

Township of Essa
Asset Management Plan
For the Ten Year Period from 2014 to 2023

December 10, 2014

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Executive Summary

The Township of Essa prepared this Asset Management Plan to document, quantify, and shed light on its infrastructure deficit and guide future investments in infrastructure.

It is in keeping with the Province of Ontario's "Building Together, Guide for Municipal Asset Management Plans" and the key elements of a plan:

- Executive summary
- Introduction
- State of local infrastructure
- Expected levels of service
- Asset management strategy
- Financing strategy

The Township has an infrastructure deficit. It has tangible capital assets with a historical cost of over \$ 150,000,000 and a net book value of over \$ 100,000,000.

The replacement cost of the Essa's tangible capital assets is estimated to be over \$ 200,000,000 or twice their net book value.

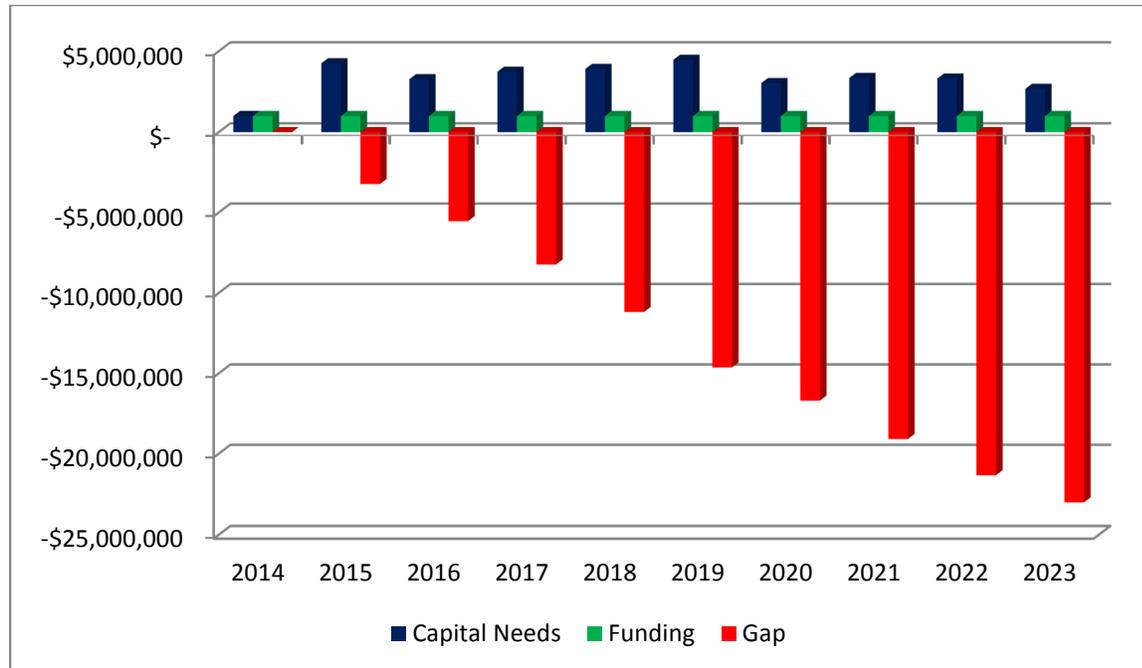
The Plan was designed from the outset to include all major categories of service provided by the Township and all major asset classes within each category of service. The state of local infrastructure and expected levels of service are addressed by asset class within service categories.

The following are summaries of the Bridges, Roads, Storm Sewers, Watermains, and Sanitary Sewer Trunks Infrastructure condition ratings.

Bridges, Roads, Storm Sewer, Watermains, and Sanitary Sewer Trunks Infrastructure Condition Rating Summaries						
Condition Rating	Condition Description	Bridges (count, %)	Roads	Storm Sewers	Water mains	Sanitary Sewer Trunks
	Very Good	2 10%	90.30%	39.45%	0.33%	56.55%
	Good	14 70%	4.50%	40.08%	84.90%	22.77%
	Fair	4 20%	1.40%	20.45%	14.11%	20.68%
	Poor	0 0%	3.80%	0.02%	0.66%	0.00%
	Very Poor	0 0%	0.00%	0.00%	0.00%	0.00%
	Total	20 100%	100.00%	100.00%	100.00%	100.00%

Over the next ten years, the Township has \$ 33,000,000 in net capital needs and a base level of tax supported capital funding of only \$ 1,000,000 per year. This leaves a net tax supported capital needs infrastructure funding gap of \$ 23,000,000 over the ten year period from 2014 to 2023, or \$ 2,300,000 per year.

Net Tax Supported Capital Needs Infrastructure Funding Gap and Cumulative Infrastructure Deficit for the Ten Year Period from 2014 to 2023



Without stable and sustainable funding, the Township cannot address its infrastructure deficit in a meaningful manner. While the Plan begins to address the infrastructure deficit and funding issues facing Essa, it does not resolve the issues of sustainable funding and pressures on municipal services.

Township of Essa infrastructure investments over the next ten years should focus on remedying structural needs and deficiencies of Roads, Bridges, and Arenas.

While from a snapshot of the Township’s financial position at a point in time it would appear that it is in good shape, the longer term view shows that tax rate increases are required to maintain, replace, and renew core infrastructure assets.

The Plan as well as the Capital Investment Plan will guide future operating and capital budgets.

Highlights of the recommendations stemming from the Plan include:

- **RECOMMENDATION:** Given the relatively weak economies in Simcoe County and Southern Ontario at this time, that Council give consideration to a dedicated property tax rate increase of **3%** for **2015** be used to fund infrastructure and asset replacement and directed to eliminate the infrastructure funding gap for all services except for roadways, bridges and culverts.
- **RECOMMENDATION:** Given the relatively weak economies in Simcoe County and Southern Ontario at this time, that Council give consideration to a dedicated property tax rate increase of **3%** for **2016** be used to fund infrastructure and asset replacement and directed to narrow the infrastructure funding gap for bridges and culverts.
- **RECOMMENDATION:** Given the relatively weak economies in Simcoe County and Southern Ontario at this time, that Council give consideration to a dedicated property tax rate increase of **3%** for **2017** be used to fund infrastructure and asset replacement and directed to narrow the infrastructure funding gap for roadways.
- **RECOMMENDATION:** In light of the growing infrastructure deficit, that consideration be given to further review of the roads' levels of service, roads' backlog of projects, and roads' needs priorities.
- **RECOMMENDATION:** In light of the growing infrastructure deficit, that consideration be given to directing new sources of unconditional funding to identified capital needs in order to narrow the infrastructure funding gap and reduce the infrastructure deficit.
- **RECOMMENDATION:** Given the relatively weak economies in Simcoe County and Southern Ontario at this time, that Council give consideration to a dedicated water rate increase of **4%** for **2015** be used to fund infrastructure and asset replacement and directed to narrow the infrastructure funding gap for municipal water services.
- **RECOMMENDATION:** Given the relatively weak economies in Simcoe County and Southern Ontario at this time, that Council give consideration to a dedicated sewer rate increase of **4%** for **2015** be used to fund infrastructure and asset replacement and directed to narrow the infrastructure funding gap for municipal sanitary sewer services.

Ministry Requirements

The Province of Ontario, through the Ministry of Infrastructure, released “Building Together, Guide for Municipal Asset Management Plans” (the “Guide”) in 2012. The municipal infrastructure strategy identifies that “maintaining roads, bridges, water, wastewater and social housing should be a top priority”.

Building Together, Guide for Municipal Asset Management Plans, 2012, page 3

Part 3 of the Guide, Elements of a Detailed Asset Management Plan, provides as follows:

“An asset management plan is a strategic document that states how a group of assets is to be managed over a period of time. The plan describes the characteristics and condition of infrastructure assets, the levels of service expected from them, planned actions to ensure the assets are providing the expected level of service, and financing strategies to implement the planned actions. A detailed asset management plan has the following sections:

- Executive summary
- Introduction
- State of local infrastructure
- Expected levels of service
- Asset management strategy
- Financing strategy”

Building Together, Guide for Municipal Asset Management Plans, 2012, page 29

The Township of Essa was entitled to receive \$ 26,000 in grant funding towards asset management under the Municipal Infrastructure Investment Initiative (MIII).