



# ASSET MANAGEMENT PLAN UPDATE

2017-2026

Township of Elizabethtown-Kitley

Diane Gordon

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# 1 EXECUTIVE SUMMARY

The Province of Ontario, through its MIII Capital program, has provided funding designed to help municipalities address necessary road, bridge, and other priority projects identified through the assembly of an Asset Management Plan. This program is the second phase of the Province's Municipal Infrastructure Strategy which aims to:

- Further strengthen municipal asset management practices;
- Support the most critical roads, water and sewer network; and
- Provide funding to Municipalities that are unable to undertake projects without provincial support.

In 2013, Infrastructure Solutions (Engineering) Inc., was contracted to develop the initial Asset Management Plan (AMP) for the Township of Elizabethtown-Kitley. The following version represents the first update to this plan (by the Treasurer) which incorporates all of the Township's asset classes extended forward to 2026.

Replacement value and repair costs of roads have been estimated using figures calculated in the 2013 Asset Management Plan. Roads figures will be re-evaluated in 2017 subsequent to the new road study to take place in the spring. Staff continues to estimate future costs of vehicles and equipment on an annual basis. By replacement value, 91% of the Township's assets are in roads and bridges with roads having the greatest value at 90%.

An "infrastructure deficit" is defined as the added investment that would be required to maintain a Township's infrastructure at appropriate service levels and in a good state of repair today. In 2013, Infrastructure Solutions estimated that \$24.6 MM in project spending was necessary during the following 10 year period.

In 2015, the Council of Elizabethtown-Kitley chose to increase tax rates and to increase the focus on capital spending. By finding savings in operational budgets the Township was able to increase funding towards Capital Projects again in 2016. The Township is committed to increasing its investment incrementally over the next 10 year period from 2017 to 2026. The 10 year total investment has increased from \$10.4MM to \$14.8MM. The Township continues its efforts to close the infrastructure gap.

The optimal outcome involves doing the right thing, at the right time, consistently. In the case of managing existing infrastructure, doing the right thing, at the right time, involves knowing and actually doing the most cost-effective maintenance, repair, rehabilitation or replacement activity at the right time throughout the entire life cycle of the asset.

Asset management is a philosophy and may require a significant change in organizational culture. The State of the Infrastructure Report (SOTI), Capital Plan, financial projections and recommendations within this Asset Management Plan will provide Township staff with critical information and analytical tools to begin the education/communication process for the Township's asset management strategy.

List of updates to the 2013 Asset Management Plan produced by Infrastructure Solutions Inc:

PSAB Reporting Tables - Page 7

Net Book Value of Assets – Page 8

Capital Projects Plan Summaries – Pages 17-19

Financial Strategies – Pages 24-25

Appendix A – Detailed List of Capital Projects – Pages 32-34

New – Appendix F – 2017 Financial Forecast – Page 40

New – Appendix G – 10 Year Financial Forecast – Page 41

## **2 SOTI REPORT**

### **2.1 HISTORICAL OVERVIEW**

All of the World's urban cities and municipalities are underpinned by a vast network of roads, water supply, sewage, drainage, power supply, flood protection, recreational and real estate assets. These assets, predominantly managed by local governments, constitute a major investment over many generations and represent the world's largest portfolio of assets.

In Canada, we are in a deficit. The deficit involves the deterioration of our infrastructure, the roads and bridges we drive on, the water treatment facilities we depend on for clean drinking water, and the sewer systems that take away tainted water. Most Canadian Cities are struggling to maintain existing infrastructure under current tax and rate levels. They continue to deal with new reporting responsibilities and expenses downloaded by both the Province and Federal Government. Cities are facing a growing need to maintain and renew aged infrastructure, without the tax base to do so. In 1962, 22 cents of every dollar was spent on infrastructure by the Federal Government and by 2002, only 12 cents. Public infrastructure has suffered from decades of extensive neglect and overuse. In Canada, it is estimated that the average infrastructure deficit runs in excess of \$10,000 for every man, woman and child. Much of this infrastructure deficit is found in the major urban centers, but the National deficit will double over the next 10 years as projects undertaken in the 1950's/1960's reach their projected lifespan.

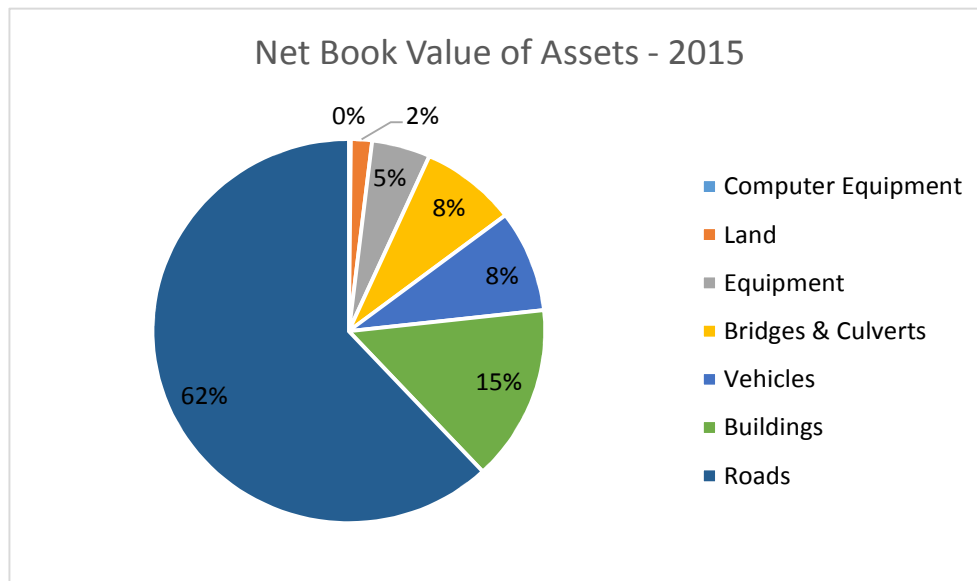
This State of the Infrastructure (SOTI) assessment is based on an analysis of the replacement, rehabilitation, and maintenance requirements of the Township's asset inventory and its current condition. We include a Report Card on the current state of the major linear assets within the Township. The Capital Plan provides both a high-level assessment of projected Capital expenses and a detailed future project by project costing for the Township's review and confirmation. Our objective is to give the Township the analytical tools and information necessary to implement a comprehensive and cohesive asset management program.

Asset management is a philosophy and may require a significant change in organizational culture, as well as at the community and political levels. This change will not occur overnight; however, the State of the Infrastructure Report, Capital Plan, financial projections and detailed recommendations will provide Township staff with critical information and analytical tools to begin the education/communication process for the Township's asset management strategy.

## 2.2 PSAB REPORTING

Below is a comparison of Asset Net Book Values for the years 2012 and 2015. As shown, there was a slight decrease in net book value. It can be seen from this illustration, that there has been some renewal of equipment, but on the whole, assets are not being renewed as quickly as they have depreciated.

| <b>Assets Type</b>          | <b>2012 NBV of Assets</b> | <b>2015 NBV of Assets</b> |
|-----------------------------|---------------------------|---------------------------|
| Land                        | \$213,598                 | \$213,598                 |
| Roads                       | \$7,746,134               | \$7,570,821               |
| Bridges & Culverts          | \$1,015,857               | \$972,652                 |
| Equipment                   | \$135,151                 | \$589,601                 |
| Vehicles                    | \$1,373,982               | \$1,048,304               |
| Buildings                   | \$1,809,894               | \$1,808,046               |
| Computer Equipment          | \$10,141                  | \$19,188                  |
| <b>Total</b>                | <b>\$12,304,757</b>       | <b>\$12,222,210</b>       |
|                             |                           |                           |
| <b>Asset Department</b>     | <b>2015 NBV of Assets</b> |                           |
| <b>Administration</b>       | <b>\$249,462</b>          |                           |
| <b>Fire</b>                 | <b>\$1,329,805</b>        |                           |
| <b>Roads</b>                | <b>\$9,672,195</b>        |                           |
| <b>Economic Development</b> | <b>\$45,675</b>           |                           |
| <b>Streetlights</b>         | <b>\$112,620</b>          |                           |
| <b>Recreation</b>           | <b>\$474,088</b>          |                           |
| <b>Waste Site</b>           | <b>\$64,604</b>           |                           |
| <b>Library</b>              | <b>\$273,761</b>          |                           |
| <b>Total</b>                | <b>\$12,222,210</b>       |                           |



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## 2.3 STATE OF THE INFRASTRUCTURE REPORT (SOTI)

Dealing with aging infrastructure requires that the Township assess the long-term capital project requirements and establish the funding of high-priority projects in an efficient, timely and cost-effective manner.

The Township continues to have a significant backlog of assets in need of betterment or replacement. The Township should monitor, track and manage infrastructure assets to ensure that policy makers build reserves and/or obtain sufficient funding in order to maintain, at minimum, and potentially enhance future service levels. Through capital budgeting, the Township can plan the future operating budget expenses and reserve funds to manage its financial position over the long term. Capital planning provides considerable core information needed for the Council's planning and fiscal policies.

The SOTI and associated analysis are strategic documents that identify trends and highlight possible issues involved in delivering services and maintaining the assets for those services. The SOTI will also assist in the development of more detailed tactical and operational plans aimed at identifying expenditures needed to provide service in a cost-effective, sustainable manner.



In November 2003, the National Guide to Sustainable Municipal Infrastructure published a Best Practice for Municipal Infrastructure Asset Management. It stated that the framework for an asset management plan can be described in terms of seven questions:

1. What do you have and where is it? (Inventory and Location)
2. What is it worth? (Costs/Replacement Rates)
3. What is its condition and expected remaining service life? (Condition and Capability)
4. What is the service level expectation and what needs to be done? (Capital & Operating Plans)
5. When do you need to do it? (Capital and Operating Plans)
6. How much will it cost and what is the acceptable level of risk? (Short/Long-term Financial Plan)
7. How do you ensure long-term affordability? (Short- and Long-term Financial Plan)

## **2.4 INVENTORY AND THE VALUATION OF ASSETS**

The aim of this section of the report is to provide an overview of the State of the Infrastructure (SOTI) by an analysis of the available data on the condition and/or age of the Township's assets. In 2013, Infrastructure Solutions Inc. estimated the replacement value of the Township's assets by analyzing the following factors:

- Value of all the existing assets
- New assets acquired prior to 2013
- Adjustments in unit costs based on improved knowledge and inflationary impacts

For the purpose of the Asset Management Plan report, we have grouped the assets as

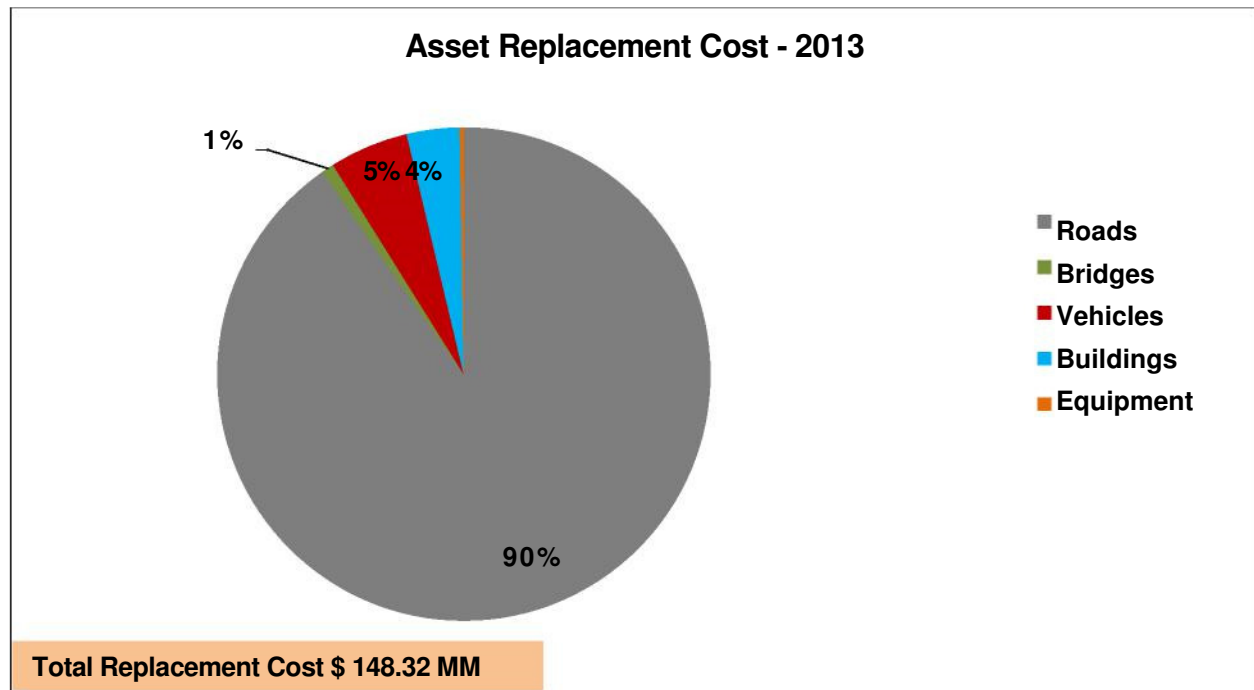
follows: **Linear Assets:**

- Roads - Gravel, Surface Treated, Paved (HCB)
- Structures – Bridges

**Non-linear assets have not been included in the SOTI report but have been dealt with in the Capital Plan:**

- Buildings
- Vehicles
- Equipment

| Assets Type  | Replacement Cost     |
|--------------|----------------------|
| Roads        | \$133,927,523        |
| Bridges      | \$1,220,940          |
| Vehicles     | \$7,663,342          |
| Buildings    | \$5,129,273          |
| Equipment    | \$382,948            |
| <b>Total</b> | <b>\$148,324,026</b> |

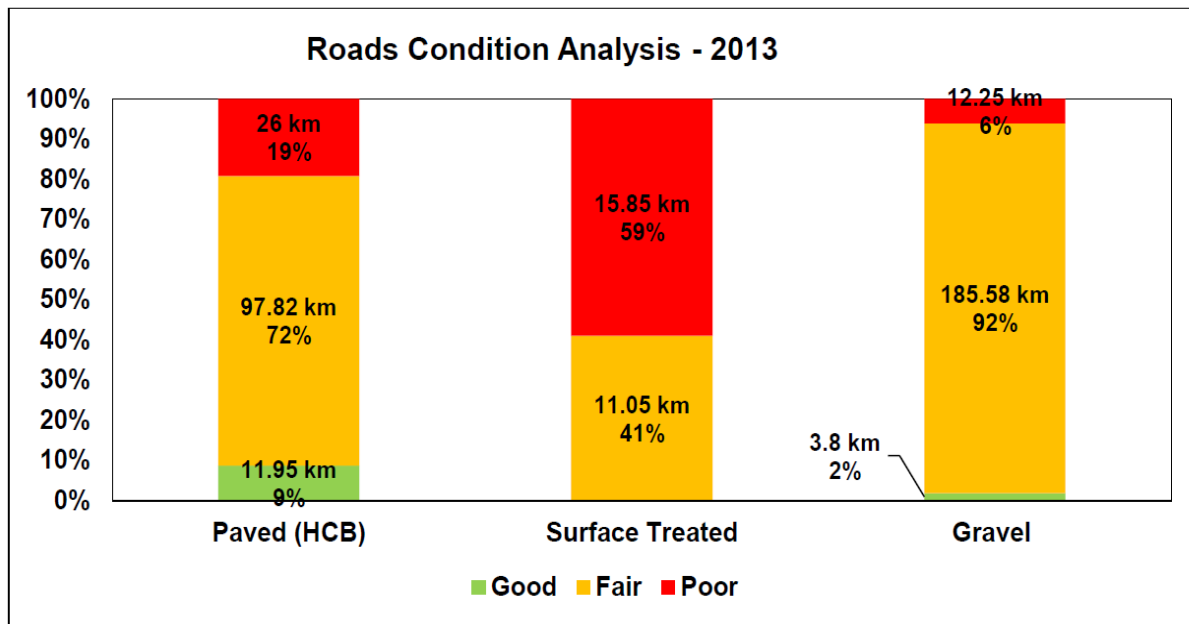


#### 2.4.1 ROADS

The Township of Elizabethtown-Kitley has a total of 364 km of roads. The following summarizes the road surface types within the Township.

##### Road Surface Type:

| Road Surface Type | Length (km) | %   |
|-------------------|-------------|-----|
| Paved (HCB)       | 135         | 37% |
| Surface treatment | 27          | 7%  |
| Gravel            | 202         | 55% |



*Note: Percentages are calculated based upon the length of each road type*

### Condition Analysis for Roads

The Township is scheduled to contract a Road Study in 2017 to obtain a more current condition analysis. The current State of Infrastructure for roads is based upon Township's Road Needs Study conducted in 2008. The Township has surface-treated, paved (HCB), and gravel roads. Using degradation curves, the condition ratings were adjusted to 2013. The surface-treated are mostly in poor condition, and paved (HCB) roads are mostly in fair condition. The gravel roads are mostly in fair condition. Generally, maintaining gravel roads are viewed as an operating expense. The Township's road capital expenses occur in maintaining the surface-treated and paved (HCB) roads, which as "B", or "fair" condition.

### Road Average Condition:

| Road Surface Type | Weighted Average Condition Rating |
|-------------------|-----------------------------------|
| Paved (HCB)       | 6.24                              |
| Surface Treated   | 4.68                              |
| Gravel            | 5.89                              |

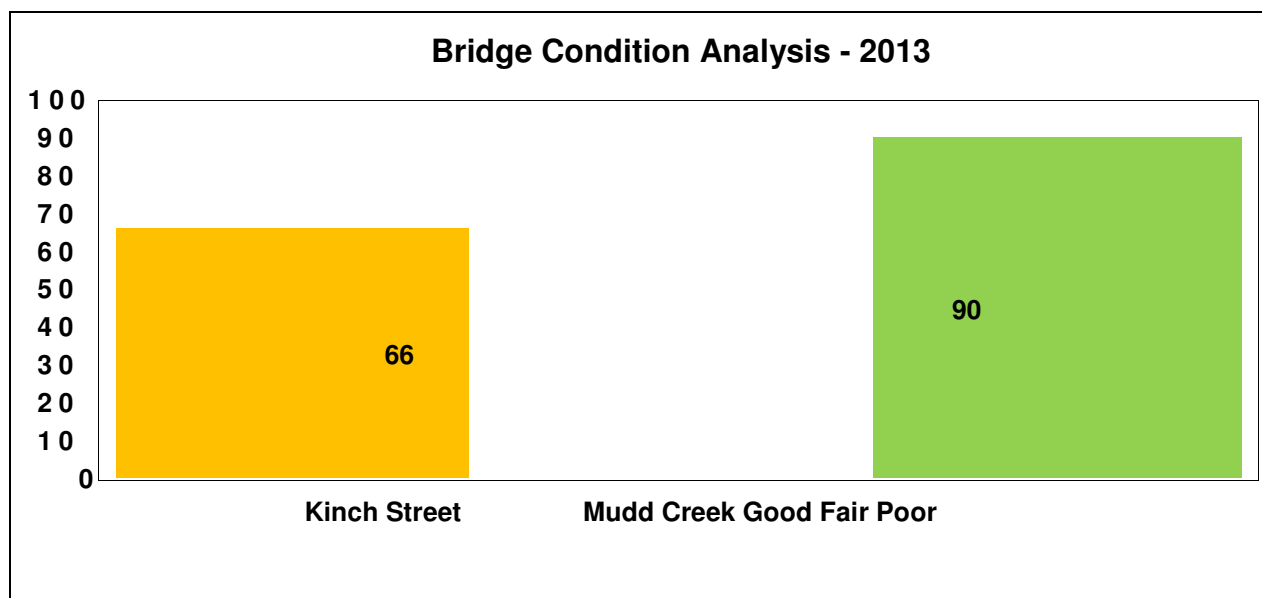
### 2.4.2 BRIDGES

This group comprises:

- Bridges – consists of 2 bridges

The inspection was completed by the Township in 2010.

## Bridge



## Condition Index

The township provided bridge condition assessments to ISI. Municipal DataWorks calculates the Bridge Condition Index based on the consultant's report and condition assessments. For condition calculations to take these bridges to 2013, deterioration curves were used. The overall conditions provided by the Township are on a scale with respective conditions are subjective in nature. The MTO Bridge Condition Index rating is provided by the Ontario Ministry of Transportation which describes maintenance requirements within each range as follows:

**Good:** BCI Range 70 - 100: It is usually not required to perform any maintenance work within the next five years

**Fair:** BCI Range 60 - 69: Maintenance work is usually required within the next five years **Poor:** BCI Less than 60: Maintenance work is usually required within one year

The bridges are in good condition and the overall condition of the bridges is "A" or "good" condition.

## 2.5 CONDITION RATING REPORT CARD

| Asset Group  | Overall Condition Rating | Rating | Range | Comments                                                       |
|--------------|--------------------------|--------|-------|----------------------------------------------------------------|
| Road Network | B                        | A      | Good  | Condition rating based on Road Needs Study's Condition Ratings |
|              |                          | B      | Fair  |                                                                |
|              |                          | C      | Poor  |                                                                |
| Bridges      | A                        | A      | Good  | Condition rating based on bridge condition index               |
|              |                          | B      | Fair  |                                                                |
|              |                          | C      | Poor  |                                                                |

## **2.6 SOTI CONCLUSION**

As highlighted in the Report Card above, the current state of the linear infrastructure, based on available condition rating analysis, presents a picture of the Township's linear assets. The condition analysis according to the asset type is as follows:

- All roads are deemed to be in fair condition on average
- Bridges are in good condition

The Township should continue to be proactive in their strategies, so as to extend asset useful life and avoid major rehabilitation/reconstruction or replacement costs.

## **3 CAPITAL PLAN**

### **3.1 BACKGROUND**

Managing the Township's capital assets requires an assessment of the long-term capital project requirements and the establishment of the funding for high-priority projects in an efficient, timely and cost-effective manner. As a result of this analysis, the Township will be able to more effectively monitor, track and manage infrastructure assets, to ensure that policy makers obtain sufficient funding in order to maintain, at minimum, and potentially enhance future service levels. Through capital planning, the Township of Elizabethtown-Kitley can plan the future operating budget expenses and reserve funds to manage the financial position over a long term period. Capital planning also provides the core information needed for implementing the Council's planning and fiscal policies.

The Provincial strategy relies heavily on the requirement for Municipalities to demonstrate how proposed projects fit within an asset management plan, which is a key component to ensuring infrastructure sustainability. An Asset Management Plan provides many benefits including:

- A systematic evaluation of all potential projects at the same time.
- The ability to stabilize debt and consolidate projects to reduce borrowing costs.
- To serve as a public relations and economic development tool.
- A focus on preserving a municipal government's infrastructure while ensuring the efficient use of public funds.
- An opportunity to foster cooperation among departments and an ability to inform other units of government of the Township's priorities.

## 3.2 OVERVIEW

The Capital Plan, an integral part of an Asset Management Plan, is a blueprint for planning a community's capital expenditures and is one of the most important responsibilities of local government officials. It coordinates community planning, financial capacity and physical development. It is a tool to assess the long-term capital project requirements of a Township and to establish funding of high-priority projects in a timely and cost-effective fashion. The development of a Capital Plan is intended to ensure that policy makers are responsible to residents and businesses of the community with respect to the expenditure of public funds. It also promotes the provision of continuous efficient services. This plan identifies and describes capital projects, the years in which funding each project is likely to occur and the method of funding. While a Capital Plan may be designed to forecast any period of time, it generally extends beyond the current operating cycle and usually covers a 5 to 10 year time frame. A 10 year plan has been provided in this document.

The Capital Plan provides a detailed understanding of anticipated investments into tangible capital assets. These assets provide facilities, services and installations needed for the functioning of the community. A complete, properly developed CIP has the following benefits:

- Facilitates coordination between capital needs and the operating budgets
- Enhances the community's credit rating, control of its tax rate, and avoids sudden changes in its debt service requirements
- Identifies the most economical means of financing capital projects
- Increases opportunities for obtaining federal and provincial aid
- Relates public facilities to other public and private development and redevelopment policies and plans
- Focuses attention on community objectives and fiscal capacity
- Keeps the public informed about future needs and projects
- Encourages careful project planning and design to avoid costly mistakes and help a community reach desired goals

A municipal government must take care of two key responsibilities in managing its infrastructure:

- The first major responsibility is the maintenance and repair of existing infrastructure. Given the high cost to replace linear assets and the fact that they are essential to providing programs and services to the public, it is extremely important that regular maintenance and periodic refurbishments be done to keep facilities and other assets in good working condition for as long as possible.
- The second major responsibility that municipal governments have is to plan and construct new community infrastructure. This involves several steps including deciding what services are to be provided, identifying community needs, careful planning, determining priority investments, figuring out how to finance projects and good management to ensure projects are completed on time and on budget.

Typically, a municipal government manages many diverse assets. Each asset type is considered a "capital" asset if it has the following characteristics:

- It is held for the purposes of delivering a program or service or to produce something
- It is to be used on a continuing basis and is not intended for sale
- It has a life expectancy of greater than one year

- It has as a value greater than a certain minimum threshold (as established in the TCA policy)

Common examples, such as roads, buildings and equipment, all meet these criteria and are considered capital assets from a planning and financial perspective. Other types of expenses, such as salaries, purchased services (e.g. janitorial), consumable items (coffee, office supplies etc.) or regular maintenance, do not meet these criteria and are categorized as expenses. These types of expenditures are paid for from operations budgets.

A Capital Plan is intended to assist Municipalities in making choices about which projects should be implemented, how they should be financed and when, to establish priorities for its spending on services, while controlling the ultimate impact on the tax rate or user fees. It also provides a mechanism for controlling future debt levels, thereby ensuring that a reasonable amount of financial flexibility is maintained.

Although the Capital Plan is generally maintained separately from the operating budget, they do work in unison since the debt charges on funds borrowed for capital expenditures become expense items in the annual operating budget. In addition, operating and maintenance costs of capital assets have an impact on the operating budget. In order to have a realistic, workable Capital Plan, therefore, it is necessary to estimate the effect that debt service and operating costs will have on future tax rates. In this way, non-essential capital expenditures will not be undertaken at the expense of pending essential capital projects and the Township will thus be in a better position to control future debt levels.

To determine how much money should be allocated to existing infrastructure, the following factors need to be considered:

- **Inventory** – keep an up-to-date inventory of all physical assets that the municipal government owns or manages including fixed assets (buildings, facilities, etc.) and mobile assets (heavy equipment, trucks, smaller equipment.)
- **Condition rating** – complete an assessment of the condition of each significant asset and determine what needs to be repaired and when.
- **Upgrades** – existing facilities may need to be upgraded to meet new standards or legislative requirements or to meet demands due to population growth, etc.
- **What does the community need for new infrastructure?** This can be a tricky subject to resolve as a Council and community residents may have very different opinions about what the community needs most. This stage of the process requires community consultation which can include meetings, surveys etc. One approach is to organize needs starting with the basics (survival, safety, and shelter) and moving to more advanced needs (recreation, social / cultural, leisure). Once an initial list of potential projects is identified, it can be further refined on the basis of urgency:
- **Immediate or short term** – these are needs that won't wait such as water shortages, equipment breakdowns etc.
- **Predictable growth** – these are needs driven by population growth and increasing demands on infrastructure that will need to be addressed in the next few years. Examples include housing supply, water treatment and delivery capacity, need for expanded recreation facilities etc.
- **Future** – these are long term needs that will occur in the next 20 years, often as a result of priorities established in other community plans (Strategic Plan, Recreation Plan, Land Use Plan etc.). An example may be the development of new residential lots or the refurbishment or replacement of an old building.

### 3.3 METHODOLOGY

The Township of Elizabethtown-Kitley's Capital Plan addresses infrastructure deficiencies and future capital expenditures. It includes existing service infrastructure not meeting engineering standards, the cost of renovation or replacement of infrastructure which has exceeded its service life and which as a consequence, is not meeting required service standards. Provision is required to renovate or replace infrastructure constructed previously, when it reaches the end of its service life. These costs do not include on-going operational and regular maintenance (which typically represent the greatest cost component of a facility's service life, for example). Unless informed by the Township, investments required to support industrial, commercial and residential development in accordance with any growth projections or social needs have not been analyzed.

The Township's Capital Plan includes:

- Development of parameters for each asset class
- Development of rehabilitation and replacement unit costs
- Identifying the asset types to be included in the Capital Plan and determining and confirming the components of each asset class
- Identification of services to be provided and the capital expenditures to be incurred
- Determination of secondary cost estimates of capital expenditures (consideration of such cost elements as remoteness of the Township, land, architect/engineering fees, construction, legal fees, taxes, etc.) The non-rebatable portion of HST at 1.76% has been applied, for example
- Determination of the time periods over which the asset is to be constructed or acquired and the costs prorated accordingly

The 2016 update includes all tangible assets recorded in the Township's Fixed Asset Register. The fixed asset register is used to report assets under schedule 51 of the Ontario Financial Information return. The register includes land, buildings, equipment, vehicles, and roads. These assets are also categorized by departments which include Administration, Fire, Roads, Economic Development, Streetlights, Recreation, Waste Site, and Library.

The strategies used in the 2013 AMP created by Infrastructure Solutions made determinations for necessary rehabilitation work on the right asset at the right time. The Township continues to consider these determinations. Condition-based analysis has been used for roads and bridges, while age-based triggers have been used for all other assets.

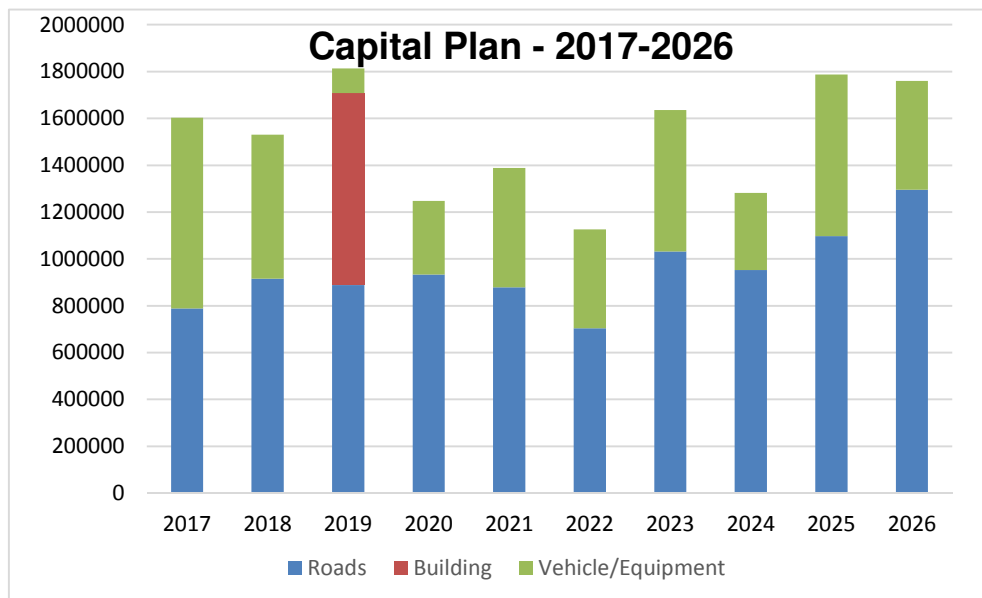


### 3.4 RESULTS

Like most other local governments in the Province, the Township of Elizabethtown-Kitley is struggling with aging infrastructure and constrained budgets. Despite increasing investment in capital, the Township of Elizabethtown-Kitley's 10 year infrastructure deficit is approximately \$10MM.

Upon the collection of all the pertinent data, A 10 year Capital Plan, broken down by asset class for the years 2017 to 2026 (with PST and without inflationary factor), was developed. Inflation will be incorporated in the financial analysis. The results are as follows:

| Timeframe      | Year | Capital Projects (Incl. PST) |
|----------------|------|------------------------------|
| Year 2017-2026 | 2017 | \$1,603,107                  |
|                | 2018 | \$1,530,207                  |
|                | 2019 | \$1,813,809                  |
|                | 2020 | \$1,248,230                  |
|                | 2021 | \$1,388,717                  |
|                | 2022 | \$1,126,115                  |
|                | 2023 | \$1,635,548                  |
|                | 2024 | \$1,452,316                  |
|                | 2025 | \$1,536,661                  |
|                | 2026 | \$1,462,143                  |
| Total          |      | \$14,796,853                 |



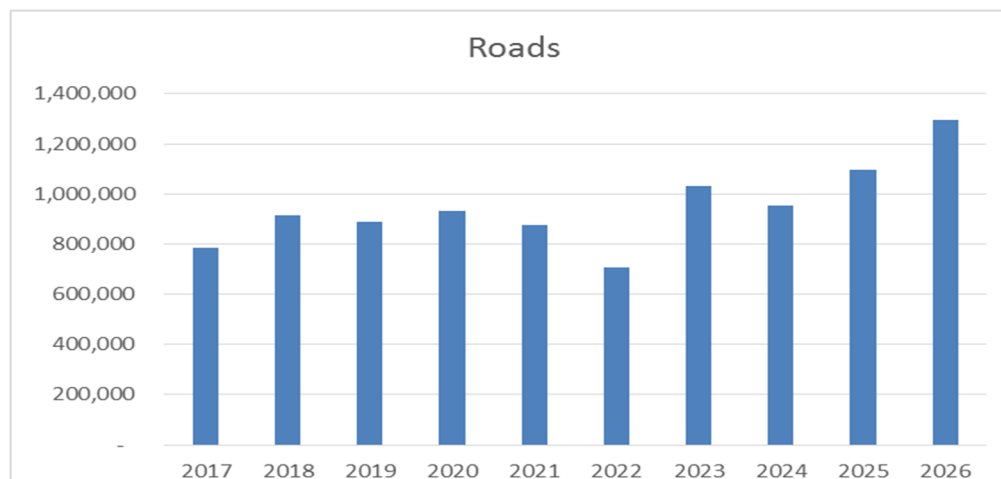
| Year 2017-2026    |           |           |           |           |           |           |           |           |           |           |
|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Asset Type        | 2017      | 2018      | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026      |
| Roads             | 788,107   | 915,207   | 888,809   | 933,230   | 878,717   | 704,115   | 1,032,548 | 952,548   | 1,097,034 | 1,295,548 |
| Building          | -         | -         | 820,000   | -         | -         | -         | -         | -         | -         | -         |
| Vehicle/Equipment | 815,000   | 615,000   | 105,000   | 315,000   | 510,000   | 422,000   | 603,000   | 330,000   | 690,000   | 464,000   |
| Total             | 1,603,107 | 1,530,207 | 1,813,809 | 1,248,230 | 1,388,717 | 1,126,115 | 1,635,548 | 1,477,962 | 1,477,962 | 1,477,962 |

A detailed, project-by-project breakdown of this Capital Plan and all proposed or study recommended projects are included in the detail capital project list in the Appendix A.

### 3.5 BREAKDOWN BY ASSET TYPES

#### 3.5.1 ROAD SECTION

The road replacement costs are taken from the road contractor cost for the geographical area. ISI used numerous deterioration curves for the various roads. The project list is attached in the Appendix A. The gravel road expenses are treated as operating expenses and are not included in the Plan.

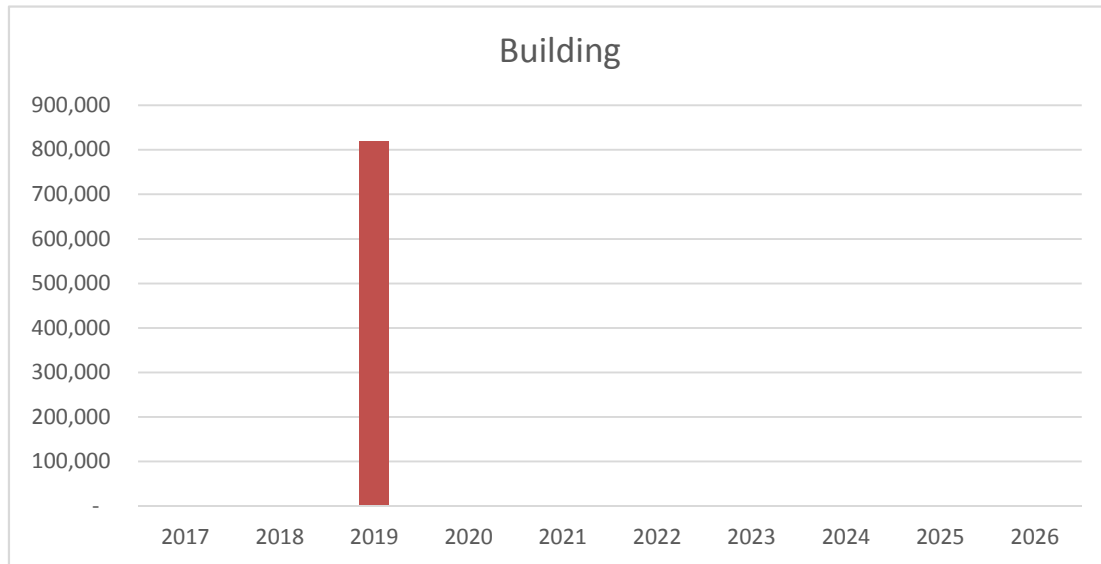


#### 3.5.2 BRIDGES

This group comprises of 2 Bridges. The replacement cost for bridges is calculated by indexing the historical costs and 1.76% PST is added to the base costs. **No lifecycle events fall for bridges in the window of this ten year Asset Management Plan.**

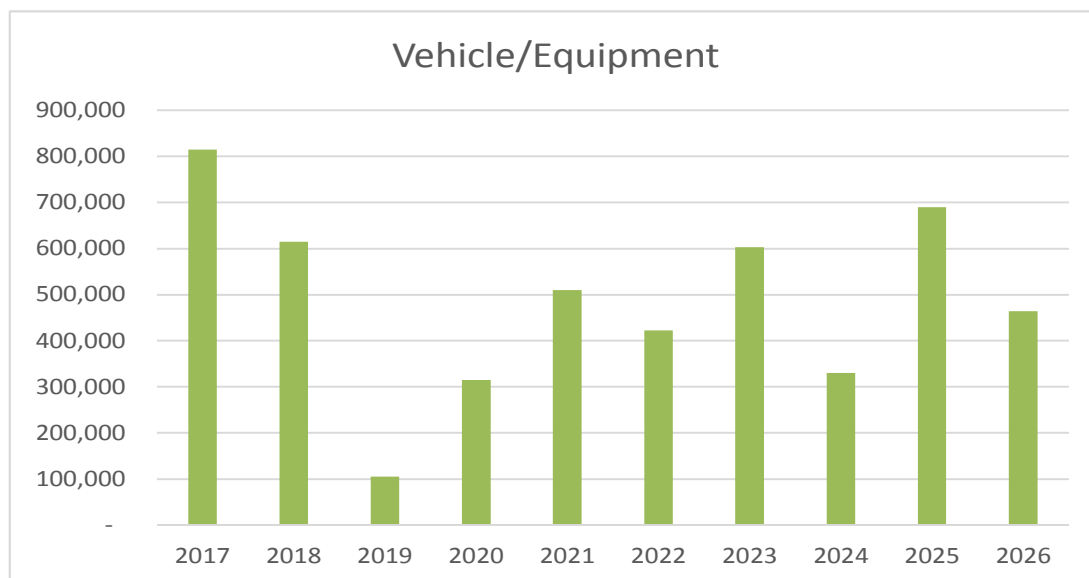
### 3.5.3 BUILDINGS AND PROPOSED PROJECTS

This asset group consists of buildings like the stations, administration building, sheds etc. The replacement cost has been provided by the Township that are indexed using the Municipal Cost Index and PST of 1.76% is added to the base costs. The Township has proposed building projects in the next ten years which are placed as a projects in the Appendix A. The Township will undertake building inspections in future to determine the accurate condition assessment and suggest a strategy to optimize the current portfolio.



### EQUIPMENT AND VEHICLES

This group comprises of vehicles like trucks, pumpers, etc and heavy equipment like mowers, steamers etc. belonging to the Township. The replacement cost has been provided by the Township that are indexed using the Municipal Cost Index and PST of 1.76% is added to the base costs. Further review and discussion is required to ascertain the accuracy of the Township's vehicle and equipment requirement.



## 4 LEVELS OF SERVICE

### 4.1 OVERVIEW

Levels of Service (LOS) are statements of service performance delivery. LOS is established based on Council direction, the needs or wants of the community as well as legislative and regulatory requirements. This report includes Operating Performance Indicators (GPI's) for current levels of service. Through the ongoing Asset Management process LOS will be further defined for the Township, the Township's assets, and the community. All are interconnected.

**There is likely further effort required by the Township to address and formally define levels of service from a customer perspective.** Asset management, at its root, is really about balancing between the full life cycle costs of various services and the levels of service being provided. It is about knowing what levels of service customers expect and what they are willing to pay. The level of service is a reflection of the quality, function and capacity of the services being provided. As a Township, you might consider:

- The level of service you are currently providing to users
- The annual cost to continue to provide the current level of service
- How the current level of service is expected to change in the future given current funding levels
- If you are meeting the level of service expectations of your users given the costs to provide current, increased or decreased levels of service

Many Municipalities cannot currently answer these questions, although many are working towards this goal. If you can't answer questions about the current, future and desired levels of service (with associated costs), then it will be difficult to understand the financial implications of owning the asset going forward. The levels of service that you provide as a Township directly impact many parts of asset management including both life cycle costs and risk management.

As a rough generalization, the higher the level of service provided, the higher the life cycle costs of providing that service. Levels of service drive the expected treatments in the management of infrastructure. Customer levels of service outline the overall quality, function, capacity and safety of the service being provided. Technical levels of service outline the operating, maintenance, rehabilitation, renewal and upgrade activities expected to occur within the Township. When practicing asset management it is important to first document the current level of service being provided. As asset management becomes more established within your Township, levels of service may be set through consultation with the community. However, it is critical that prior to consulting with the public, the current levels of service along with associated life cycle costs are understood.

It is also important to discuss how various levels of service may have different risks associated with them. These risks may play an important role in determining if certain levels of service are acceptable. As with all economic analysis, a sensitivity analysis should be carried out on those parameters which are more likely to be beyond the control of the organization, such as market forces affecting the opportunity cost of capital, community expectations/perception on risk and factors in the long-term, health and safety effects, community economic effects, environmental and social effects, feasibility including public support and the Township's readiness.

## **4.2 METHODOLOGY**

The implementation of a formal Maintenance Management System (MMS), among many other items, measures the response time, lag time, total time to resolution, resources involved, and communication logs for all issues identified internally and by customers. Going forward, this type of information not only provides the basis of resource and program management decisions, but is key information that will provide council and the public with the service level information in relation to the cost of service. Historically a significant portion of activities have been provided at a 'best we can do with what we have' basis. Through a review of design guidelines, and metrics being captured by the MMS, the Township of Elizabethtown-Kitley can re-orientate service delivery that is driven by service level expectations that incorporate Level of Service factors. To assist in better establishing Levels of Service, the Township should also consider collecting technical performance measures needed to provide information on:

- the types of failure
- the number of customers affected
- the duration of the failure
- the severity of the failure

This kind of technical performance measurement and monitoring is undertaken to support decision-making by the asset managers within an organization. It addresses issues for consideration in effective management of the assets, such as:

- Assessing the effectiveness of the operational, maintenance and capital works program
- Review and refinement of maintenance and rehabilitation strategies and standards
- Assistance in strategic decision-making through definition of remaining life, based on the measure being assessed e.g. capacity of a pipe versus demand.

Benchmarking and other comparison management techniques are used both internally and for external regulation and monitoring, to assess the performance of infrastructure groups and asset owners. Each Township needs to consider developing rating systems to judge the assets from both a Township's perspective with the values that it brings to the organization, and also from a user's or regulator's perspective, in terms of the functionality, suitability, cost and service performance of the asset.

### 4.3 LEVELS OF SERVICE PROCESS

Some Levels of Service (LOS) for the Township can be attained through documents developed in the industry and by internally focusing on technical requirements that meet generally expected levels of operation and safety:

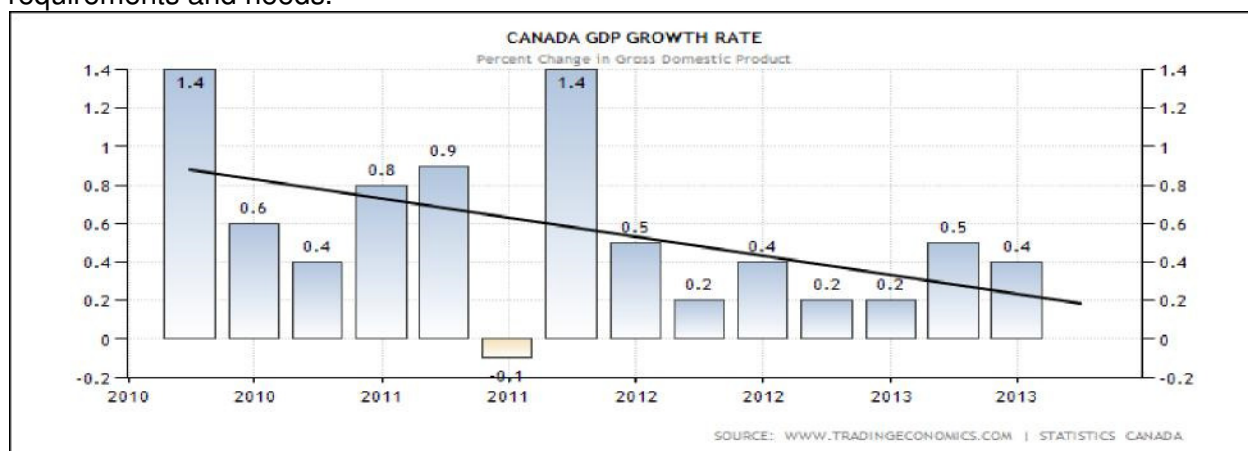
- Provincial Minimum Maintenance Standards (MMS) for roads, vehicles etc.
- Drinking Water Quality Management System (DWQMS)
- Engineering Standards Manuals

**Operating Performance Indicators** – These are the main activities within each operating budget cost center. These activities (OPI's) link directly to the level of service provided by the Township. The OPI's also include maintenance tasks that help extend asset life. A good balance between asset replacement through capital funding and ongoing maintenance provides the best-cost efficiency and service productivity. The process is outlined in **Appendix D**.

## 5 FINANCIAL PROJECTIONS

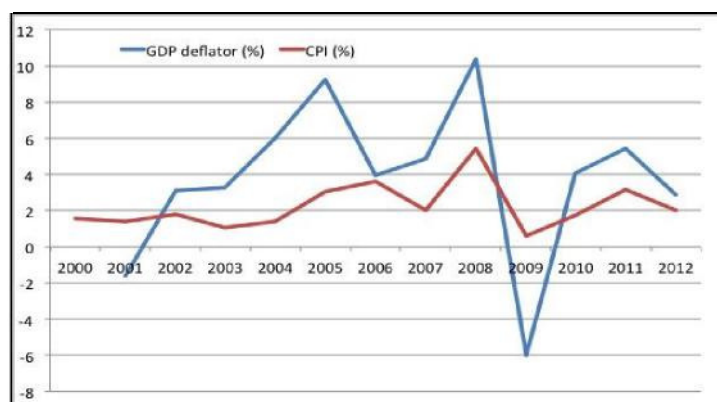
Our first steps in Financial Forecasting include compounding/inflating historical costs to Present Value (2012/13) number and then further compounding/inflating these numbers to meet future requirements. To maximize the accuracy of our projections, we have developed a comprehensive "*Municipal Cost Index (MCI)*". To further fine-tune our projections, we do a micro analysis of your geographic region.

Our basic assumptions and calculations, included within this document, are key to the planning process and serve as the base for the forecasting and predicting your future budgetary requirements and needs.



## 5.1 CONSUMER PRICE INDEX: OUR PERSPECTIVE

A price index measures the change in the costs of purchasing a fixed basket of goods and services in the current period, compared to a base period, typically month-over-month or year-over-year. The most widely applied measure of inflation/price index is the Consumer Price Index (CPI). Given its pervasive use in setting cost-of-living adjustments, it can be the appropriate metric when calculating the rate of consumer inflation at the national level. Major components within the CPI include housing, food, and transportation.



Source: [www.marketmonetarist.com](http://www.marketmonetarist.com)

Extending the use of the CPI into discussions about the appropriate level of tax and fee rate increases becomes problematic, however, because a government's actual experience with inflation can differ greatly from the CPI. This is because the largest expenditures for governments are typically labor, materials, and contractual services — different factors than those found in the CPI. Spending patterns that are different than those of other economic sectors. A price index that does not reflect the municipal purchasing structure does not truly reflect changes in the cost experience, and thus the purchasing power, of local governments. For instance, the CPI reflects household spending patterns that focus on shelter (27.7 percent of the Statistics Canada CPI basket), transportation (19.5 percent), food (15.5 percent), and recreation (12.9 percent) — none of which registers as leading purchase categories for local governments.

There are two main parts to the MCI calculation: the weightings of the expenditure categories (showing the relative importance of items in the index), and the inflation factor used for each component. The inflation factors for expected price changes are based on economic data from two main sources, the Conference Board of Canada (CBOC) and Statistics Canada. The key issue is to match an appropriate inflator from these external sources to the types of expenditures in each budget category. MCI can be used in the following ways:

- To measure the increase in overall municipal expenditures attributed to inflation;
- To allow managers to more closely monitor the increase in spending by expenditure category, thus making inflationary price increases or decreases more visible;
- To provide an indication of the historical, current, and future direction of prices relative to municipal expenditures;
- To explain increased expenditures attributed to inflation when submitting annual budgets.

## 5.2 MUNICIPAL COST INDEX

Municipal Cost Index (MCI), entails both inflationary and non-inflationary components along with their Weight and Inflators. MCI has been created in such a way that it focuses on the overall yearly impacts of basket of goods that our clients has maximum exposure to and represents the operational/working capital needs on an ongoing basis. MCI will be used to a part of the assumptions in the following calculations:

- Municipal Cost Index is used as an integral part of Capital Planning Module, MCI served as the base for inflating/compounding historical costs to Present Value
- Financial Forecasting Municipal Cost Index will be used as an compounding/inflation factor till the 2013 financial year and then the compounding/inflationary factor will be based upon the reliable research reports like RBC, TD, Scotia Bank, Stats Canada to predict the rest of the years (basis Inflation rate, GDP growth rate, Population, Risk Free Rate, Market Premium Rate etc. will be considered for a constant growth rate)
- Break down of revenue and expenditure and predicting the sources of funds and expenses

**Elizabethtown-Kitley's Municipal Cost Index is attached as Appendix E.**

### **5.3 FINANCIAL STRATEGY ASSUMPTIONS**

The following summarizes the key assumptions used in the preparation of the financial strategy for all assets type:

- 2.21% annual operating income increase (base scenario)
- 2% annual increase in User fees and 1% increase in other revenues (base scenario)
- 2% annual operating expenditure increase (base scenario)
- 2% annual increase in capital replacement costs
- Gas Tax Fund \$295,640 (not inflated)
- Existing funding sources, as identified in the 2015 FIR
- No growth related capital has been included in analysis as the financial strategy relates to the replacement of existing assets.
- Capital replacement needs as identified in the previous section of this report

**Elizabethtown-Kitley's 2017 Financial Forecast is attached as Appendix F.**

**Elizabethtown-Kitley's 10 Year Financial Forecast is attached as Appendix G.**

It is important to keep in mind that assumptions may significantly change over time. In addition, capital replacement cost estimates may vary from current projections. As such, there is a need to continually monitor the financial strategy.

### **5.4 FUNDING REQUIREMENTS**

The Township is facing a growing infrastructure deficit like many other similarly-sized Municipalities. The Township needs to substantially increase its current contribution and to continue to build reserves so that it can prepare to maintain service levels and meet capital requirements in future. The Township's strategies to close/reduce the gap will be discussed in the next section of the report.



## 5.5 FINANCIAL STRATEGIES – THE INFRASTRUCTURE GAP

Financial sustainability requires that there are sufficient resources to support the delivery of services for which the Township bears responsibility. The Township should consider the impact of delaying the correction of its infrastructure deficit. For example, a road becomes increasing more difficult to rehabilitate as its condition deteriorates. A road rehabilitation today could require a reconstruction in 5 years. Certainly, the costs will climb.

Given the need and benefit for further infrastructure investment in order to protect, sustain, and maximize the use of Elizabethtown-Kitley's infrastructure assets, a number of options and strategies have been considered.

### 5.5.1 STRATEGY 1: 1% LEVY INCREASE

#### General Infrastructure

The current action that is being taken is to increase the Township's contribution to Capital every year. If the Township increases its contribution by 1% of the previous year's Levy this investment increases significantly by year 10.

The following table is provided for illustrated purposes to help explain the significant potential of this action to address the tax infrastructure gap:

| 1% of Levy Increase                                                                 |                     |
|-------------------------------------------------------------------------------------|---------------------|
|                                                                                     |                     |
| 2017                                                                                | 1,384,716           |
| 2018                                                                                | 1,499,464           |
| 2019                                                                                | 1,561,112           |
| 2020                                                                                | 1,625,642           |
| 2021                                                                                | 1,693,110           |
| 2022                                                                                | 1,763,569           |
| 2023                                                                                | 1,837,076           |
| 2024                                                                                | 1,913,689           |
| 2025                                                                                | 1,993,605           |
| 2026                                                                                | 2,075,747           |
|                                                                                     |                     |
| <b>TOTAL INVESTMENT<br/>AVAILABLE FOR CAPITAL AND<br/>RESERVES (FUTURE CAPITAL)</b> | <b>\$17,347,730</b> |

## **5.5.2 STRATEGY 2: RETHINKING INFRASTRUCTURE**

There is the potential to reduce infrastructure costs by determining the most cost-effective options for all capital programs for new or rehabilitated infrastructure by pursuing life cycle costing analysis which was discussed earlier in the report. Further, as indicated previously, the timing to replace assets is based on the analysis undertaken using theoretical assumptions in some cases. Due to the funds available, there will be a need to identify where the replacement of some assets may be deferred. A strategy frequently used by Municipalities is to establish priorities based on funds available and to gradually increase contributions to reserves.

Many Municipalities develop rehabilitation and replacement programs on a system wide program basis versus annual project by project basis. This will allow for improved prioritization and co-ordination of required works with in similar geographic areas.

### **5.5.3 STRATEGY 3: STRATEGIC USE OF DEBT**

Due to the backlog in the tax-supported programs, there is a need to examine the cost/benefit of addressing these needs through the issuance of debt. Using debt strategically can provide capital funding flexibility by allowing certain infrastructure to be built and used before sufficient revenue has accumulated to offset the needed investment. Debt is frequently issued and considered a standard practice in Municipalities for capital projects that are long term in nature and that benefit future taxpayers, thereby spreading the costs across future years. As such, debt promotes inter-generational equity in that infrastructure is paid for by those who use it. With favorable interest rates and significant backlog, the Township may wish to consider the need to issue debt to expedite capital replacement. Infrastructure Ontario interest rates at the time of this report are as follows:

- 10 year – 3.12%
- 15 year – 3.62%
- 20 year – 3.93%

For example, if the Township were to issue \$1 million in debt to address a portion of the backlog deemed to be highest priority that was beyond reserve availability, the debt payments would be approximately \$88,000 (assuming 15 year term).

A debt management policy improves the quality of decisions, identifies policy goals and demonstrates a commitment to long-term financial planning, including a multi-year plan. Adherence to a debt management plan signals to rating agencies and capital markets that the Township is well managed and is well positioned to meet its obligations in a timely manner. The Province regulates the amount of debt Municipalities issue by setting an annual repayment limit for each Township (25% of a Township's own source revenues). Based on our experience, Municipalities typically establish thresholds below the Provincial limit to take into consideration taxpayer affordability and to ensure flexibility. The Province has indicated that it wants to see municipalities assume a 10-12% (source revenue) level of debt.

In addition to a debt guideline, monitoring also becomes important when considering the idea of the increased use of debt as a funding source to ensure that it is being used in a fiscally responsible manner. Government Finance Officers Association recommends that Municipalities adopt policies that specify appropriate uses for debt.

The following strategies are recommended to determine the most appropriate time to issue debt

- Debt will be proportionate to the Township's tax base and will not put an excessive burden on operating expenditures.
- Outstanding and planned debt levels will not exceed an amount that can be supported by the existing and projected tax revenue base. Debt policies will focus on:
  - projected debt requirement
  - limits and benchmarks
  - term and structure of debt
  - use of reserves to offset debt issuance
- Long term debt for the replacement and refurbishment of existing capital assets will be reduced and a planned process will be developed whereby an annual contribution will be made to meet lifecycle needs of all assets.

The following policies are recommended to manage debt within the Township:

- Tax Debt Charges as a percentage of Tax Own Source Revenues will not exceed 10%.
  - Long term debt financing will be restricted to specific project types:
    - Increased/new services to residents for new initiatives
    - New, non-recurring infrastructure requirements
    - Projects which are supported by a business plan that show revenues will cover capital and interest costs
    - Projects where the cost of deferring expenditures exceeds debt servicing costs
    - Project costs not recovered from Development Charges
    - Projects tied to third party matching funding
- (Note: These restrictions may have to be phased in to meet short term budget challenges.)
- The length of the term of debt will not exceed the useful life of the underlying asset.
  - The Township will monitor and report on all forms of debt annually.

#### **5.5.4 STRATEGY 4: USE OF GRANTS**

It is well established that the condition of Canada's municipal infrastructure is one of the keys to underpinning, maintaining and enhancing Canada's economic productivity and competitiveness. It is therefore clearly in the national and provincial interests for the federal and provincial government to institute permanent and sustainable infrastructure funding. Along with the strategic use of debt, the Township can also apply for the grants available from the Provincial and Federal governments. Some significant components of the infrastructure deficit can be dealt with through close monitoring of grant programs and a careful expression of interest to access these funds.

### **6 RECOMMENDATIONS**

#### **6.1 SOTI RECOMMENDATIONS**

The SOTI/Capital Plan identifies a number of asset-specific recommendations. However, there are six recurring recommendations that should be addressed in future strategic asset management initiatives:

1. Develop, through more detailed analysis, a plan for allocating the additional funds to the operating and/or capital budgets, as required, in order to successfully develop, implement, and maintain the required asset management plans;
2. Develop a policy and implement a strategy to reach long term sustainable funding for each of the assets covered in this SOTI Report;
3. Implement a comprehensive budget structure along service delivery lines, so that service managers can adequately know what the true total cost of their service is (including asset management, operations, capital, and borrowing costs).
4. Review the selection and use of rehabilitation strategies on life-cycle costing and on a return-on-investment (ROI) basis.

5. Review operating and maintenance practices balancing least life-cycle cost against level of service and risk exposure, on a business-case basis using InfraGuide Best Practices and other industry sources;
6. Provide regular updates to the SOTI Report Card and Analysis

## 6.2 CAPITAL PLAN RECOMMENDATIONS

1. That asset condition assessment of capital assets should be considered wherever feasible. The application of a standard life expectancy of an asset reflects a financial approach (PSAB 3150). Age-based condition assessment has **the least level of confidence for building a capital plan**.
2. That the Township of Elizabethtown-Kitley could consider releasing a policy defining its strategy and intention as it pertains to the infrastructure deficit, including communications to the general public.
3. That the Township address their infrastructure deficit.
4. That the Township proactively define organizational responsibilities to maintain the asset inventory including proposed and actual project cost information, updating the data as assets are acquired or betterments are added to existing assets and projects are started and completed. In this manner, the accuracy of future Capital Plans will increase over time.
5. That the Township consider establishing as policy the following guiding principles, that it be:
  - a) **Customer Focused:** To have clearly defined Levels of Service and applying asset management practices to maintain the confidence of residents in how the Township of Elizabethtown-Kitley assets are managed.
  - b) **Forward Looking:** To make the appropriate decisions and provisions to better enable its assets to meet future challenges, including changing demographics and populations, customer expectations, legislative requirements, technological and environmental factors.
  - c) **Service Focused:** To consider all the assets in a service context and taking into account their interrelationships as opposed to optimizing individual assets in isolation.
  - d) **Risk-based:** To manage the asset risk associated with attaining the agreed levels of service by focusing resources, expenditures, and priorities based upon risk assessments and the corresponding cost/benefit recognizing that public safety is the priority.
  - e) **Value-Based/Affordable:** To choose practices, interventions and operations that aim at reducing the life cycle cost of asset ownership, while satisfying agreed levels of service. Decisions are based on balancing service levels, risks, and costs.
  - f) **Holistic:** To take a comprehensive approach that looks at the “big picture” and considers the combined impact of managing all aspects of the asset life cycle.
  - g) **Systematic:** To adopt a formal, consistent, repeatable approach to the management of its assets that will ensure services are provided in the most effective manner.
  - h) **Innovative:** To continually improve its asset management approach, by driving innovation in the development of tools, practices, and solutions.
6. To meet the goals and objectives of this policy, senior management could consider:

- a) The creation and maintenance of a Comprehensive Asset Management (CAM) governance structure to lead the development of AM tools and practices and to oversee their application across the organization.
- b) Adopt a Comprehensive Asset Management Strategy (AMS) to:
  - Establish, document and continually adhere to industry recognized asset management protocols;
  - Develop asset management knowledge and competencies aligned with recognized competency frameworks;
  - Entrench lifecycle costing when evaluating competing asset investment needs across the Township assets;
  - Monitor the performance of the assets and track the effectiveness of AM practices with a view to continuous improvement;
  - Where practical, strive to go beyond minimum legislative requirements as an enabler to make the Township of Elizabethtown-Kitley assets more resilient to changing social, environmental and economic conditions.
  - **Establish a capital projects prioritization matrix, as per Appendix C**

### 6.3 FINANCIAL STRATEGY RECOMMENDATIONS

It is well recognized that a Financial Strategy to support the asset management plan is a dynamic document that should be updated and re-evaluated on an ongoing basis. The Township should give due consideration to the following points:

1. The Township has insufficient funds from existing sources to proactively manage its infrastructure and will need to prioritize its requirements to maximizing the impact of existing financial resources.
2. The Township has a growing infrastructure deficit which is serious considering its population and tax base. A special infrastructure levy will help the Town to reduce the gap over time and should be taken into consideration.
3. In the event that the Township implements an infrastructure levy, much of the additional funds should be transferred into a reserve so that the Township has some flexibility to prioritize and sustain future infrastructure and service level requirements.
4. The Township needs to be proactive in reviewing and capitalizing on the upcoming Province and Federal programs, as the Township should seek financial assistance to close its infrastructure deficit as quickly as possible.
5. The Township needs to be proactive in reviewing funding options including Infrastructure Ontario Lending Policies, Private Public Partnerships, user fees and other funding options to have an understanding of financing options.
6. The Township needs to embrace the principles of Asset Management to formulate assumptions, projections and strategies going forward. The Plan should be modified on an ongoing basis based on changes in the municipal environment.
7. The Township should track and build awareness of the results of its projections on current operating and capital spending and funding levels with the objective of fine tuning the forecasting process.
8. The Township should continue the analysis and examination of key financial goals and strategies that guide future priorities and expenditures.
9. The Township should join the growing number of Ontario municipalities working with the University of Waterloo to optimize their road management capital plan.

## 7 CONCLUSION

As highlighted in the Report Card, the current state of the linear infrastructure, based on available condition rating and age analysis, presents a picture of the Township's linear assets to be in need of substantial work and the Township should continue to be proactive in their strategies, so as to extend asset useful life and avoid major rehabilitation/reconstruction or replacement costs.

It is highly recommended that the Township of Elizabethtown-Kitley embrace the principles of Asset Management. Managing existing infrastructure, doing the right thing, at the right time, involves knowing and actually doing the most cost-effective maintenance, repair, rehabilitation or replacement activity at the right time throughout the entire life cycle of the asset. Beyond cost savings, assets need to be viewed in terms of their ability to enhance quality, function, capacity and safety of the service being provided.

The process of implementing Asset Management is rife with challenge. It requires clear direction from Council. It requires significant cross-departmental cooperation. It requires the allocating of time, energy, and resource to assume new responsibilities. It requires consultation with the community. It requires working with constrained budgets to balance priorities. Because infrastructure management deals with assets that have long lifespans, it may take years before a substantial financial return on investment (ROI) becomes apparent. Still, managing existing, capital intensive, public sector infrastructure asset could provide very significant benefits (i.e. 20 – 40% reductions in life cycle costs).

# APPENDIX A - DETAILED LIST OF CAPITAL PROJECTS

## List of Road Projects - 2014 to 2026

| Asset ID | Asset Name           |               | Lifecycle Event Type     | 2014 Actual | 2015 Actual | 2016 Budgeted | 2017      | 2018      | 2019         | 2020      |
|----------|----------------------|---------------|--------------------------|-------------|-------------|---------------|-----------|-----------|--------------|-----------|
| 142      | BROCKMERE CLIFF      |               | Major Resurfacing        | \$ 116,930  | \$ 104,208  |               |           |           |              |           |
| 253      | LAKE ELOIDA RD       | *earlier year | Maintenance Year         |             | \$183,195   |               |           |           |              |           |
| 35       | JELLYBY RD           |               | Maintenance Year         |             | \$1,883,888 |               |           |           |              |           |
| 178      | FULFORD POINT RD     | 50mm asphalt  | Maintenance Year         |             |             | \$ 12,100.00  |           |           |              |           |
| 149      | LAURA ST             | 40mm asphalt  | Single Surface Treatment |             |             | \$ 13,928.00  |           |           |              |           |
| 151      | CHURCH ST            | 40mm asphalt  | Single Surface Treatment |             |             | \$ 15,470.00  |           |           |              |           |
| 185      | LONG BEACH DR        |               | Major Resurfacing        |             |             | \$ 25,000.00  |           |           |              |           |
| 136      | HALLECKS RD N        |               | Repair                   |             |             | \$ 28,000.00  |           |           |              |           |
| 159      | ST GEORGE ST         |               |                          |             |             | \$ 48,000.00  |           |           |              |           |
| 80       | MCDUGALL RD          | 40mm asphalt  | Single Surface Treatment |             |             | \$ 52,250.00  |           |           |              |           |
| 119      | VICTORIA RD *        | single lift   | Single Surface Treatment |             |             | \$ 55,250.00  |           |           |              |           |
| 276      | KITLEY LINE 9 RD     |               | Major Resurfacing        |             |             | \$ 68,000.00  |           |           |              |           |
| 117      | OLD RED RD           | crack seal    | Maintenance Year         |             |             | \$ 77,220.00  |           |           |              |           |
| 240      | LINE 5/KINCH ST      |               | Major Resurfacing        |             |             | \$ 100,560.00 |           |           |              |           |
| 140      | HALLECKS RD W        |               | Major Resurfacing        |             |             | \$ 141,000.00 |           |           |              |           |
| 257      | LINE 8 RD            |               | Major Resurfacing        |             |             |               | \$192,100 |           |              |           |
| 154      | VICTORIA ST          | 40mm asphalt  | Single Surface Treatment |             |             |               | \$3,528   |           |              |           |
| 155      | ROCK LANE            | 40mm asphalt  | Single Surface Treatment |             |             |               | \$3,528   |           |              |           |
| 157      | BAY ST               | 40mm asphalt  | Single Surface Treatment |             |             |               | \$3,528   |           |              |           |
| 153      | BOWERY ST            | 40mm asphalt  | Single Surface Treatment |             |             |               | \$7,056   |           |              |           |
| 160      | ELGIN ST             |               | Reconstructed            |             |             |               | \$16,678  |           |              |           |
| 215      | JASPER ST            |               | Major Resurfacing        |             |             |               | \$27,772  |           |              |           |
| 147      | MILL ST              | 40mm asphalt  | Single Surface Treatment |             |             |               | \$33,356  |           |              |           |
| 156      | JESSIE ST            | 40mm asphalt  | Single Surface Treatment |             |             |               | \$33,356  |           |              |           |
| 122      | MYRTLE PLACE         |               | Maintenance Year         |             |             |               | \$33,356  |           |              |           |
| 213      | LINE 3 RD            | 40mm asphalt  | Single Surface Treatment |             |             |               | \$39,113  |           |              |           |
| 121      | EDITH RD             |               | Maintenance Year         |             |             |               | \$66,711  |           |              |           |
| 172      | WANDA DR             |               | Maintenance Year         |             |             |               | \$120,000 |           |              |           |
| 214      | LINE 3 RD            | 40mm asphalt  | Single Surface Treatment |             |             |               | \$208,025 |           |              |           |
| 82       | MURRAY RD            | 40mm asphalt  | Single Surface Treatment |             |             |               |           | \$40,524  |              |           |
| 208      | LINE 3 RD            | 40mm asphalt  | Maintenance Year         |             |             |               |           | \$54,585  |              |           |
| 202      | LINE 3 RD            |               | Single Surface Treatment |             |             |               |           | \$75,432  |              |           |
| 192      | KITLEY - S ELMSLEY R | double lift   | gravel to surface        |             |             |               |           | \$77,144  |              |           |
| 203      | LINE 3 RD            |               | Single Surface Treatment |             |             |               |           | \$81,019  |              |           |
| 262      | LINE 8 RD            |               | Single Lift              |             |             |               |           | \$149,737 | 204187       |           |
| 258      | LINE 8 RD            |               | Major Resurfacing        |             |             |               |           | \$192,100 |              |           |
| 205      | LINE 3 RD            | 40mm asphalt  | Single Surface Treatment |             |             |               |           | \$244,666 |              |           |
| 85       | MURRAY RD            |               | Maintenance Year         |             |             |               |           |           | \$3,163      |           |
| 152      | BOWERY ST            | 40mm asphalt  | Single Surface Treatment |             |             |               |           |           | \$3,528      |           |
| 150      | CHURCH ST            | 40mm asphalt  | Single Surface Treatment |             |             |               |           |           | \$3,969      |           |
| 146      | PEARL ST             | 40mm asphalt  | Single Surface Treatment |             |             |               |           |           | \$ 4,851.00  |           |
| 162      | BILLINGS CRES        | crack seal    | Maintenance Year         |             |             |               |           |           | \$ 6,326.96  |           |
| 163      | HAYES DR             | crack seal    | Maintenance Year         |             |             |               |           |           | \$ 6,326.96  |           |
| 164      | CROSS AVE            | crack seal    | Maintenance Year         |             |             |               |           |           | \$ 6,326.96  |           |
| 158      | JAMES ST             |               | Maintenance Year         |             |             |               |           |           | \$6,327      |           |
| 259      | JAMES ST             |               | Maintenance Year         |             |             |               |           |           | \$6,327      |           |
| 166      | CORNELL CRES         | crack seal    | Maintenance Year         |             |             |               |           |           | \$ 12,653.92 |           |
| 127      | SHARPS LN            |               | Maintenance Year         |             |             |               |           |           | \$15,817     |           |
| 165      | LYN HEIGHTS DR       | crack seal    | Maintenance Year         |             |             |               |           |           | \$ 22,144.37 |           |
| 161      | CUMMINGS RD          | crack seal    | Maintenance Year         |             |             |               |           |           | \$ 25,307.85 |           |
| 128      | SHARPS LN            |               | Maintenance Year         |             |             |               |           |           | \$25,308     |           |
| 129      | SHARPS LN            |               | Maintenance Year         |             |             |               |           |           | \$25,308     |           |
| 81       | GILROY CR            | 40mm asphalt  | Single Surface Treatment |             |             |               |           |           | \$ 27,342.00 |           |
| 124      | 2ND CON RD           |               | Maintenance Year         |             |             |               |           |           | \$28,471     |           |
| 111      | BLAIR RD             | 40mm asphalt  | Single Surface Treatment |             |             |               |           |           | \$ 29,635.00 |           |
| 238      | KINCH ST             |               | Maintenance Year         |             |             |               |           |           | \$31,635     |           |
| 252      | LAKE ELOIDA RD       |               | Maintenance Year         |             |             |               |           |           | \$50,616     |           |
| 125      | 2ND CON RD           |               | Maintenance Year         |             |             |               |           |           | \$53,779     |           |
| 282      | LAKE ELOIDA RD       |               | Maintenance Year         |             |             |               |           |           | \$56,943     |           |
| 83       | MURRAY RD            |               | Maintenance Year         |             |             |               |           |           | \$56,943     |           |
| 69       | FAIRFIELD RD         |               | Maintenance Year         |             |             |               |           |           | \$77,505     |           |
| 66       | GRAHAM LAKE RD       | single lift   | Maintenance Year         |             |             |               |           |           | \$98,068     |           |
| 78       | SUSAN DRIVE          |               | Single Lift              |             |             |               |           |           |              | \$54,450  |
| 51       | NEW DUBLIN RD        |               | Single Lift              |             |             |               |           |           |              | \$81,675  |
| 130      | SHARPE'S LANE        |               | Reconstructed            |             |             |               |           |           |              | \$100,067 |
| 183      | MAPLEWOOD DR         |               | Single Lift              |             |             |               |           |           |              | \$163,349 |
| 256      | LINE 8 RD            |               | Reconstruction           |             |             |               |           |           |              | \$533,689 |
|          |                      |               |                          | \$116,930   | \$2,171,291 | \$636,778     | \$788,107 | \$915,207 | \$888,809    | \$933,239 |
|          |                      |               |                          | 2014        | 2015        | \$ 2,016.00   | 2017      | 2018      | 2019         | 2020      |



## List of Road Projects - 2014 to 2026

| Asset ID | Asset Name          |  | Lifecycle Event Type     | 2021      | 2022      | 2023        | 2024      | 2025        | 2026        |
|----------|---------------------|--|--------------------------|-----------|-----------|-------------|-----------|-------------|-------------|
| 132      | RIVER ACRES LANE    |  | Single Lift              | \$40,837  |           |             |           |             |             |
| 120      | PARKEDALE AVE W     |  | Single Lift              | \$81,675  |           |             |           |             |             |
| 98       | ROWSOME ROAD E      |  | Single Lift              | \$81,675  |           |             |           |             |             |
| 279      | KITLEY LINE 9 RD    |  | Major Resurfacing        | \$202,772 |           |             |           |             |             |
| 62       | NEW DUBLIN RD       |  | Major Resurfacing        | \$213,444 |           |             |           |             |             |
| 277      | KITLEY LINE 9 RD    |  | Reconstruction           | \$258,314 |           |             |           |             |             |
| 216      | APPLE WOOD CR       |  | Major Resurfacing        |           | \$10,672  |             |           |             |             |
| 233      | LAKE ELOIDA RD      |  | Maintenance Year         |           | \$12,654  |             |           |             |             |
| 232      | DRUMMOND RD         |  | Maintenance Year         |           | \$15,817  |             |           |             |             |
| 133      | RIVERVIEW LN        |  | Major Resurfacing        |           | \$21,344  |             |           |             |             |
| 261      | LINE 8 RD           |  | Major Resurfacing        |           | \$28,815  |             |           |             |             |
| 231      | DRUMMOND RD         |  | Maintenance Year         |           | \$31,635  |             |           |             |             |
| 134      | MCDONALD RD         |  | Major Resurfacing        |           | \$53,361  |             |           |             |             |
| 67       | NEW DUBLIN RD       |  | Major Resurfacing        |           | \$55,875  |             |           |             |             |
| 52       | NEW DUBLIN RD       |  | Major Resurfacing        |           | \$64,033  |             |           |             |             |
| 112      | PARSLOW RD          |  | Maintenance Year         |           | \$69,597  |             |           |             |             |
| 91       | SEELEY RD           |  | Single Lift              |           | \$81,675  |             |           |             |             |
| 89       | SEELEY RD           |  | Single Lift              |           | \$258,636 |             |           |             |             |
| 126      | APPLE WOOD CR       |  | Single Lift              |           |           | \$20,000    |           |             |             |
| 77       | BRONZE AVE          |  | Single Lift              |           |           | \$27,225    |           |             |             |
| 105      | CALICO PLACE        |  | Single Lift              |           |           | \$30,000    |           |             |             |
| 110      | COON'S RD           |  | Single Lift              |           |           | \$81,675    |           |             |             |
| 109      | BETHEL RD           |  | Single Lift              |           |           | \$108,000   |           |             |             |
| 191      | CAMPBELL DR         |  | Reconstruct              |           |           | \$155,000   |           |             |             |
| 239      | LOCKWOOD RD         |  | Reconstruct              |           |           | \$190,648   |           |             |             |
| 241      | KINCH ST            |  | Reconstruct              |           |           | \$420,000   |           |             |             |
| 176      | GILBERT ST          |  | Single Lift              |           |           |             | \$27,225  |             |             |
| 266      | CRYSTAL RD          |  | Single Surface Treatment |           |           |             | \$40,000  |             |             |
| 104      | DAVID DRIVE         |  | Single Lift              |           |           |             | \$40,837  |             |             |
| 101      | FERGUSON DRIVE      |  | Single Lift              |           |           |             | \$81,675  |             |             |
| 131      | GRANDVIEW TERRACE   |  | Single Lift              |           |           |             | \$108,899 |             |             |
| 108      | Debruge             |  | Single Surface Treatment |           |           |             | \$110,508 |             |             |
| 180      | ELEANOUR FULFORD CR |  | Single Lift              |           |           |             | \$133,384 |             |             |
| 217      | DRIVER RD           |  | Reconstruct              |           |           |             | \$166,778 |             |             |
| 136      | HALLECKS RD NORTH   |  | Pulverize & Resurface    |           |           |             | \$243,242 |             |             |
| 115      | HALLECKS RD NORTH   |  | Single Lift              |           |           |             |           | \$163,349   |             |
| 137      | HALLECKS RD SOUTH   |  | Single Lift              |           |           |             |           | \$342,986   |             |
| 264      | LEACOCK RD          |  | Single Lift              |           |           |             |           | \$590,699   |             |
| 99       | HANNA DRIVE         |  | Single Lift              |           |           |             |           |             | \$40,837    |
| 283      | HEALEY ROAD         |  | Single Lift              |           |           |             |           |             | \$54,181    |
| 106      | HEATHER COURT       |  | Single Lift              |           |           |             |           |             | \$68,062    |
| 88       | HOWE ROAD           |  |                          |           |           |             |           |             | \$503,660   |
| 265      | LEACOCK RD          |  | Single Lift              |           |           |             |           |             | \$628,808   |
|          |                     |  |                          | \$878,717 | \$704,115 | \$1,032,548 | \$952,548 | \$1,097,034 | \$1,295,548 |
|          |                     |  |                          | 2021      | 2022      | 2023        | 2024      | 2025        | 2026        |

# Vehicle & Equipment Replacement 2017 - 2026

| Asset Name                         | Asset ID |      |         | 2014<br>ACTUAL | 2015<br>ACTUAL | 2016<br>BUDGETED | 2017    | 2018    | 2019    | 2020    |
|------------------------------------|----------|------|---------|----------------|----------------|------------------|---------|---------|---------|---------|
| <b>ROADS VEHICLES</b>              |          |      |         |                |                |                  |         |         |         |         |
| VOLVO GRADER                       | G04      | 2007 | 253,450 |                |                |                  |         |         |         |         |
| Champion GRADER                    | G05      | 1989 | 118,900 |                |                |                  |         |         |         |         |
| Champion GRADER                    | G06      | 1997 | 138,464 |                |                |                  | 350,000 |         |         |         |
| J. D. Backhoe                      | M01      | 1989 | 36,500  |                |                | 60,000           |         |         |         |         |
| Volvo Backhoe                      | M05      | 2006 | 77,652  |                |                |                  |         |         |         |         |
| loader to repl backhoe in future?  | future   |      |         |                |                |                  |         |         |         |         |
| Chev 3/4 T 4x4                     | T01      | 2009 | 36,307  |                |                |                  | 40,000  |         |         |         |
| International Plow                 | T02      | 1999 | 150,594 |                |                | 100,000          |         | -       |         |         |
| Dodge 3/4 T 4x4                    | T03      | 2011 | 42,956  |                |                |                  |         |         |         |         |
| Ford 250 1/2 T                     | T04      | 2004 | 31,212  |                |                |                  |         |         |         |         |
| FORD F550                          | T05      | 2003 | 38,513  |                |                |                  |         |         | 90,000  |         |
| International Plow                 | T06      | 1993 | 81,206  |                |                |                  |         |         |         |         |
| International                      | T07      | 2007 | 87,576  |                |                |                  |         |         |         |         |
| Ford F450- Bucket                  | T08      | 1997 | 7,500   |                | 24,251         |                  |         |         |         |         |
| GMC Plow                           | T09      | 1996 | 67,198  | 200,110        |                |                  |         |         |         |         |
| International Plow                 | T10      | 2009 | 230,875 |                |                |                  |         |         |         |         |
| International Plow                 | T11      | 2011 | 117,840 |                |                |                  |         |         |         |         |
| International Plow                 | T12      | 1996 | 91,900  |                | 33,134         |                  |         |         |         |         |
| JD Tractor                         | T16      | 1991 | 15,878  |                |                |                  |         |         |         |         |
| International Plow                 | T17      | 2003 | 104,640 |                |                |                  |         | 200,000 |         |         |
| International Plow                 | T18      | 2010 | 238,762 |                |                |                  |         |         |         |         |
| Float                              | T19      | 2009 | 8,000   |                |                |                  |         |         |         |         |
|                                    |          |      |         | 200,110        | 57,384         | 160,000          | 390,000 | 200,000 | 90,000  | -       |
| <b>FIRE VEHICLES</b>               |          |      |         |                |                |                  |         |         |         |         |
| PUMPER                             | LP01     | 2008 | 285,517 |                |                |                  |         |         |         |         |
| PUMPER                             | LP04     | 1990 | 216,689 |                |                |                  |         |         |         |         |
| RESCUE                             | LR01     | 2005 | 182,934 |                |                |                  |         |         |         |         |
| RESCUE                             | LR05     | 2010 | 154,554 |                |                |                  |         |         |         |         |
| TANKER                             | LT01     | 2017 | 143,287 |                |                | 383,535          |         |         |         |         |
| CHIEF TRUCK                        | LTR1     | 2016 | 34,749  |                |                | 40,704           |         |         |         |         |
| PUMPER                             | NP02     | 1997 | 236,579 |                |                |                  | 390,000 |         |         |         |
| TANKER                             | NT02     | 2000 | 155,507 |                |                |                  |         |         |         |         |
| TANKER                             | NT22     | 1993 | 114,663 |                |                | 10,000           |         |         |         |         |
| RESCUE                             | NTR2     | 2008 | 31,150  |                |                |                  |         |         |         |         |
| PUMPER                             | KP03     | 2011 |         |                |                |                  |         |         |         |         |
| RESCUE                             | KR03     | 1995 | 149,767 |                |                |                  |         |         |         | 300,000 |
| TANKER                             | KT03     | 1997 | 151,322 |                |                |                  |         | 400,000 |         |         |
| DEPUTY TRUCK                       | KTR3     | 2017 | 31,150  |                |                | 40,704           |         |         |         |         |
|                                    |          |      |         | -              | -              | 474,943          | 390,000 | 400,000 | -       | 300,000 |
| <b>EQUIPMENT</b>                   |          |      |         |                |                |                  |         |         |         |         |
| Streetlight LED Project            |          |      |         |                | 113,615        |                  |         |         |         |         |
| Administration Email Server        |          |      |         |                | 8,836          |                  |         |         |         |         |
| Radio Replacement                  |          |      |         | 216,942        |                |                  |         |         |         |         |
| Recreation - Dock                  |          |      |         |                | 6,125          |                  |         |         |         |         |
| Library - Equipment/Books          |          |      |         | 27,138         | 11,434         | 15,000           | 15,000  | 15,000  | 15,000  | 15,000  |
| Lyn Park Play Structure            |          |      |         | 22,459         |                |                  |         |         |         |         |
| Toledo Server                      |          |      |         |                |                |                  | 20,000  |         |         |         |
| New Dublin Server                  |          |      |         |                |                |                  |         |         |         | 25,000  |
|                                    |          |      |         | 266,539        | 17,559         | 15,000           | 35,000  | 15,000  | 15,000  | 15,000  |
| <b>BUILDING</b>                    |          |      |         |                |                |                  |         |         |         |         |
| Administration Building Renovation |          |      |         | 25,290         | 35,603         |                  |         |         |         |         |
| Fire Station 3 Rebuild Fund        |          |      |         |                |                |                  |         |         | 820,000 |         |
|                                    |          |      |         | 25,290         | 35,603         | -                | -       | -       | 820,000 | -       |

## APPENDIX B – ASSET USEFUL LIFE

The useful life for all assets is taken from the Township's TCA Policy.

| Departments               | Assets    | Useful Life as per CIP<br>(Years) | Source                       |
|---------------------------|-----------|-----------------------------------|------------------------------|
| Transportation<br>Network | Roads     | Varies                            | Infrastructure Market Report |
| Structure                 | Bridges   | 75                                | Infrastructure Market Report |
| Facility                  | Buildings | 50                                | Infrastructure Market Report |
| Equipment                 | Equipment | Varies                            | As per the TCA Policy        |
| Fleet                     | Vehicle   | Varies                            | As per the TCA Policy        |

## APPENDIX C – CAPITAL PLAN PRIORITIZATION MATRIX

| Definition                        |                                                                                                                                                                                                                                               | Maximum Points  | Percentage Weightage |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------------|
| Goals/Objectives                  | Extent to which project meets goals & objectives of the Township's council                                                                                                                                                                    | 25              | 15.9                 |
| Safety                            | Extent to which project eliminates, prevents, or reduces an immediate hazard to safety                                                                                                                                                        | 14              | 8.9                  |
| Mandates                          | Extent to which project helps council meet existing or new mandates                                                                                                                                                                           | 13              | 8.3                  |
| Timing/Linkages                   | Extent to which project is timely, a continuation of project currently underway, related to other high priority projects etc.                                                                                                                 | 12              | 7.6                  |
| Economic Impact                   | Extent to which project enhances economic development in Township or directly/indirectly adds to tax base                                                                                                                                     | 11              | 7                    |
| Efficiencies                      | Extent to which project contributes to savings in Township's operating/capital expending                                                                                                                                                      | 10              | 6.4                  |
| Maintain Current Level of Service | Extent to which project is necessary for Township to continue to provide one or more services at current standards                                                                                                                            | 9               | 5.7                  |
| Improving Access                  | Extent to which project improves citizen access to current services                                                                                                                                                                           | 8               | 5.1                  |
| Service Improvement               | Extent to which project improves the quality of existing services                                                                                                                                                                             | 7               | 4.5                  |
| Service Addition                  | Extent to which project increases the quantity of existing services                                                                                                                                                                           | 3               | 1.9                  |
| Operating Budget Impact           | Projects that lower future operating expenses receive a positive score, ranging from 0 to 15. Projects that have no effect on operating expenses receive a score of 0. Projects that increase operating expenses score anywhere from 0 to -15 | 0-15, 0, 0-(15) | 9.5                  |
| Community Support                 | Extent to which project has broad and/or strong support from the community                                                                                                                                                                    | 10              | 6.4                  |
| Financing                         | Extent to which project can be financed with non-general fund revenue sources                                                                                                                                                                 | 15              | 9.5                  |
| Timeliness of Submission          | Extent to which project request is submitted in a timely way                                                                                                                                                                                  | 5               | 3.2                  |
|                                   |                                                                                                                                                                                                                                               | <b>142</b>      | <b>100</b>           |

## APPENDIX D – OPERATING PERFORMANCE INDICATORS

| ROADS                        |                                                                                                                                                            |                     |                    |                   |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------|-------------------|
| Service                      | Operating Performance Indicators (OPI)                                                                                                                     | Current Performance | Target Performance | Timeframe         |
| Examples for Roads below:    |                                                                                                                                                            |                     |                    |                   |
| Road Maintenance & Repairs   | Complete approximately X work orders per year for service requests including pot hole repair, minor asphalt patching, sightline improvement, MVA clean-up. | 1500                | 500                | 3 Years           |
| Brushing and Roadside Mowing | Complete approximately X km's of brushing on roadsides annually.                                                                                           | N/A                 | 50 km              | 2 Years           |
|                              | Complete roadside mowing X times annually                                                                                                                  | 2                   | 3                  | 3 years           |
| Boulevard Maintenance        | Twice per year cut every boulevard in the Township.                                                                                                        | 2                   | 3                  | 3 Years           |
|                              | Annual weeding, cleaning and caulking of X km of sidewalk and curb.                                                                                        | 7                   | 7                  |                   |
|                              | Maintain sight lines at intersections for vehicle and pedestrian safety.                                                                                   | 14 Days             | 14 Days            | Timeline Achieved |
|                              | Roads Recapped ____ km's - Annual Average                                                                                                                  | 8                   | 30                 | 2 Years           |
|                              | Gravel Roads Surface Treated ____ km's - Annual Average                                                                                                    | 3.5                 | 20                 | 2 Years           |
| Curbing/Shoulders            | Annual repair, by August, of all curbing damage in previous winter.                                                                                        | September           | July               | 1 Year            |
| Sidewalks & Walkways         | Completed Inspections ____ times per year                                                                                                                  | 1                   | 1                  | Timeline Achieved |
|                              | Sidewalks / Walkways swept ____ times per year                                                                                                             | 1                   | 1                  | Timeline Achieved |
| Vandalism                    | Within X hours of notification, remove graffiti.                                                                                                           | 48                  | 24                 | 1 Year            |
| Street Lighting              | Service requests for street light repair completed within X hours.                                                                                         | 5 days              | 48 hours           | 1 Year            |
| Signs                        | Annual inspection and maintenance of all X stop signs.                                                                                                     | 1225                | 1225               | Timeline Achieved |
|                              | Annual inspection of crosswalk, pedestrian, school and playground signs and beacons.                                                                       | September           | July               | 1 Year            |
|                              | Annual Upgrade of X signs to diamond grade                                                                                                                 | 12                  | 25                 | 1 Year            |
| Snow and Ice Control         | Major roads including emergency routes during winter events.                                                                                               | 16 Hours            | 16 Hours           | Timeline Achieved |

|                                          |                                                                                                                                    |                            |                           |                   |
|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|----------------------------|---------------------------|-------------------|
|                                          | Residential areas – through roads first then cul-de-sacs and dead ends.                                                            | 16 Hours                   | 16 Hours                  | Timeline Achieved |
|                                          | Residential areas will be ploughed and maintained within 96 hours unless snow and icy conditions return crews back to major roads. | 16 Hours                   | 16 Hours                  | Timeline Achieved |
| <b>VEHICLES - FLEET</b>                  |                                                                                                                                    |                            |                           |                   |
| <b>Service</b>                           | <b>Operating Performance Indicators (OPI)</b>                                                                                      | <b>Current Performance</b> | <b>Target Performance</b> | <b>Timeframe</b>  |
| <b>Examples for Fleet below:</b>         |                                                                                                                                    |                            |                           |                   |
| <b>Fleet Maintenance</b>                 | Undertake preventative maintenance and repairs to meet industry standards for safety and operation.                                | Daily                      | Daily                     | Timeline Achieved |
|                                          | Maintain fleet availability at X%.                                                                                                 | 80                         | 100                       | 3 Years           |
| <b>Small Equipment</b>                   | Inventory, maintain and repair X pieces of small equipment for use by all departments.                                             | 40                         | 40                        | Timeline Achieved |
| <b>Preventative Maintenance Services</b> | X units inspected every X months to maintain safety and fleet efficiency.                                                          | 32 Units every 250 Hours   | 32 Units every 250 Hours  | Timeline Achieved |

## APPENDIX E – MUNICIPAL COST INDEX

| MCI(Region 7)                   |         |                              |      |      |      |      |      |      |
|---------------------------------|---------|------------------------------|------|------|------|------|------|------|
| COMPONENTS                      | Weights | Inflators for Each Component |      |      |      |      |      |      |
|                                 |         | 2006                         | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Wages and Salaries and Benefits | 31%     |                              | 12%  | 7%   | 1%   |      | -2%  |      |
| Interest on Long Term Debt      | 1%      |                              |      |      |      | -11% | 15%  |      |
| Materials                       | 32%     |                              |      | -10% | 24%  |      |      |      |
| Contracted Services             | 21%     |                              |      | 12%  | -4%  |      | 37%  |      |
| Rents and Financial Expenses    | 0%      |                              |      | -16% |      |      |      |      |
| External Transfers              | 4%      |                              | 29%  | 13%  |      |      |      |      |
| Amortization                    | 11%     |                              |      |      |      | 0%   |      |      |
| <b>Average MCI</b>              |         | <b>2.5%</b>                  |      |      |      |      |      |      |

### Notes:

- Municipal Cost Index, is calculated to better represent the municipal purchasing power and cost experience, so ISI will use 2.5% as the compounding/inflationary factor up until 2013
- Municipal Cost Index represents the basket of goods and services which is consumed/used by Municipalities and represents the operational/working capital needs on an on-going basis
- Assigned weights represents the percentage of services/goods consumed out of total spend
- Inflators represent the year on year changes in the components
- Component's weight and inflators, sum all represents the overall cost experience for the Municipalities/region as compared to CPI
- MCI is created as to minimize the variation/deviations of cost/purchasing experience in the region
- The source of Municipal Cost Index are the Financial Statements for your specific region
- Outliers have been removed from the data for Municipal Cost Index calculation to average out/standardized data

**TOWNSHIP OF ELIZABETHTOWN-KITLEV  
2017 FINANCIAL FORECAST**

| MPI Category                       | BUDGET<br>2015     | BUDGET<br>2016     | % of 2016<br>Budget | Price<br>Index | Index Source                                                   | MPI<br>ESTIMATE<br>2017 | \$ CHANGE       |                                       |
|------------------------------------|--------------------|--------------------|---------------------|----------------|----------------------------------------------------------------|-------------------------|-----------------|---------------------------------------|
| <b>Operating Expenses</b>          |                    |                    |                     |                |                                                                |                         |                 |                                       |
| WAGES & BENEFITS                   | 2,109,957          | 2,145,912          | 28.2%               | 1.7%           | Ontario CPI Estimate                                           | 2,182,393               | 36,481          |                                       |
| HONORARIUM                         | 161,710            | 162,679            | 2.1%                | 1.7%           | Ontario CPI Estimate                                           | 165,445                 | 2,766           |                                       |
| TAX WRITE OFFS                     | 220,000            | 110,000            | 1.4%                | -50.0%         | Estimate                                                       | 55,000                  | (55,000)        |                                       |
| POLICE                             | 1,498,417          | 1,491,054          | 19.6%               | 2.5%           | OPP Estimated OP/PA contract<br>increase                       | 1,528,330               | 37,276          |                                       |
| EQUIPMENT/MACHINE TIME             | 356,427            | 340,734            | 4.5%                | 1.7%           | Ontario CPI Estimate                                           | 346,527                 | 5,792           |                                       |
| VEHICLE FUEL                       | 47,141             | 43,627             | 0.6%                | 5.0%           | Estimate                                                       | 45,808                  | 2,181           |                                       |
| GRAVEL & STONE                     | 272,000            | 275,050            | 3.6%                | 5.0%           | based on transportation costs                                  | 288,803                 | 13,753          |                                       |
| CALCIUM                            | 125,000            | 150,000            | 2.0%                | 0.0%           | no change                                                      | 150,000                 | -               |                                       |
| SAND & SALT                        | 220,000            | 227,480            | 3.0%                | 0.0%           | no change                                                      | 227,480                 | -               |                                       |
| FURNACE FUEL                       | 52,251             | 49,586             | 0.7%                | 5.0%           | Estimate                                                       | 52,065                  | 2,479           |                                       |
| ELECTRICITY                        | 109,734            | 108,415            | 1.4%                | 5.0%           | historical increases                                           | 113,835                 | 5,421           |                                       |
| INSURANCE                          | 179,210            | 179,131            | 2.4%                | 7.5%           | Estimate                                                       | 192,566                 | 13,435          |                                       |
| CONSERVATION LEVIES                | 62,787             | 76,745             | 1.0%                | 1.7%           | 2% increase in operating portion                               | 78,026                  | 1,281           |                                       |
| CONTRACTED SERVICES                | 675,441            | 757,278            | 10.0%               | 1.7%           | Ontario CPI Estimate                                           | 770,152                 | 12,874          |                                       |
| MATERIALS & SUPPLIES               | 167,120            | 165,581            | 2.2%                | 1.7%           | Ontario CPI Estimate                                           | 168,396                 | 2,815           |                                       |
| OFFICE EXPENSES                    | 144,881            | 173,390            | 2.3%                | 1.7%           | Ontario CPI Estimate                                           | 176,338                 | 2,948           |                                       |
| OTHER                              | 122,646            | 126,597            | 1.7%                | 1.7%           | Ontario CPI Estimate                                           | 128,749                 | 2,152           |                                       |
| PROFESSIONAL FEES                  | 36,500             | 36,928             | 0.5%                | 1.7%           | Ontario CPI Estimate                                           | 37,555                  | 628             |                                       |
| <b>Total Operating Expenses</b>    | <b>6,561,222</b>   | <b>6,620,187</b>   | <b>87.1%</b>        |                |                                                                | <b>6,707,467</b>        | <b>87,281</b>   |                                       |
| <b>Capital</b>                     |                    |                    |                     |                |                                                                |                         |                 |                                       |
| Capital Road Projects              | 2,292,597          | 696,778            |                     |                |                                                                |                         |                 |                                       |
| Other Capital Projects             | 544,513            | 709,739            |                     |                |                                                                |                         |                 |                                       |
| Provisions for Reserves            | 568,625            | 130,861            |                     |                |                                                                |                         |                 |                                       |
| COM/RI/OCIF                        | (1,737,337)        | (25,000)           |                     |                |                                                                |                         |                 |                                       |
| FEDERAL GAS TAX                    | (281,562)          | (295,640)          |                     |                |                                                                |                         |                 |                                       |
| CONTRIBUTIONS FROM RESERVES        | (519,698)          | (235,352)          |                     |                |                                                                |                         |                 |                                       |
| <b>Net Capital Expense</b>         | <b>867,138</b>     | <b>981,386</b>     | <b>12.9%</b>        | <b>5.9%</b>    | <b>1% of 2016 Levy</b>                                         | <b>1,039,076</b>        | <b>57,690</b>   |                                       |
| <b>Total Expenses</b>              | <b>7,428,360</b>   | <b>7,601,573</b>   | <b>100.0%</b>       |                |                                                                | <b>7,746,543</b>        | <b>144,971</b>  |                                       |
| <b>Revenues</b>                    |                    |                    |                     |                |                                                                |                         |                 |                                       |
| ONTARIO MUNICIPAL PARTNERSHIP FUND | (684,500)          | (714,100)          |                     | 0.0%           | Funding to remain unchanged in 2017 per 2016 Provincial Budget | (714,100)               | -               |                                       |
| FEES & SERVICE CHARGES             | (345,963)          | (350,092)          |                     | 1.7%           | Ontario CPI                                                    | (356,043)               | (5,952)         |                                       |
| PENALTY ON CURRENT TAXES           | (195,000)          | (200,000)          |                     | 5.0%           | Penalties increasing                                           | (210,000)               | (10,000)        |                                       |
| OTHER GRANTS                       | (313,204)          | (320,952)          |                     | 0.0%           | no change                                                      | (320,952)               | -               |                                       |
| GARBAGE COLLECTION                 | (88,452)           | (88,711)           |                     | 1.7%           | Ontario CPI                                                    | (90,219)                | (1,508)         |                                       |
| SUPPLEMENTARY TAXES                | (30,000)           | (30,000)           |                     | 0.0%           | no change                                                      | (30,000)                | -               |                                       |
| BANK INTEREST                      | (20,000)           | (28,000)           |                     | 0.0%           | no change                                                      | (28,000)                | -               |                                       |
| OTHER REVENUE                      | (117,236)          | (100,625)          |                     | 0.0%           | no change                                                      | (100,625)               | -               |                                       |
| <b>Total Revenues</b>              | <b>(1,794,355)</b> | <b>(1,832,480)</b> |                     |                |                                                                | <b>(1,849,939)</b>      | <b>(17,460)</b> | <b>2017 MUNICIPAL<br/>PRICE INDEX</b> |
| <b>LEVY</b>                        | <b>5,634,005</b>   | <b>5,769,093</b>   |                     |                |                                                                | <b>5,896,604</b>        | <b>127,511</b>  | <b>2.21%</b>                          |

**APPENDIX F – 2017 FINANCIAL FORECAST**



# APPENDIX G – ELIZABETHTOWN-KITLEY 10 YEAR FORECAST

| TOWNSHIP OF ELIZABETHTOWN-KITLEY<br>10 YEAR FINANCIAL FORECAST |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |  |
|----------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--|
| 41                                                             |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |  |
| MPI Category                                                   | BUDGET<br>2015     | BUDGET<br>2016     | ESTIMATE<br>2017   | ESTIMATE<br>2018   | ESTIMATE<br>2019   | ESTIMATE<br>2020   | ESTIMATE<br>2021   | ESTIMATE<br>2022   | ESTIMATE<br>2023   | ESTIMATE<br>2024   | ESTIMATE<br>2025   | ESTIMATE<br>2026   |  |
| <b>Operating Expenses</b>                                      |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |  |
| WAGES & BENEFITS                                               | 2,109,957          | 2,145,912          | 2,182,393          | 2,226,040          | 2,270,561          | 2,315,972          | 2,362,292          | 2,409,538          | 2,457,728          | 2,506,883          | 2,557,021          | 2,608,161          |  |
| HONORARIUM                                                     | 161,710            | 162,679            | 165,445            | 168,754            | 172,129            | 175,571            | 179,083            | 182,665            | 186,318            | 190,044            | 193,845            | 197,722            |  |
| TAX WRITE OFFS                                                 | 220,000            | 110,000            | 55,000             | 40,000             | 40,000             | 40,000             | 40,000             | 40,001             | 40,002             | 40,003             | 40,004             | 40,005             |  |
| POLICE                                                         | 1,498,417          | 1,491,054          | 1,528,330          | 1,558,897          | 1,590,075          | 1,621,876          | 1,654,314          | 1,687,400          | 1,721,148          | 1,755,571          | 1,790,683          | 1,826,496          |  |
| EQUIPMENT/MACHINE TIME                                         | 356,427            | 340,734            | 346,527            | 353,457            | 360,526            | 367,737            | 375,092            | 382,593            | 390,245            | 398,050            | 406,011            | 414,131            |  |
| VEHICLE FUEL                                                   | 47,141             | 43,627             | 45,808             | 46,724             | 47,659             | 48,612             | 49,584             | 50,576             | 51,588             | 52,619             | 53,672             | 54,745             |  |
| GRAVEL & STONE                                                 | 272,000            | 275,050            | 288,803            | 294,579            | 300,470            | 306,480            | 312,609            | 318,861            | 325,239            | 331,743            | 338,378            | 345,146            |  |
| CALCIUM                                                        | 125,000            | 150,000            | 150,000            | 153,000            | 156,060            | 159,181            | 162,365            | 165,612            | 168,924            | 172,303            | 175,749            | 179,264            |  |
| SAND & SALT                                                    | 220,000            | 227,480            | 227,480            | 232,030            | 236,670            | 241,404            | 246,232            | 251,156            | 256,179            | 261,303            | 266,529            | 271,860            |  |
| FURNACE FUEL                                                   | 52,251             | 49,586             | 52,065             | 53,106             | 54,169             | 55,252             | 56,357             | 57,484             | 58,634             | 59,807             | 61,003             | 62,223             |  |
| ELECTRICITY                                                    | 109,734            | 108,415            | 113,835            | 116,112            | 118,434            | 120,803            | 123,219            | 125,683            | 128,197            | 130,761            | 133,376            | 136,044            |  |
| INSURANCE                                                      | 179,210            | 179,131            | 192,566            | 196,417            | 200,346            | 204,353            | 208,440            | 212,609            | 216,861            | 221,198            | 225,622            | 230,134            |  |
| CONSERVATION LEVIES                                            | 62,787             | 76,745             | 78,026             | 79,587             | 81,178             | 82,802             | 84,458             | 86,147             | 87,870             | 89,627             | 91,420             | 93,248             |  |
| CONTRACTED SERVICES                                            | 675,441            | 757,278            | 770,152            | 785,555            | 801,266            | 817,291            | 833,637            | 850,310            | 867,316            | 884,662            | 902,356            | 920,403            |  |
| MATERIALS & SUPPLIES                                           | 167,120            | 165,581            | 168,396            | 171,764            | 175,199            | 178,703            | 182,277            | 185,923            | 189,641            | 193,434            | 197,303            | 201,249            |  |
| OFFICE EXPENSES                                                | 144,881            | 173,390            | 176,338            | 179,864            | 183,462            | 187,131            | 190,873            | 194,691            | 198,585            | 202,556            | 206,608            | 210,740            |  |
| OTHER                                                          | 122,646            | 126,597            | 128,749            | 131,324            | 133,951            | 136,630            | 139,362            | 142,149            | 144,992            | 147,882            | 150,850            | 153,867            |  |
| PROFESSIONAL FEES                                              | 36,500             | 36,928             | 37,555             | 38,306             | 39,073             | 39,854             | 40,651             | 41,464             | 42,293             | 43,139             | 44,002             | 44,882             |  |
| <b>Total Operating Expenses</b>                                | <b>6,561,222</b>   | <b>6,620,187</b>   | <b>6,707,467</b>   | <b>6,825,517</b>   | <b>6,961,227</b>   | <b>7,099,652</b>   | <b>7,240,845</b>   | <b>7,384,863</b>   | <b>7,531,761</b>   | <b>7,681,597</b>   | <b>7,834,430</b>   | <b>7,990,319</b>   |  |
| <b>Capital</b>                                                 |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |  |
| Capital Road Projects                                          | 2,292,597          | 696,778            |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |  |
| Other Capital Projects                                         | 544,513            | 709,739            |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |  |
| Provisions for Reserves                                        | 568,625            | 130,861            |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |  |
| TOTAL CAPITAL SPENDING AVAIL                                   | 3,405,735          | 1,537,378          | 1,384,716          | 1,499,464          | 1,561,112          | 1,625,642          | 1,693,110          | 1,763,569          | 1,837,076          | 1,913,689          | 1,993,605          | 2,075,747          |  |
| COMRI/OCIF                                                     | (1,737,337)        | (25,000)           | (50,000)           | (91,000)           | (91,000)           | (91,000)           | (91,000)           | (91,000)           | (91,000)           | (91,000)           | (91,000)           | (91,000)           |  |
| FEDERAL GAS TAX                                                | (281,562)          | (295,640)          | (295,640)          | (310,422)          | (310,422)          | (310,422)          | (310,422)          | (310,422)          | (310,422)          | (310,422)          | (310,422)          | (310,422)          |  |
| CONTRIBUTIONS FROM RESERVES                                    | (519,698)          | (235,352)          |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |  |
| <b>Net Capital Expense</b>                                     | <b>867,138</b>     | <b>981,386</b>     | <b>1,039,076</b>   | <b>1,098,042</b>   | <b>1,159,690</b>   | <b>1,224,220</b>   | <b>1,291,688</b>   | <b>1,362,147</b>   | <b>1,435,654</b>   | <b>1,512,267</b>   | <b>1,592,183</b>   | <b>1,674,325</b>   |  |
| <b>Total Expenses</b>                                          | <b>7,428,360</b>   | <b>7,601,573</b>   | <b>7,746,543</b>   | <b>7,923,559</b>   | <b>8,120,917</b>   | <b>8,323,872</b>   | <b>8,532,532</b>   | <b>8,747,009</b>   | <b>8,967,415</b>   | <b>9,193,864</b>   | <b>9,426,613</b>   | <b>9,664,644</b>   |  |
| <b>Revenues</b>                                                |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |  |
| OMPF                                                           | (684,500)          | (714,100)          | (714,100)          | (614,000)          | (514,000)          | (414,000)          | (314,000)          | (214,000)          | (114,000)          | -                  | -                  | -                  |  |
| FEES & SERVICE CHARGES                                         | (345,963)          | (350,092)          | (356,043)          | (363,164)          | (370,427)          | (377,836)          | (385,383)          | (393,100)          | (400,962)          | (408,982)          | (417,161)          | (425,505)          |  |
| PENALTY ON CURRENT TAXES                                       | (195,000)          | (200,000)          | (210,000)          | (210,000)          | (210,000)          | (210,000)          | (210,000)          | (210,000)          | (210,000)          | (210,000)          | (210,000)          | (210,000)          |  |
| OTHER GRANTS                                                   | (313,204)          | (320,952)          | (320,952)          | (320,952)          | (320,952)          | (320,952)          | (320,952)          | (320,952)          | (320,952)          | (320,952)          | (320,952)          | (320,952)          |  |
| GARBAGE COLLECTION                                             | (88,452)           | (88,711)           | (90,219)           | (92,023)           | (93,864)           | (95,741)           | (97,656)           | (99,609)           | (101,601)          | (103,633)          | (105,706)          | (107,820)          |  |
| SUPPLEMENTARY TAXES                                            | (30,000)           | (30,000)           | (30,000)           | (30,000)           | (30,000)           | (30,000)           | (30,000)           | (30,000)           | (30,000)           | (30,000)           | (30,000)           | (30,000)           |  |
| BANK INTEREST                                                  | (20,000)           | (28,000)           | (28,000)           | (28,000)           | (28,000)           | (28,000)           | (28,000)           | (28,000)           | (28,000)           | (28,000)           | (28,000)           | (28,000)           |  |
| OTHER REVENUE                                                  | (117,236)          | (100,625)          | (100,625)          | (100,625)          | (100,625)          | (100,625)          | (100,625)          | (100,625)          | (100,625)          | (100,625)          | (100,625)          | (100,625)          |  |
| <b>Total Revenues</b>                                          | <b>(1,794,355)</b> | <b>(1,832,480)</b> | <b>(1,849,939)</b> | <b>(1,758,764)</b> | <b>(1,667,868)</b> | <b>(1,577,154)</b> | <b>(1,486,626)</b> | <b>(1,396,287)</b> | <b>(1,306,141)</b> | <b>(1,202,192)</b> | <b>(1,212,444)</b> | <b>(1,222,902)</b> |  |
| <b>LEVY</b>                                                    | <b>5,634,005</b>   | <b>5,769,093</b>   | <b>5,896,604</b>   | <b>6,164,794</b>   | <b>6,453,049</b>   | <b>6,746,718</b>   | <b>7,045,907</b>   | <b>7,350,723</b>   | <b>7,661,274</b>   | <b>7,991,672</b>   | <b>8,214,169</b>   | <b>8,441,743</b>   |  |
| <b>Increase from Previous Year</b>                             |                    | <b>2.4%</b>        | <b>2.2%</b>        | <b>4.5%</b>        | <b>4.7%</b>        | <b>4.6%</b>        | <b>4.4%</b>        | <b>4.3%</b>        | <b>4.2%</b>        | <b>4.3%</b>        | <b>2.8%</b>        | <b>2.8%</b>        |  |

\*2017 figures are based on indexes and estimates as indicated by the Municipal Price Index (Attachment A)

\*2018-2026 figures are based on incremental increases of 2% with the following exceptions:

Tax Write Offs - declining initially by 50% and then levelling off in the out years, Electricity 5%.

Net contribution to Capital = 1% of Levy, OMPF Funding decreasing by \$100,000 per year starting in 2018.