONTario



Financial Strategy

Preparing for Compliance with O.Reg 588/17 by July 1st, 2025

March 27, 2025

Ontario Regulation 588/17 Requirements

Financial Strategy

Ontario Regulation 588/17 Requirements: Financial Strategy

- **By July 1, 2025, every asset management plan must include:**
 - A **financial strategy** that sets out the following (**10-year period**):
 1. Identify **annual funding projected** to be available to undertake lifecycle activities.
 2. Explanation of the **options examined** by the municipality to **maximize the funding projected to be available**.
 3. If there is a **shortfall**, what lifecycle activities will be undertaken and how risks will be managed from lifecycle activities not undertaken.



Ontario Regulation 588/17 Requirements: Financial Strategy

4. Under 25,000 population: a discussion on how future **changes in population and economic activity** informed the strategy
5. Over 25,000 population:
 - a) Estimated **costs to achieve proposed levels of service** with increase in demand from population/employment growth.
 - b) **Funding by source** estimated to be made available by population/employment **growth**.
 - c) Overview of risks from implementing the Asset Management Plan and any actions proposed in response to those risks.
6. Explain **key assumptions**



Ontario Regulation 588/17 Requirements: Financial Strategy

Other Items

- ✓ **Update the plan** at least every 5 years.

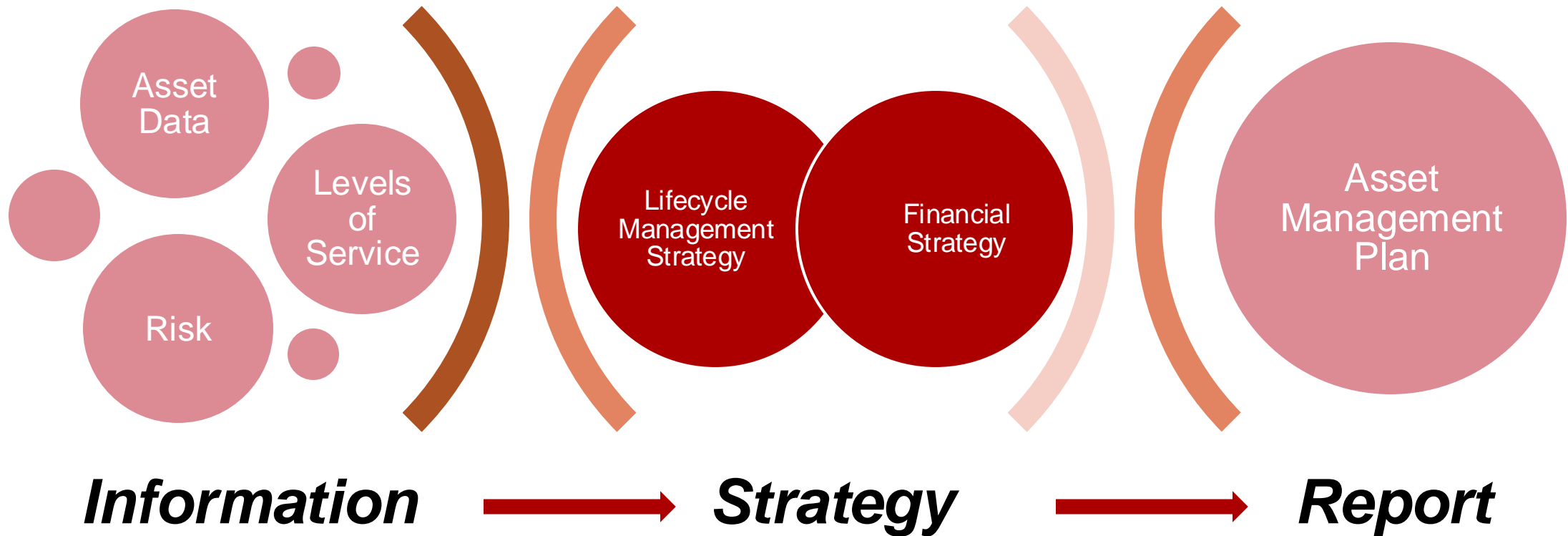
- ✓ Endorsement by the **Executive Lead and Council**

- ✓ **Annual review of “progress” by Council** before July 1
 - Implementation **progress**
 - **Factors impeding the ability to implement** (with a strategy to address)

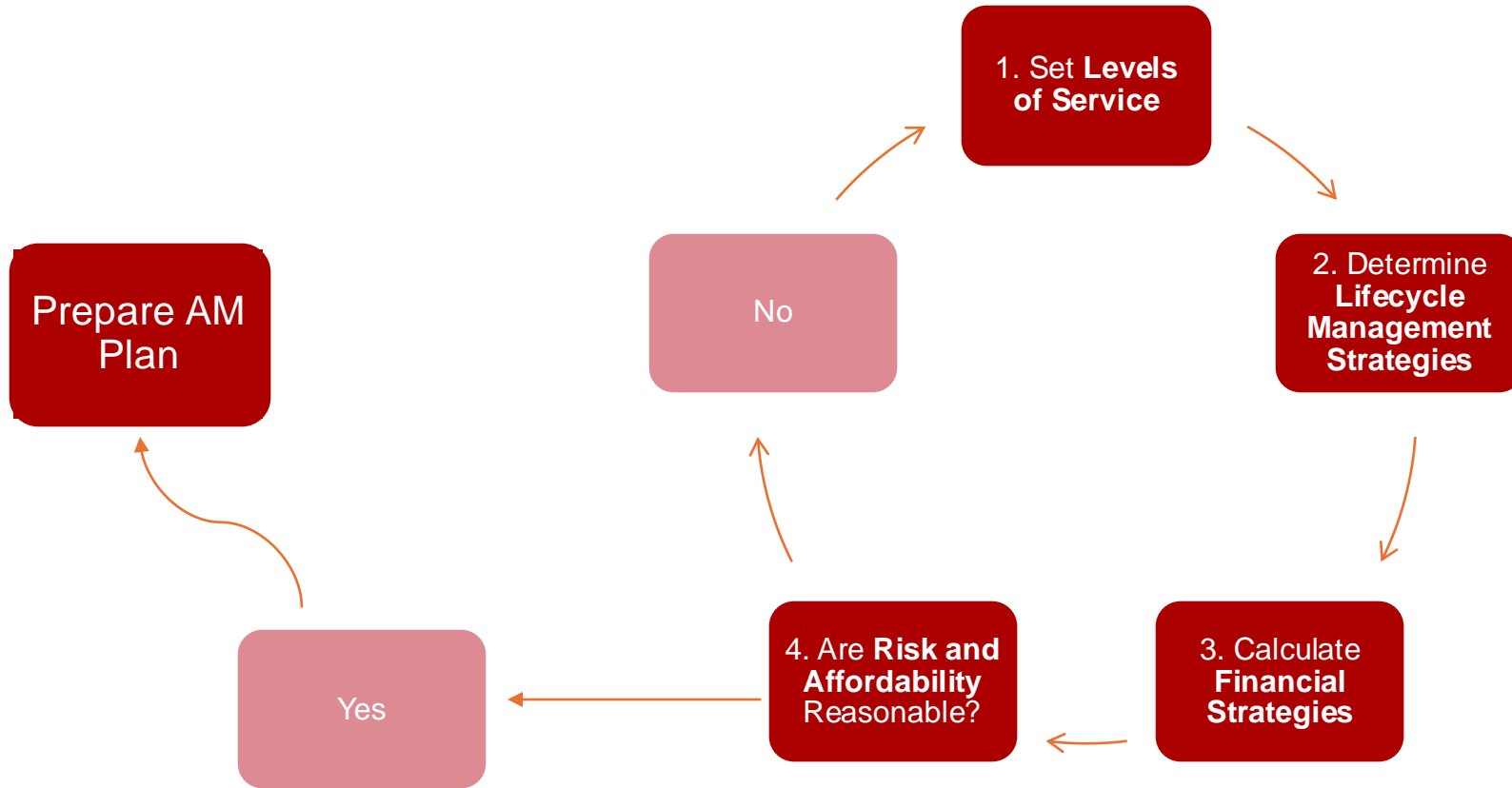


Financial Strategy in the AM Planning Process

Financial Strategy: How Does It Fit in the Process?

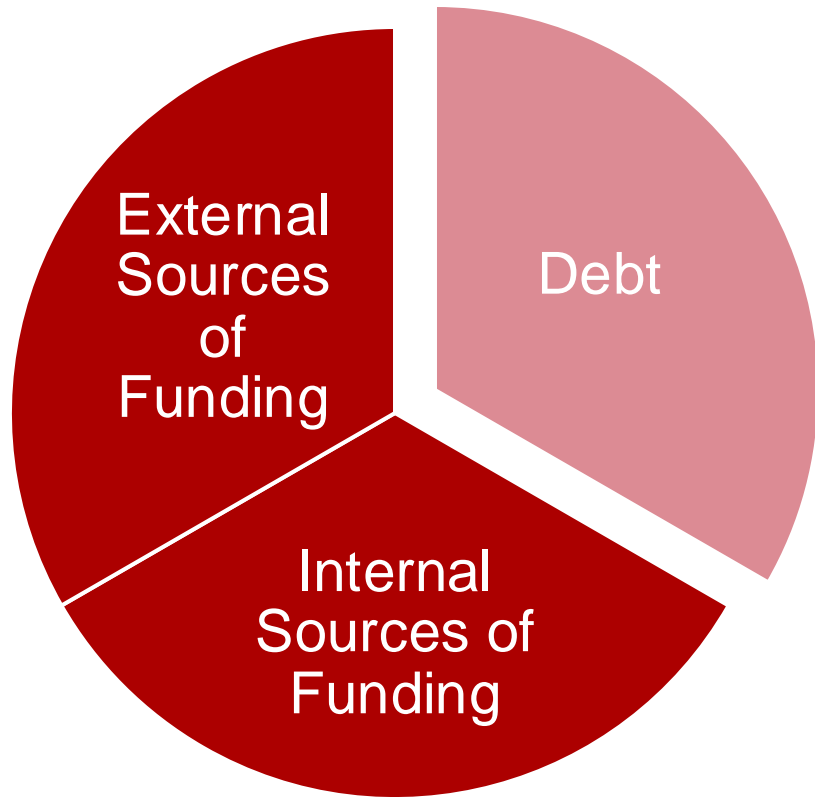


Financial Strategy: How Does It Fit in the Process?



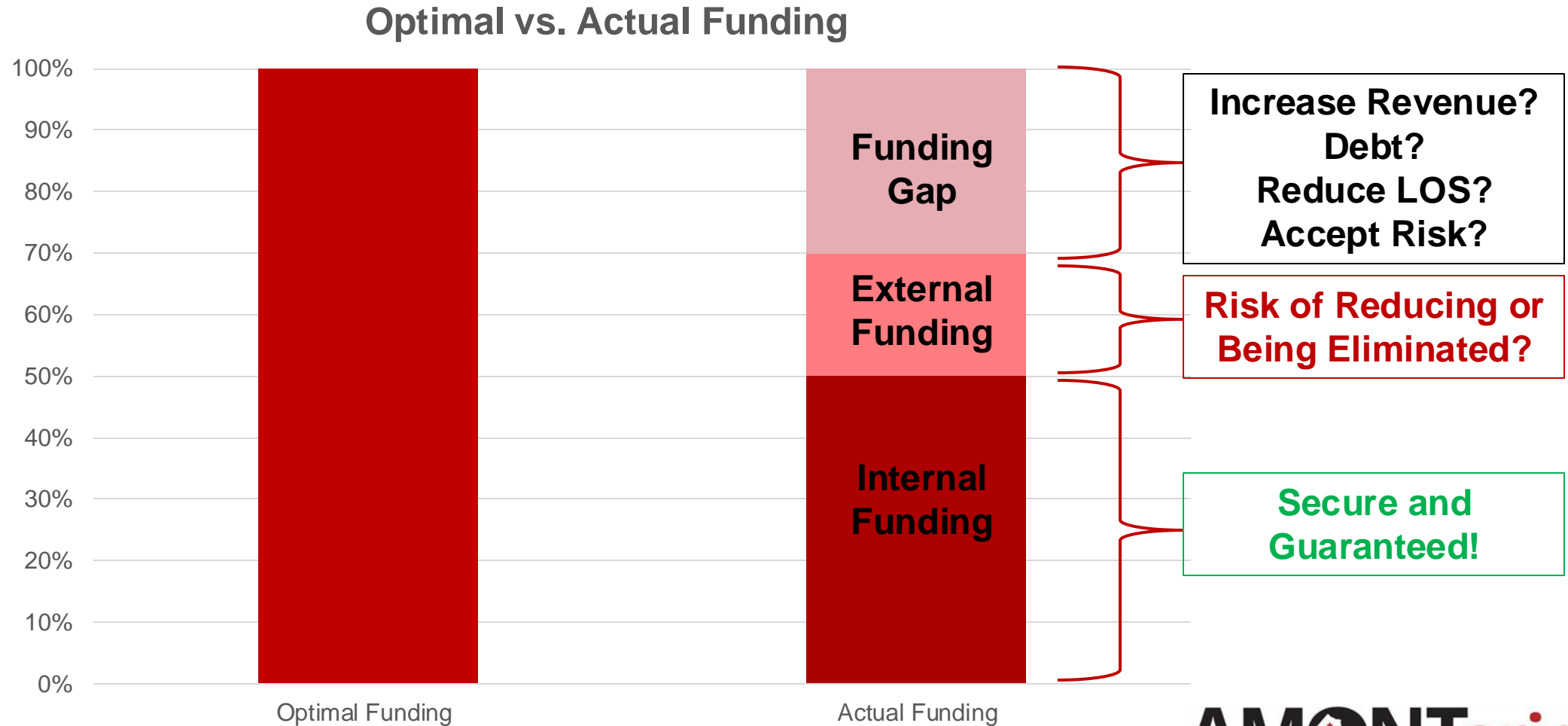
Financial Strategy

Annual Funding Projected (Funding by Source)



External Sources of Funding	Internal Sources of Funding
Development Charges, CBCs	Property Taxation
Grants (i.e., CCBF, OCIF)	User Fees (i.e., Water, Wastewater, Storm)
3 rd Party Contributions (i.e. Developers)	Reserves & Reserve Funds

Annual Funding Projected (Funding by Source)



Annual Funding Projected (Funding by Source)

Assess Funding Sources Available for each Lifecycle Cost

	Acquisition	Operating & Maintenance	Rehabilitation	Replacement	Expansion
Property Taxation		✓	✓		
User Fees		✓	✓		
Reserves/Reserve Funds	✓			✓	✓
Grants	✓			✓	✓
Debt	✓			✓	✓
3rd Party Contributions	✓			✓	✓
Development Charges / CBCs	✓				✓

- Multiple Strategies**
- ✓ Tax Supported
 - ✓ Water Supported
 - ✓ Wastewater Supported
 - ✓ Stormwater Supported
 - ✓ Other?

Annual Funding Projected (Funding by Source)

Use Tools and Templates for Each Funding Source

Reserves & Reserve Funds

Reserve Fund Continuity Schedule	2025	2026	2027
Opening Balance	800,000	775,500	801,000
Add: Contributions from Operating	100,000	150,000	200,000
Add: Interest Earned	25,500	25,500	27,000
Less: Transfers to Capital	- 150,000	- 150,000	- 150,000
Closing Balance	775,500	801,000	878,000

Reserve Continuity Schedule	2025	2026	2027
Opening Balance	500,000	470,000	515,000
Add: Contributions from Operating	75,000	150,000	200,000
Less: Transfers to Capital	- 105,000	- 105,000	- 105,000
Closing Balance	470,000	515,000	610,000

Grant Forecast

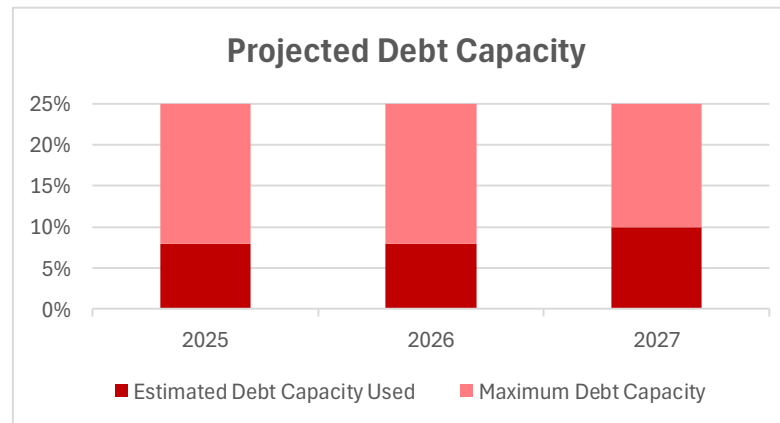
Grant Forecast	2025	2026	2027
CCBF	800,000	800,000	800,000
OCIF	1,100,000	1,100,000	1,100,000
Other - Annual	250,000	250,000	250,000
Other - One Time	-	500,000	-
Closing Balance	2,150,000	2,650,000	2,150,000

Annual Funding Projected (Funding by Source)

Use Tools and Templates for Each Funding Source

Debt Forecast

Debt Forecast	Principal	Annual Payments		
		2025	2026	2027
2025 Debt	\$1,000,000	73,600	73,600	73,600
2026 Debt	\$ 0	-	-	-
2027 Debt	\$2,000,000	-	-	147,200
Total	\$3,000,000	73,600	73,600	220,800
Estimated Debt Capacity Used		8%	8%	10%
Maximum Debt Capacity		25%	25%	25%



Growth Impacts in the Financing Strategy

Municipalities Under 25,000

Changes in population and economic activity informed the strategy

- How is growth impacting your municipality?
- How does it impact the Lifecycle Management Strategy?
- How does it impact the Financial Strategy?

How are Growth Related Costs Funded?

- DCs?
- CBCs?
- Developers?
- Residents?

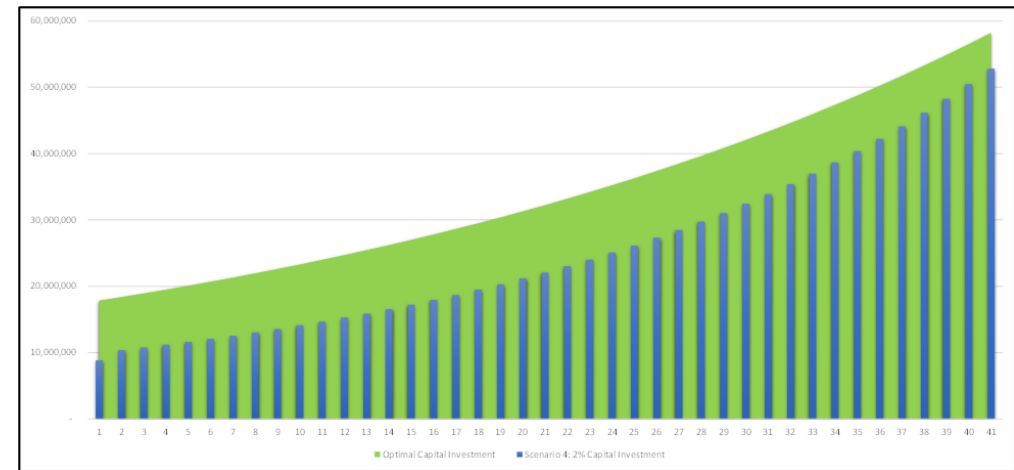
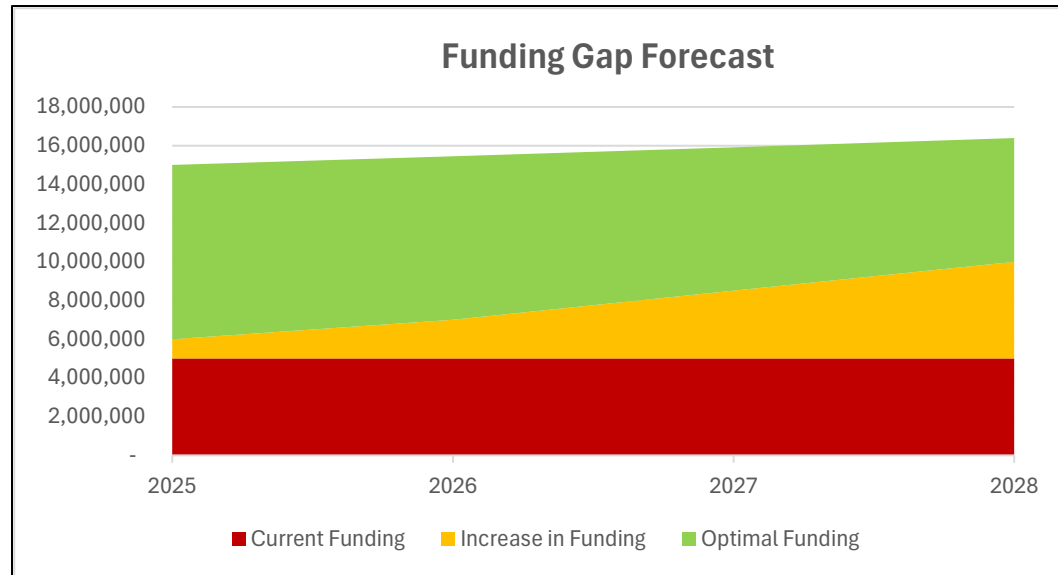
Municipalities Over 25,000

- Estimated costs to achieve proposed levels of service with increase in demand from population/employment growth.
- Funding by source estimated to be made available by population/employment growth.

Shortfall Identification (Funding Gap)

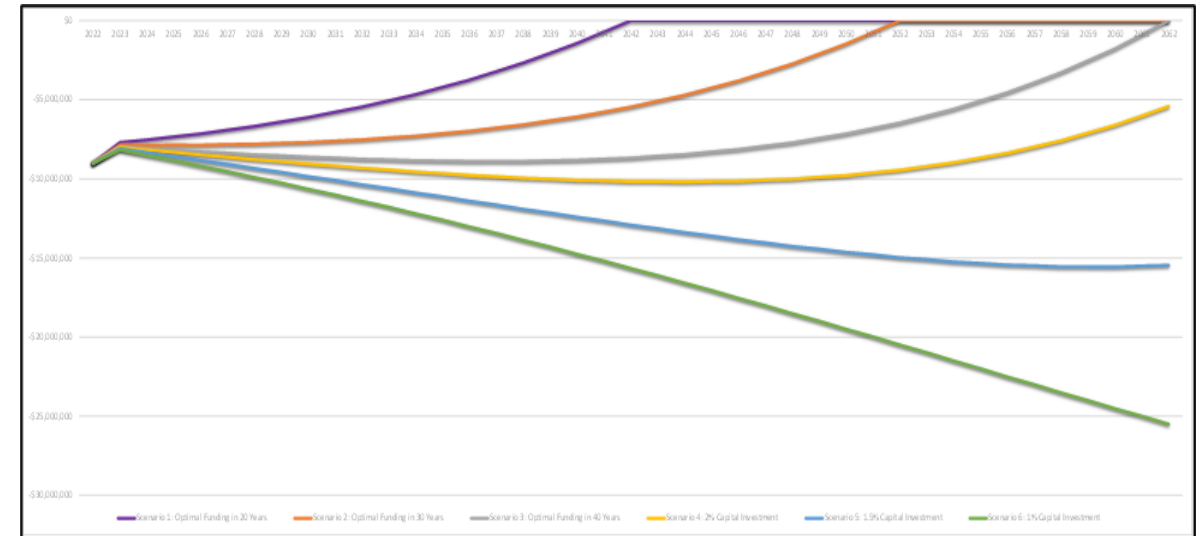
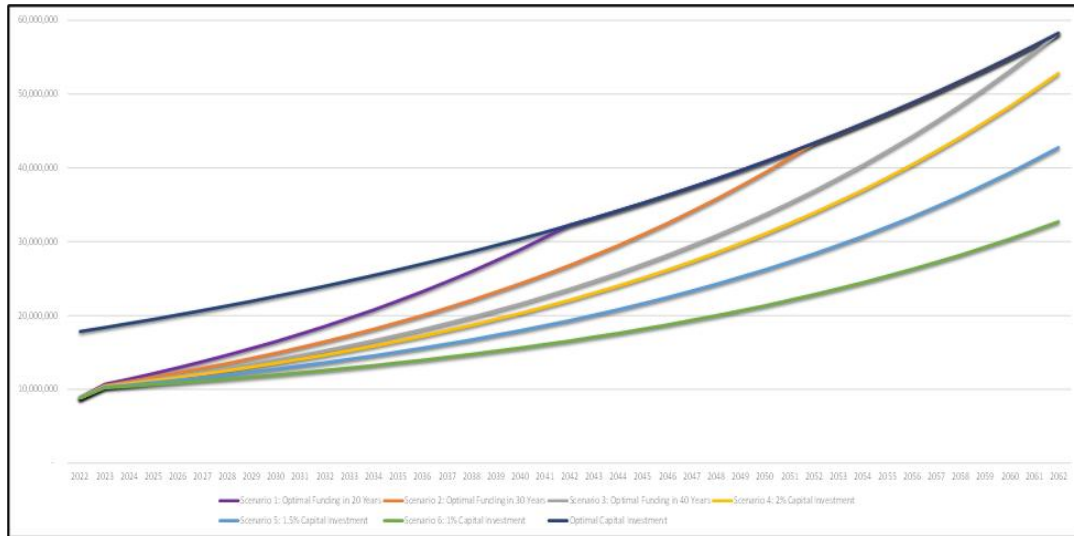
Tax Supported (excl. Bridges/Culverts)			
Asset Type	Optimal Annual Investment (2022 \$)	Existing (2022) Funding (note 1)	% of Optimal
Road Base - Paved	2,551,000	4,179,318	43%
Road Surface - Paved	5,519,459		
Road - Gravel	2,000,000		
Buildings	1,626,761		
Vehicles	1,235,550		
Equipment	731,372		
Land Improvements	319,700		
Total	\$ 13,983,842	\$ 5,989,718	

Note 1: Assumes that the extra OCIF funding received in 2022 (and every year thereafter) is dedicated to roads.



Scenario Modelling

Sensitivity Analysis - Financing Strategy	Funding Investment by Year 10	Funding Investment by Year 20	Funding Investment by Year 30	Funding Investment by Year 40	Equivalent Annual Increase in Taxation
Scenario 1: Optimal Funding in 20 Years	77%	100%	100%	100%	3.85%
Scenario 2: Optimal Funding in 30 Years	69%	83%	100%	100%	2.86%
Scenario 3: Optimal Funding in 40 Years	63%	73%	85%	100%	2.27%
Scenario 4: 2% Capital Investment	61%	68%	78%	91%	2.00%
Scenario 5: 1.5% Capital Investment	57%	60%	65%	73%	1.50%
Scenario 6: 1% Capital Investment	52%	51%	53%	56%	1.00%
Optimal Capital Investment	\$ 23,983,000	\$ 32,231,000	\$ 43,317,000	\$ 58,214,000	



Thanks!

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Session 3: Lifecycle Management & Financial Strategy
Part B

Mayuri Bharkhada, AMONTario



Lifecycle Management

Preparing for Compliance with O.Reg 588/17 by July 1st, 2025

O.Reg 588/17 Compliance Requirement

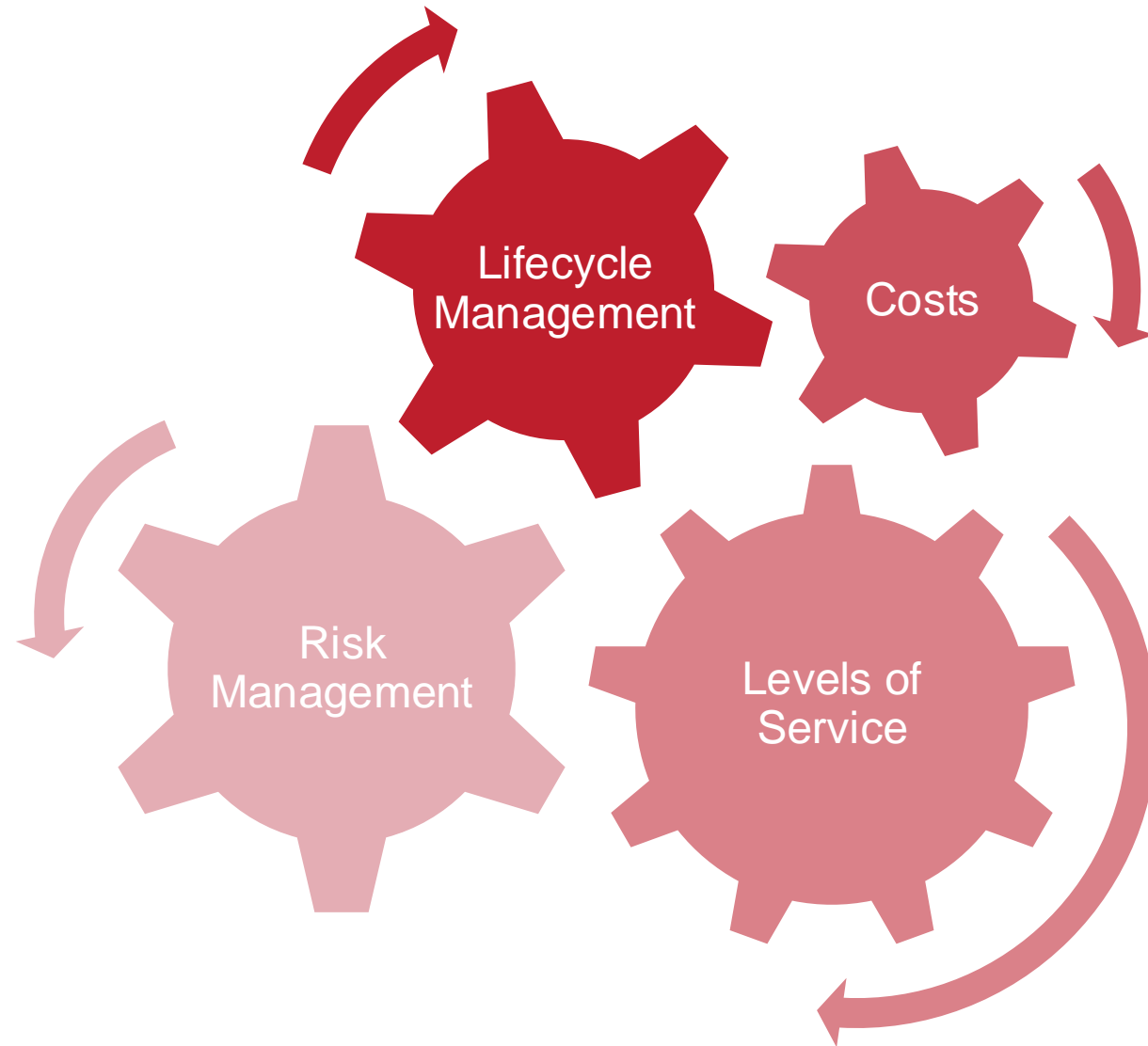
Earlier requirements focused more on current levels of service, asset conditions, and high-level risk management. The 2025 update requires a forward-looking approach that directly connects risk, lifecycle planning, and financial strategies to proposed levels of service.

Key additions:

- **Proposed Levels of Service** – Define future service targets for each asset category
- **Risk Assessment Tied to Service Levels** – Risks must be evaluated in relation to their impact on achieving proposed service levels.
- **Lifecycle Management Strategy** – Plans must detail how assets will be maintained, rehabilitated, and replaced to sustain proposed service levels.
- **Financial Strategy for Service Sustainability** – Outline how asset needs will be funded while meeting service targets over the long term.

Lifecycle Management

Asset Management Strategy



Each One
Impacts the
Others

Balancing Strategy & Sustainability

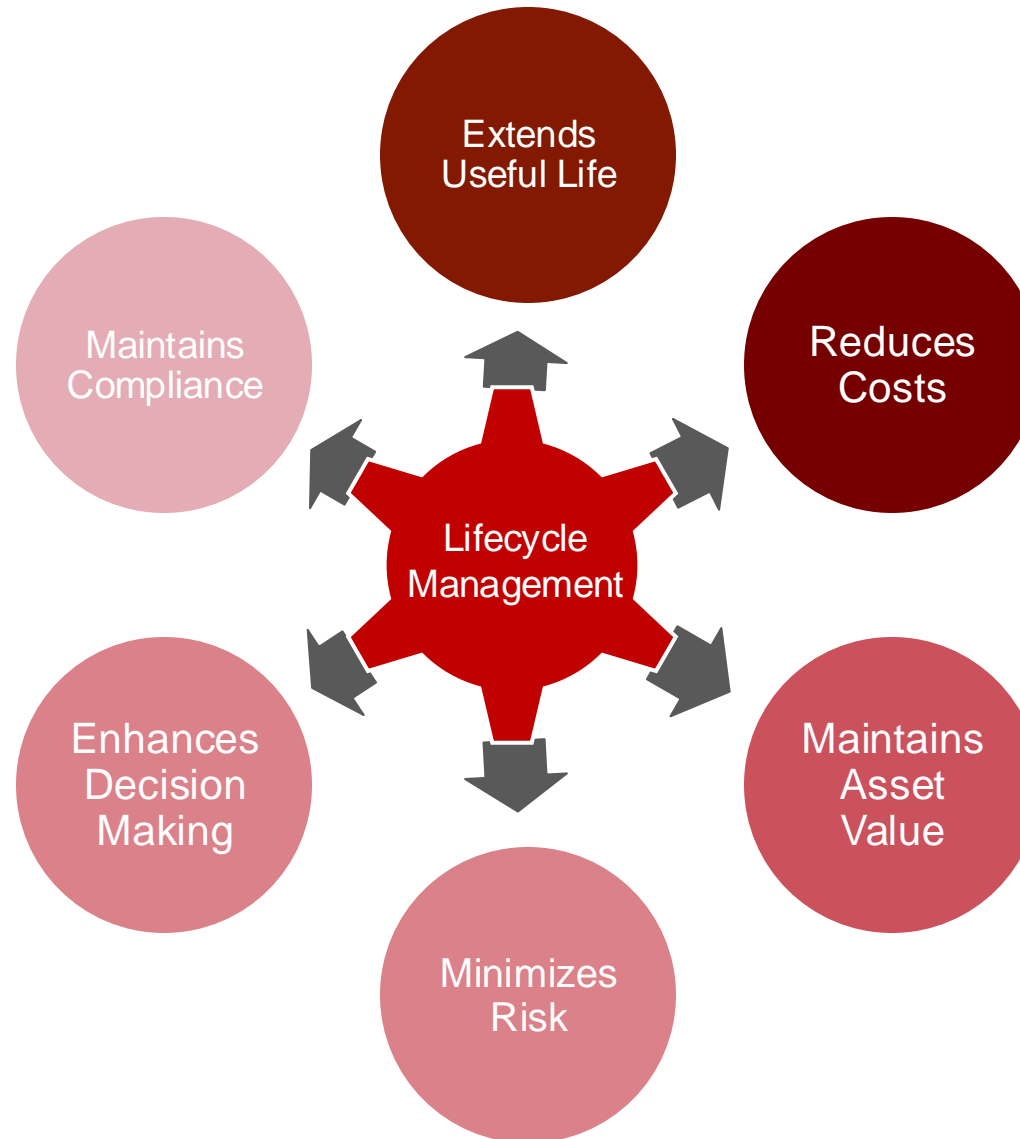
Lifecycle Management - The affordable management of assets over their lifecycles.

A combination of:

- Asset Lifecycle Strategies - Operating and capital activities to maximize assets and service delivery
- Financial Strategies - Affordably funding the assets throughout their lifecycles

Lifecycle and financial strategies are continually adjusted according to changing service requirements, risk and affordability

Importance of Lifecycle Management



Link to Levels of Service

Lifecycle Management	Service Outcomes
Regular maintenance and repairs	Safety, reliability and efficiency
Timely upgrades and replacements	Safety, reliability and efficiency
Cost-effective decision making	Affordable and sustainable
Risk management and compliance	Safety, regulatory requirements and reliability

Link to Risk Management

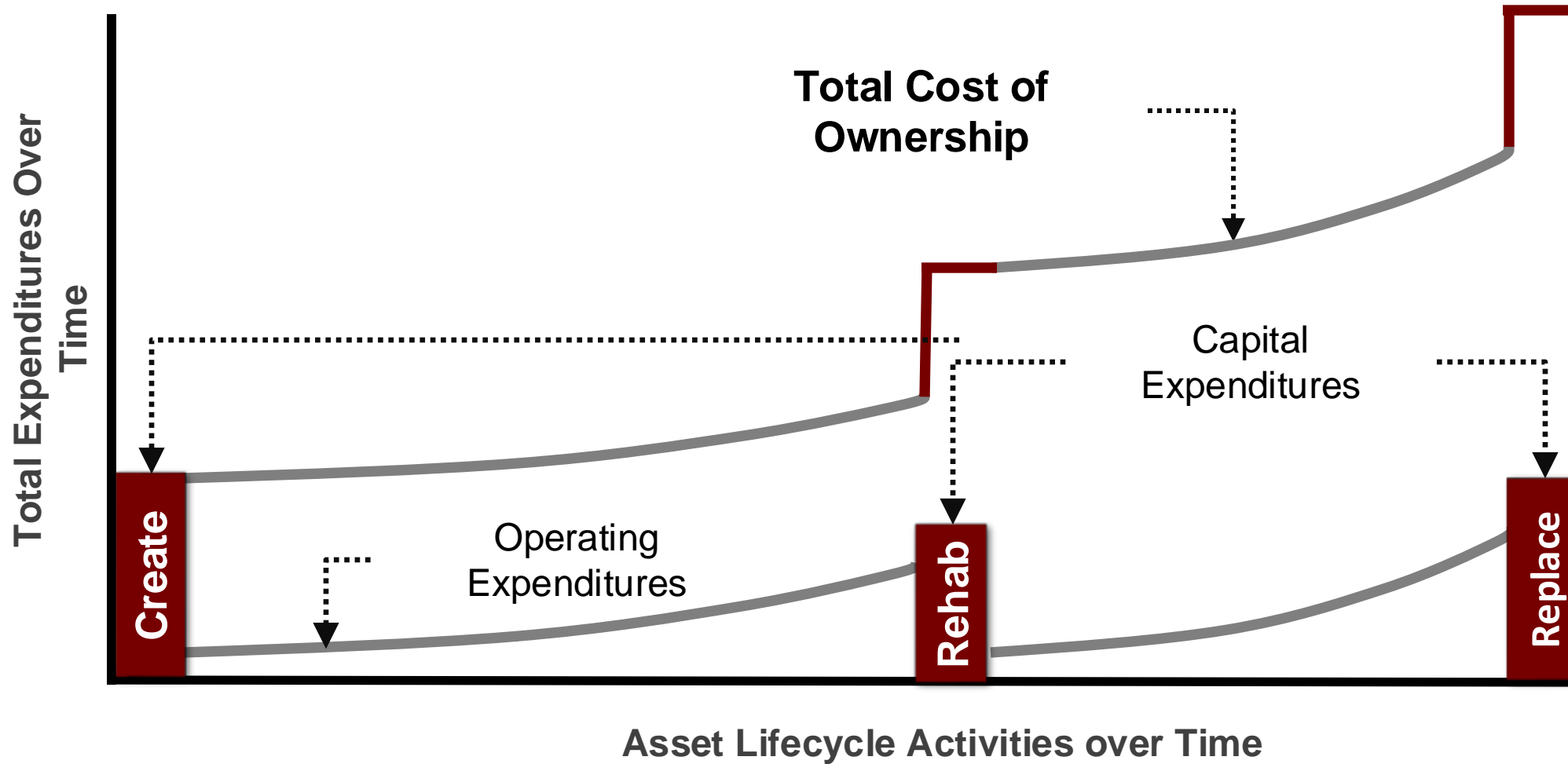
Good Lifecycle Management Reduces Risks:

- Minimizes Service Disruptions: Regular maintenance plans and upgrades ensure smooth, continuous operation.
- Enhances Safety: Proactive risk mitigation lowers the chance of accidents or asset failures.
- Reduces Long-Term Costs: Reduces unplanned repair costs and extends asset lifespan.

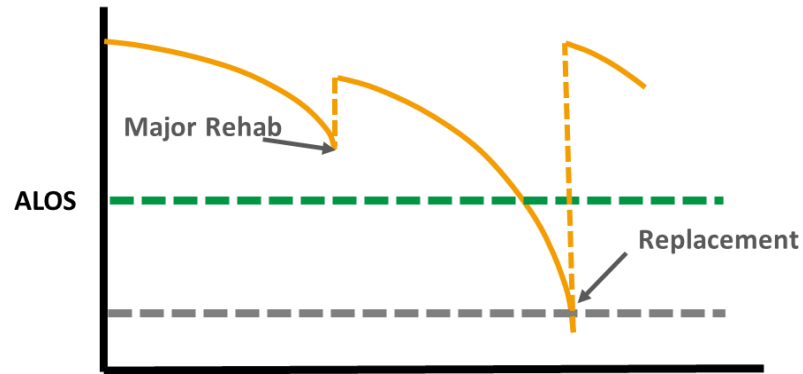
Risk-Based Decision Making:

- By understanding where different assets are in their lifecycle decisions can be made on which asset repairs have greater priority to services
- Example: In next year's budget do we repave John Street which is in "poor" condition or replace the "very poor" roof on our long-term care facility?

Total Cost of Ownership

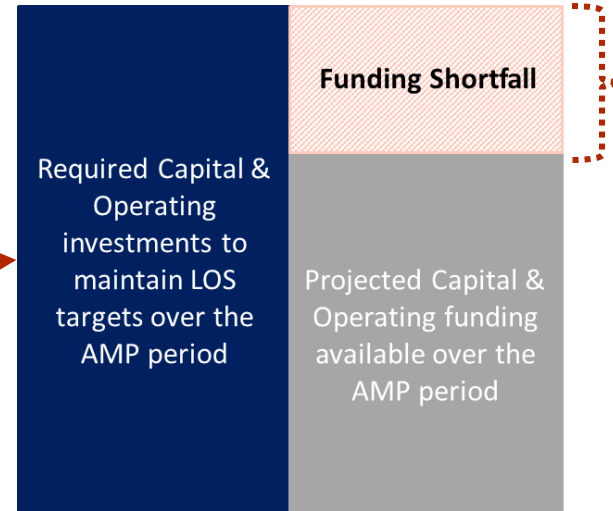


Link to Financial Strategy



Lifecycles

Investment needs for O&M, rehabilitation and replacements



Infrastructure Funding Gap

(Options: Raise Revenue, Borrow, Reduce LOS, Accept)

Current Funding Available

*Current Available Resources
(Taxes, Fees, Grants, Reserves etc)*

Ket Take-away

Lifecycle Management = **Optimized Costs** + **Sustainable Services** + **Acceptable Risk**

- Ties directly to LOS, Risk and Financial Strategy
- Complies with O.Reg. 588/17
- Proactive Planning ensures long-term sustainability

AMONTario Financial Model

Asset Class Summary

Current State

- Replacement Value
- Quantity
- Average age
- Overall Condition and Rating
- Distribution of Condition Rating

Financial Planning

Capital Planning, O&M Planning and Total 10 Year Plans

- 10 Year Reinvestment Needs
- 10 Year Capital Plan & O&M Plan Reinvestments
- Reinvestment Rate & Sustainability Index

10 Year Reserve Financing

Reinvestment Forecasting

- Annual Operating & Capital Investment Needs
- Annual Proposed Investments in the Capital Plan

Reserve Forecasting

- Current Reserve Balance
- Annual Revenue
- Annual Recommended Investments
- Ending Reserve Balance

Lifecycle Costing

Operating & Maintenance Costs

- Annual O&M Costs (Labour, Parts & Materials etc.) by Lifecycle Activity

Capital Costs

Lifecycle Strategy & Costs

- Define Lifecycle activities (Rehab & Replacements) and associated costs

Inventory & Lifecycle Costing

- Forecast the required expenditures based on the lifecycle strategy



Thanks!

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Session 3: Lifecycle Management and Financial Strategy
Part C

Cassandra Pacey, City of Waterloo



Funding Allocation Methodology

March 27, 2025

Prepared by: Cassandra Pacey





Key Messages

1. Historical Background
2. Percentage of Needs
3. Funding Increases
4. Next Steps





Historical Background

- **2008**
 - Estimated funding gap for roads and facilities shared with Council however it was not supported by data.
 - Council told staff to return when we had a data supported infrastructure gap number.
 - Created a reserve, Capital Infrastructure Reinvestment Reserve (CIRRF) dedicated to capital rehabilitation and replacement activities for roads and facilities.
- **2016**
 - Council approved the City's first data driven and comprehensive AMP.





Historical Background

- **2018**
 - Council approved the City's first long-term financial plan.
 - Expanded the CIRRF reserve to include all tax-based funded capital rehabilitation and replacement activities.
- **2019 - now**
 - The City uses asset management data to allocate capital rehabilitation and replacement funding based on a percentage of needs approach.
- **2020-2022, 2023 & 2024-2026 Budget Processes**
 - Council has approved \$4.1 in additional infrastructure for the CIRRF reserve for rehabilitation and replacement projects.





Percentage of Needs

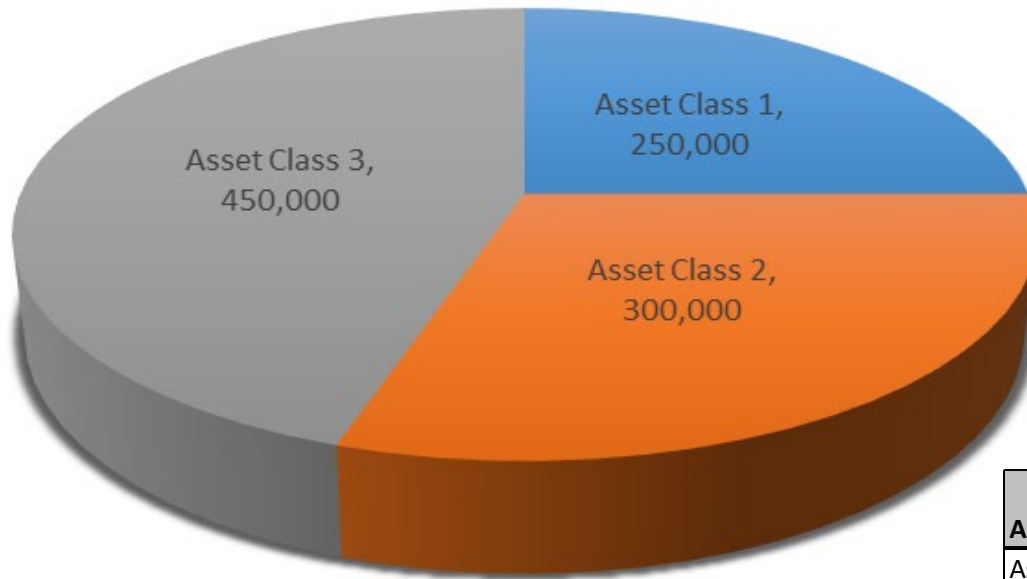
- Since the 2019 budget process, asset rehabilitation and replacement needs identified by the Waterloo Decision Support System (Waterloo DSS) have been used to optimally allocate Capital Infrastructure Reinvestment Reserve Fund (CIRRF) and Canada Community-Building Fund (CCBF) for tax base funded assets.
- The percentage of needs are based on a target scenario (i.e. if we had unlimited funds, what funding level is needed for each asset class?)





Unlimited Funding

Unlimited Funding - \$1,000,000

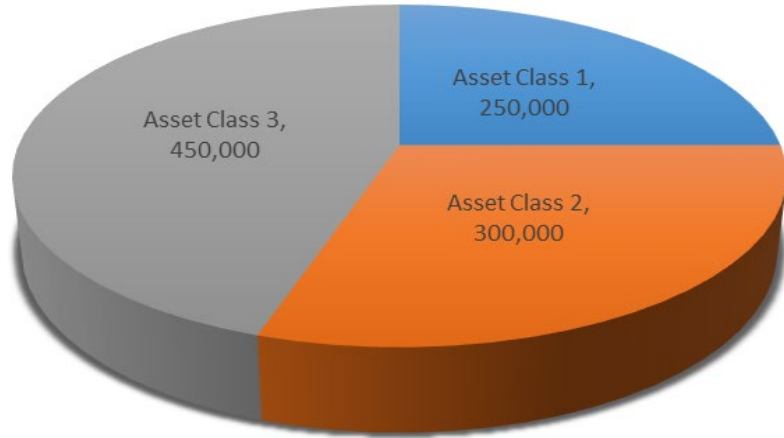


Asset Class	Unlimited Funding	Percentage of Needs
Asset Class 1	250,000	25%
Asset Class 2	300,000	30%
Asset Class 3	450,000	45%
Total Funding Needs	1,000,000	100%



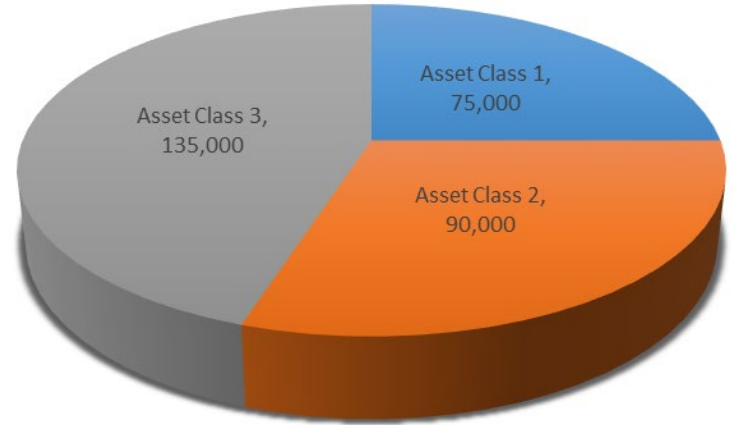
Unlimited Funding vs Available Funding

Unlimited Funding - \$1,000,000



Asset Class	Unlimited Funding	Percentage of Needs
Asset Class 1	250,000	25%
Asset Class 2	300,000	30%
Asset Class 3	450,000	45%
Total Funding Needs	1,000,000	100%

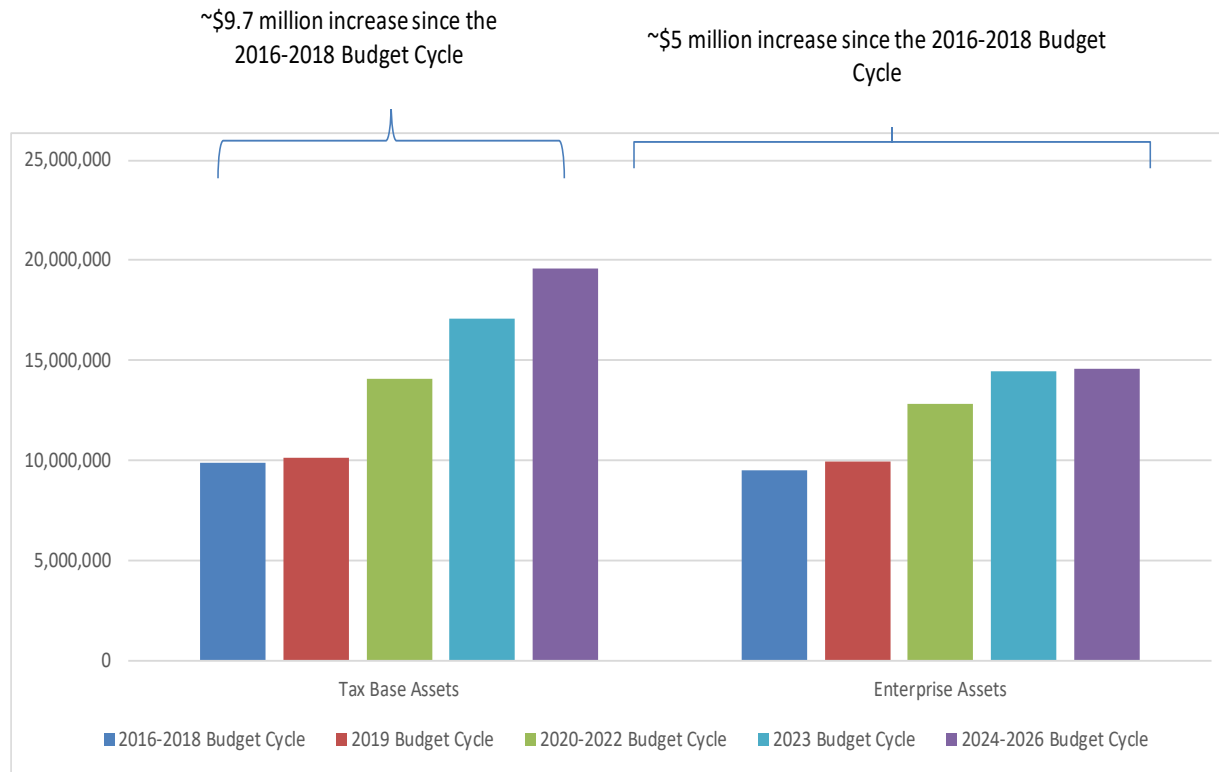
Available Funding - \$300,000



Asset Class	Available Funding	Percentage of Needs
Asset Class 1	75,000	25%
Asset Class 2	90,000	30%
Asset Class 3	135,000	45%
Total Available Funding	300,000	100%



Funding Increases



Funding Increases continued

<i>Asset Groups</i>	<i>2024 Average Annual Funding</i>	<i>2016 Average Annual Funding</i>	<i>Change in Funding since 2016</i>	<i>% Change</i>
<i>Transportation*</i>	9,300	6,500	2,800	43%
<i>Facilities</i>	5,500	2,000	3,500	175%
<i>Parks</i>	1,400	400	1,000	250%
<i>Information Technology</i>	1,200	600	600	100%
<i>Fire</i>	1,300	400	900	225%
<i>Bridges and Culverts^</i>	450	0	450	NA
<i>Forestry^^</i>	200	0	200	NA
<i>Library</i>	200	0	200	NA
<i>Public Art</i>	0	0	0	0%
Total Tax Base	\$ 19,550	\$ 9,900	\$ 9,650	97%
<i>Stormwater</i>	4,800	3,200	1,600	50%
<i>Water Distribution</i>	3,600	2,600	1,000	38%
<i>Sanitary Collection</i>	2,300	1,700	600	35%
<i>Fleet and Shop Equipment</i>	3,200	1,900	1,300	68%
<i>Bridges and Culverts^</i>	460	0	460	NA
<i>Parking</i>	100	130	-30	-23%
<i>Cemeteries</i>	100	0	100	NA
Total Enterprise	\$ 14,560	\$ 9,530	\$ 5,030	53%
Total City of Waterloo Funding	\$ 34,110	\$ 19,430	\$ 14,680	76%

Note: Some numbers may not add due to rounding.



Next Steps Examples

- Using condition rather than estimated service life (where possible)
- Improve programming for projecting asset performance

Pedestrian Bridge Bank – Emergency Repair



After restoration





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