FINAL REPORT

PREPARED BY HEMSON FOR THE TOWN OF SAUGEEN SHORES

# ASSET MANAGEMENT PLAN UPDATE FOR PROPOSED LEVELS OF SERVICE

May 5, 2025



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# CONTENTS

# EXECUTIVE SUMMARY

The Asset Management Plan Update for Proposed Levels of Service has been developed to be consistent with the requirements of *Ontario Regulation 588/17 Asset Management Planning for Municipal Infrastructure* (*O Reg. 588/17*) and meet the 2025 proposed level of service requirements. This report includes current level of service measures for all core and non-core infrastructure assets and defines proposed levels of service over a ten-year period in compliance with the regulation. This document is intended to be an amending report to the comprehensive 2024 AMP.

- The Town's infrastructure is extensive and has an estimated replacement value of $959.7 million (in 2025 dollars). The core infrastructure related to roads, water, wastewater, storm and bridges and culverts make up about $571.9 million (60%). The non-core infrastructure comprises the remaining $387.9 million (40%).
- On average, Town assets are determined to be in Good condition. About $646.1 million (73%) of the assets are in Good to Very Good condition while $145.6 million (17%) are in Fair condition. About $60.4 million (7%) are in Poor to Very Poor condition while a small share of about $27.4 million (3%) relates to assets with little to no condition data.
- In consultation with municipal staff and the public, the proposed level of service is at minimum set to maintain the current level of service and performance over the next 10-years. This includes maintaining the average condition of core infrastructure at current levels (i.e. road pavement, bridge conditions, etc.) in addition to other assets as well.
- The Town has historically relied on tax and utility rate funded contributions to reserves to manage state of good repair activities. With other funding sources, like external grants projected to be limited, it is expected the taxes and utility rates will continue to be the primary funding source. The 2025 budget has committed approximately $3.7 million to reserves to manage the long-term capital state of good repair of municipal infrastructure. To ensure long-term sustainability, the infrastructure levy is expected to increase contributions to reserves by about $3.8 million (from 2025 levels) for a total contribution of about $7.5 million by 2034. This would equate to an additional $502,000 in 2026 from the tax levy. By the end of the 10-year period, the cumulative funding would be about $58.3 million.
- For water and sewer services, the Town should continue to increase rates at minimum by inflation as outlined in the fees and charges by-law. Regular reviews of the utility rates should be undertaken through the water and sewer financial plans to ensure the proposed levels of service are met.

# 1. INTRODUCTION

The Town of Saugeen Shores 2024 Asset Management Plan (2024 AMP) was developed to lay the foundation needed to advance the Town's asset management practices. The AMP covers all Town owned and operated assets and meets the requirements of *Ontario Regulation 588/17 Asset Management Planning for Municipal Infrastructure* (*O. Reg. 588/17*) and is consistent with the Town's Asset Management Policy and Asset Management Strategy.

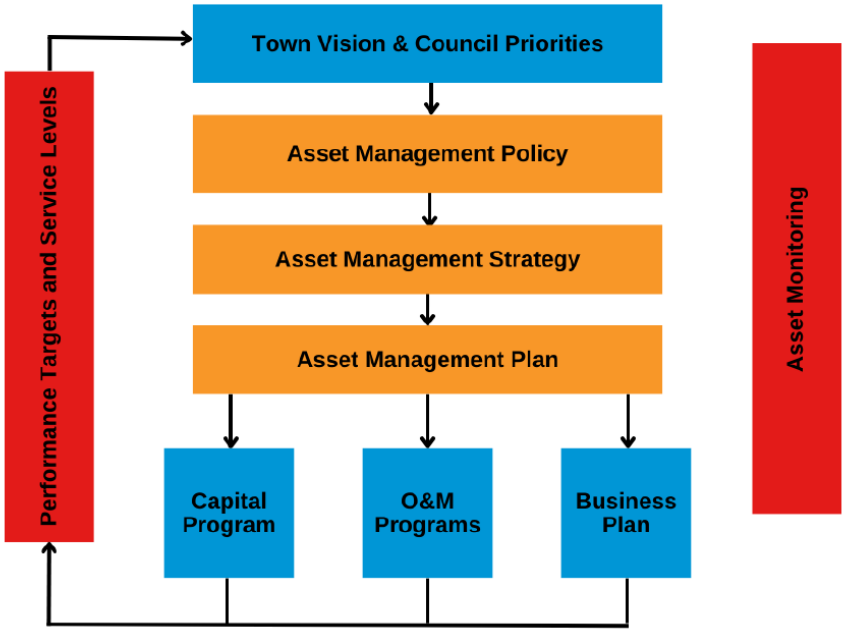
The Town has undertaken an extensive consultation process, both internally and externally to inform the development of the proposed levels of service. This report documents the proposed levels of service (PLOS), the associated lifecycle costs to meet proposed levels of service and a financing strategy to ensure the Town can meet its asset management objectives. This Asset Management Plan Update for Proposed Levels of Service (PLOS Update) is intended to be an amending report to the comprehensive 2024 AMP. The information used to develop the 2024 AMP is still relevant and is the basis for this analysis. This document refreshes some of that information for use in the proposed level of service analysis.

## A. PURPOSE OF THE ASSET MANAGEMENT PLAN UPDATE FOR PROPOSED LEVELS OF SERVICE

The main purpose of the PLOS update is to advance the Town's asset management practices by developing the proposed levels of service and associated financing strategy to ensure the Town can meet its level of service objectives. This PLOS update has been developed consistent with the requirements of the regulation and is intended to help inform decision making going forward.

The Town of Saugeen Shores Corporate Asset Management Framework is the guiding principle in developing the proposed levels of service (see Figure 1). It begins with the Town Vision and Council priorities which help develop the various asset management guiding documents: the Asset Management Policy, Asset Management Strategy and Asset Management Plan. In turn, the analysis of the PLOS update is critical to inform service levels and ultimately provide Council better information to make investment decisions.

*Figure 1 – Town of Saugeen Shores Corporate Asset Management Framework*



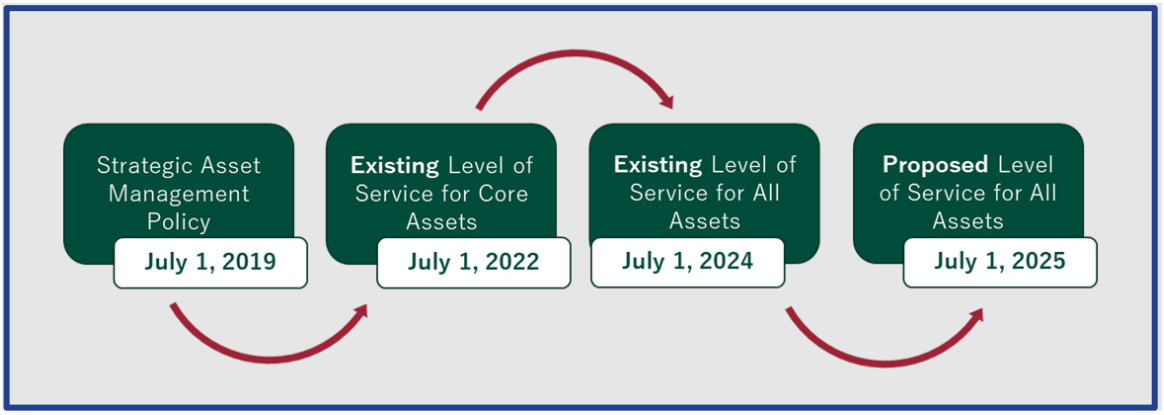

*Source: Town of Saugeen Shores Asset Management Strategy 2024.*

## B. REGULATORY CONTEXT

In 2015, the Province of Ontario established the *Infrastructure for Jobs and Prosperity Act*. The purpose of this Act is to establish mechanisms to encourage principled, evidence-based and strategic long-term infrastructure planning that supports job creation and training opportunities, economic growth, protection of the environment, and incorporate design excellence into infrastructure planning.

In December 2017, *Ontario Regulation 588/17 Asset Management Planning for Municipal Infrastructure (O. Reg 588/17)* was passed under the *Infrastructure for Jobs and Prosperity Act*. The regulation requires municipalities to develop a Strategic Asset Management Policy, which will help municipalities document the relationship between their Asset Management Plan and existing policies and practices as well as provide guidance for future capital investment decisions. The regulation also contains specific requirements on the type of analysis municipal asset management plans should contain, including policies, levels of service, lifecycle management and financing strategies. The aim is to provide guidance to municipalities so that asset management plans are more consistent across the Province. Furthermore, in March 2021 the Province amended the regulation to extend the regulatory timelines by one year. A summary timeline of the requirements of the regulation are outlined in Figure 2.

*Figure 2 – Ontario Regulation 588/17 Requirements*




A high-level summary of the technical requirements to be addressed for July 1, 2025, include[1]:

- An AMP for all municipal infrastructure assets that builds upon the previous requirements for all asset categories (core and non-core).
- Identification of the proposed levels of service for each of the next 10-years (core and non-core).
- The lifecycle activities required to meet proposed levels of service.
- The risks associated with the lifecycle activities to meet proposed levels of service and their associated costs.

The PLOS update along with the 2024 AMP meet the requirements of the regulation as it includes the proposed levels of service requirement to meet the 2025 deadline for all Town assets (core and non-core). The PLOS update builds on the work completed in the Town's 2024 Asset Management Plan which included all asset categories (core and non-core) and reported on the current level of service. Through this update, the Town has updated the current level of service utilizing more recent engineering reports, updated inventories and datasets compiled through consultation with Town staff.

[1] There are additional requirements of the regulation not explicitly stated here, however this 2025 PLOS update along with the 2024 AMP report meets all requirements needed. Only the most relevant reporting requirements are listed for simplicity. See https://www.ontario.ca/laws/regulation/r17588#BK7.

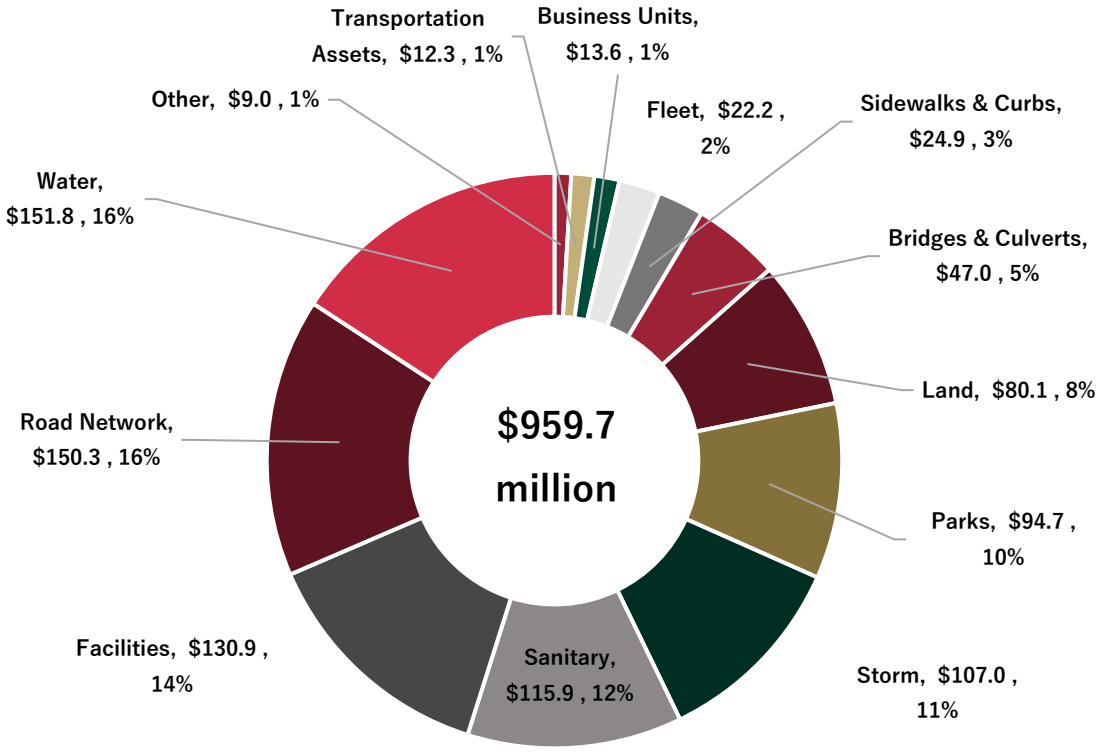
# 2. STATE OF LOCAL INFRASTRUCTURE

This section provides a summary of the Town's assets with reference to asset quantity and quality. The values presented are based on the Town's 2024 AMP but have been updated to 2025 dollars.

## A. REPLACEMENT COST OF INFRASTUCTURE

As illustrated in Figure 3 below, the replacement value for all Town assets considered in the 2025 AMP is estimated at $959.7 million (represented in 2025 dollars). The core infrastructure related to roads, water, wastewater, storm and bridges and culverts make up about $571.9 million (60%) of the total replacement value while the non-core infrastructure comprises the remaining $387.9 million (40%). The non-core assets include facilities, sidewalks, parks, fleet, business units, transportation assets, trails, community service assets, equipment, IT and the value of land.[2]

***Figure 3 - Summary of Assets by Total Replacement Value ($2025 millions)***




[2] For completeness the value of land is included in the replacement value, however, it is recognized that land is not replaced. This approach is consistent with the 2024 AMP.

Replacement values are used to estimate the cost of replacing an asset when it reaches the end of its engineered design life. For this reason, the replacement values represent an important input into the lifecycle cost analysis and should be updated on a regular basis. The total asset replacement value of $959.7 million represent the inflated cost based on the information in the 2024 AMP. Table 1 outlines the index used to update the valuation.

***Table 1 – Methodology Used to Update Replacement Values***

| Asset Category | Methodology |
|---|---|
| Core Infrastructure (including Sidewalks and Curbs) | ▪ 2024 AMP replacement values assumed in 2019 dollars<br>▪ Applied 50.4% total increase based on estimated Non-Residential Construction Price Index to 2025 |
| Non-Core Infrastructure | ▪ 2024 AMP replacement values assumed in 2023 dollars<br>▪ Applied 7.8% total increase based on estimated Non-Residential Construction Price Index to 2025 |

## B. CONDITION OF THE INFRASTRUCTURE

Consistent with the 2024 AMP, a five-point rating scale was used to assign a condition to all assets. This methodology provides a standard and easy to understand way of reporting on the condition of assets. Assets with little or no condition information are also identified. Table 2 summarizes the assumed parameters.

***Table 2 - Condition Assessment Parameters***

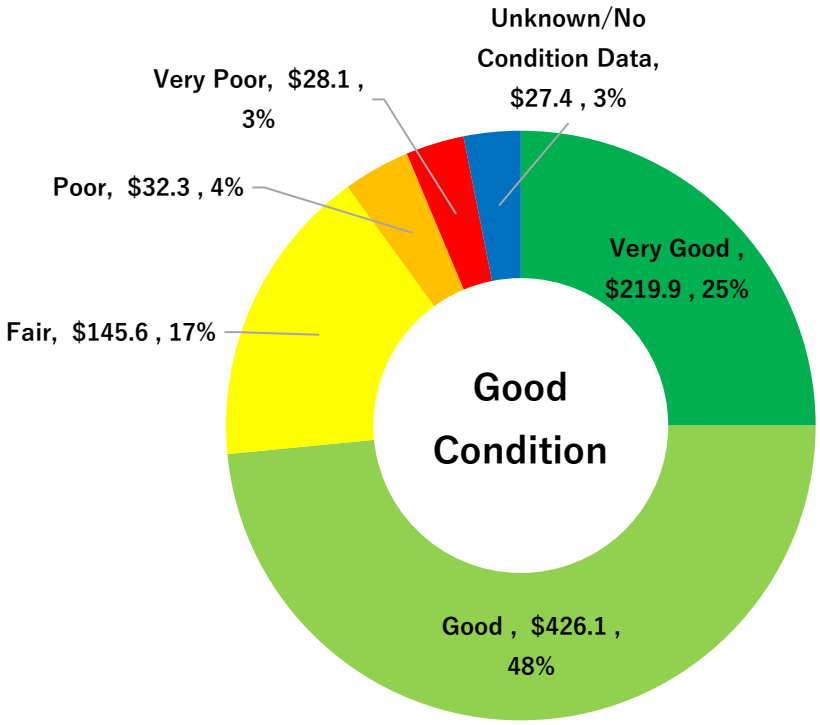
| Condition Rating | Definition |
|---|---|
| **Very Good** | ▪ Well maintained, good condition, new or recently rehabilitated asset. |
| **Good** | ▪ Good condition, few elements exhibit existing deficiencies. |
| **Fair** | ▪ Some elements exhibit significant deficiencies. Asset requires attention. |
| **Poor** | ▪ A large portion of the system exhibits significant deficiencies. Asset mostly below standard and approaching end of service life. |
| **Very Poor** | ▪ Widespread signs of deterioration, some assets may be unusable. Service is affected. |
| **Unknown/ No Condition Data** | ▪ Assets where no condition data is available, however work may already be underway to collect information |

Assets were categorized in the 5-tier rating system on an asset-by-asset basis. Three approaches have been utilized for the assets considered in this AMP. The approaches for each of these methods is outlined.

## Summary of the Condition of Assets

Figure 4 summarizes the condition of Town assets, which are determined to be in Good condition on average. Overall, about $646.1 million (73%) of the assets are in Good to Very Good condition while $145.6 million (17%) of the assets are Fair condition. About $60.4 million (7%) are in Poor to Very Poor condition. A small share of about $27.4 million (3%) relates to assets with little to no condition data available.

***Figure 4 - Summary of Asset Condition ($2025 millions)***




*Note: Total replacement value shown here of $879.6 million excludes land.*

Figure 5 shows the condition of assets delineated by each asset category:

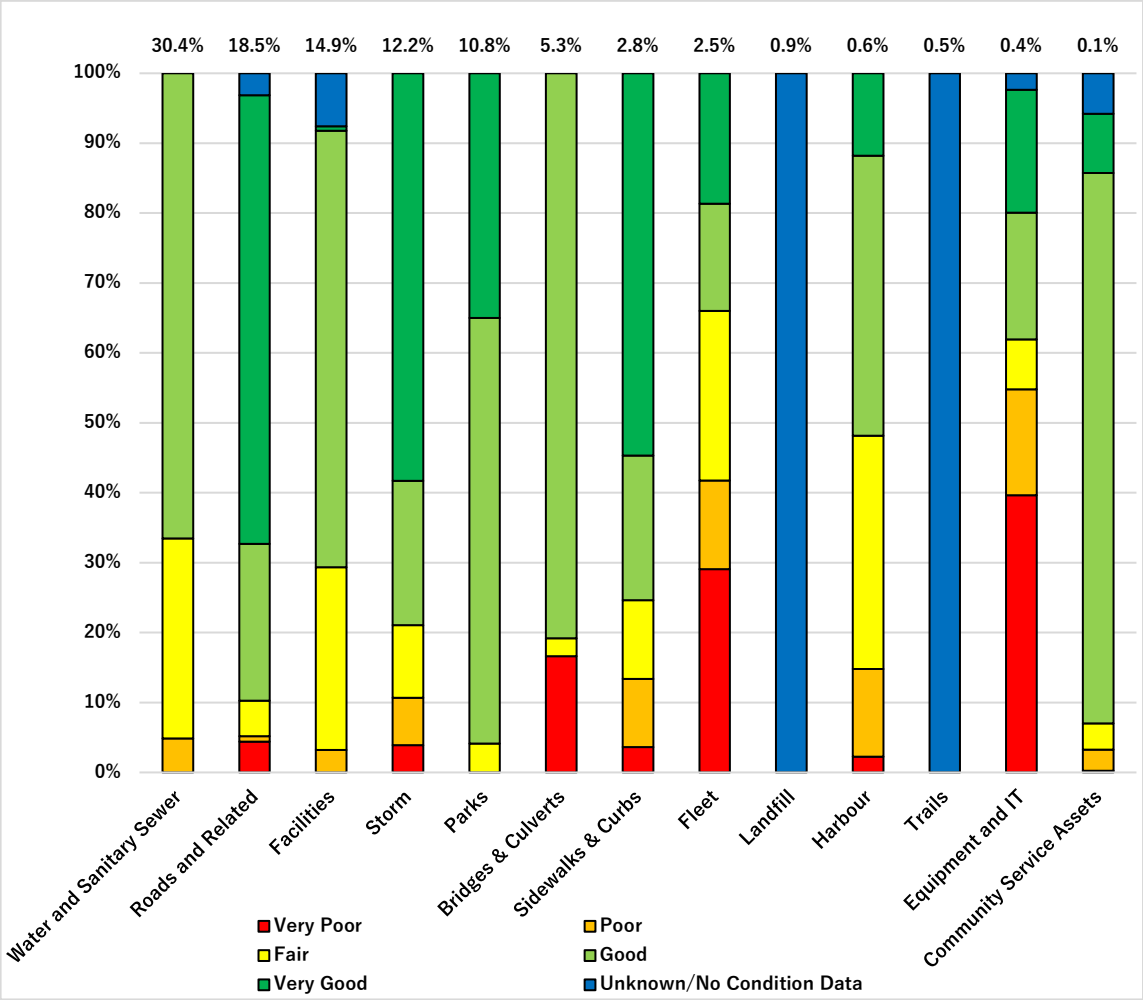
- The Town's largest component of the asset portfolio is the water and sewer system, making up 30% of the replacement value. This is the main driver of the Town's overall asset condition. About $178.1 million (67%) of the water and sewer assets are in Good to Very Good condition. About $140.8 million (87%) of the roads are in Good to Very Good, also a driver of the overall conditions. This is followed by facilities and storm infrastructure which are generally in Good condition.

- Very Poor assets make up only $28.1 million (3%) of the overall replacement value. This includes assets in roads and related, storm, bridges and culverts, sidewalks and

curbs, fleet, harbour, equipment and IT. It is expected that these assets will be addressed through the Town's 10-year capital plan.

- Assets with little to no condition data available relate mostly to some roads and related infrastructure, facilities, landfill, trails, IT equipment and community service assets. Work is already underway to assess the condition of some of these assets in 2025.

***Figure 5 - Summary of Asset Condition by Asset Category ($2025 millions)***




*Note: The percentages above the bars represent the shares of replacement value relative to the total replacement value of Town assets at $879.6 million (excluding land).*

# 3. LEVEL OF SERVICE

Levels of service (LOS) describe the outputs or objectives the Town intends to deliver to its residents, which includes measures from a customer, technical and community perspective. LOS provide a description of a particular activity or asset metric where performance may be measured to benchmark the current state and set targets to ensure residents' needs are met.

Levels of service measure how well the Town is meeting business needs, and this information can be utilized as key drivers to inform future investment decisions. Having well-defined service levels will allow the Town to be transparent with its stakeholders to find the appropriate balance between affordability and service expectations. The levels of service focus on asset management related activities particularly as they relate to the Town's infrastructure and are not focused on general operational aspects such as staffing levels, programing, etc.

## A. THE TOWN'S LEVEL OF SERVICE GOALS

The LOS Framework helps support and achieve key asset management goals:

- Develop and improve asset management related documentation to provide evidence-based linkages between the customer and technical levels of service. Levels of service should integrate directly into service-based activities as it relates to both the operational and capital expenditures. This objective is achieved through development of the AMP financing strategy, and the Town expects to continue to make improvements to its available asset data over the longer-term.

- Develop a clear relationship between the level of service and the costs associated to meeting level of service objectives by integrating the AMP LOS framework into the budget process. This will be achieved over the long-term, however, the financing strategy makes recommendations on the financial needs to meet the proposed level of service which can be utilized to help inform the budget process today.

- Meet the requirements of *O. Reg. 588/17* for 2025 to define the proposed level of service, identify costs to meet the proposed level of service and identify any risks of not meeting these targets.

## B. CUSTOMER LEVELS OF SERVICE (CLOS)

Customer Levels of Service (CLOS) are specific parameters that describe the extent and quality of services that the Town provides to residents from the residents' perspective. CLOS is comprised of qualitative measures such as the description of assets or the related service provided. CLOS can be evaluated through an understanding of the wants and needs of residents while understanding the assets the Town owns and operates. The CLOS are documented as high-level qualitative statements that capture these characteristics and are based on best practices in asset management planning.

For the purposes of meeting *O. Reg. 588/17* requirements, the Community Levels of Service are also included under the CLOS. Community levels of service are outlined in the regulation for the core services of roads, bridges and culverts, stormwater, water and wastewater services. Therefore, this section outlines the required descriptions. While not required by the regulation, community levels of service have been outlined for the non-core services and generally describe the service/assets. This has been done for consistency of reporting.

## C. TECHNICAL LEVELS OF SERVICE (TLOS)

Technical Levels of Service are specific parameters that measure asset performance. TLOS is comprised of quantitative measures such as asset age/condition or service performance. Part of the TLOS is to consider both the individual asset capability and how the assets are scheduled to be utilized as part of a system of service delivery. These measures are developed through a review of the Town's asset data and in consultation with staff.

The technical levels of service have been defined to meet the following criteria:

- TLOS measures are relevant to the operation of Town services
- TLOS are feasible to track and the data to inform the technical measures are readily available or will be tracked for future iterations of the AMP
- TLOS are developed recognizing the public as the main driver of service, they are designed to track internal asset specific performance, but the resulting quality of service will continue to be based on public input

TLOS measures are crucial for tracking levels of service as they provide quantifiable measures to evaluate the effectiveness and efficiency of service delivery. By systematically monitoring these measures, the Town can assess whether service standards are being met, identify areas for improvement, and allocate resources effectively. An iterative consultation

process with staff helped in developing an internal tracking tool to capture the necessary data for calculating the current and proposed levels of service and monitoring the trends moving forward.

## D. PUBLIC CONSULTATION

The Town's Strategic Asset Management Policy outlines a commitment to ensure asset management plans and related policies and practices are made available to the public. For this reason, the Town undertook an extensive consultation process to understand the service level needs of the public. The consultation program involved the following process:

- In late 2024, the Town launched a public portal to provide information on the proposed level of service process at https://engage.saugeenshores.ca/LOS
- The Town held a Public Information Centre (PIC) on November 20, 2024 at the Bruce County Museum and Cultural Centre. The public was able to participate in-person or online;
- The Town developed a survey to obtain public opinion on the proposed levels of service; and
- The Town held a second PIC virtually on April 9, 2025.

Comments and results from the survey helped inform the development of the proposed level of service, particularly as it relates to the general condition of the Town's infrastructure and the costs to maintain the infrastructure. Figure 6 summarizes the key themes captured through the public consultation process.

*Figure 6 – Key Themes of the Public Consultation Process*


*Note: Survey had a total of 40 respondents who answered all questions.*

## E. OVERVIEW OF THE TOWN'S LEVEL OF SERVICE

The Town's 2024 AMP was prepared for all Town infrastructure assets under the "current level of service" framework as required by *O. Reg. 588/17.* The Town defined its current levels of service in accordance with qualitative and technical metrics that have been established through the regulation and in consultation with staff. In general, the measures were derived from data collected since 2019 and the process ensured that the current level of service accurately reflected the performance and condition of infrastructure assets given the available data.

### Current Level of Service

For the purposes of this 2025 PLOS update, the customer and technical level of service reporting measures remain generally consistent with those established through the 2024 process, however, the "current" baseline data has been updated with information that has been made available since 2024 wherever possible. Furthermore, improvements have been made to streamline the measures to focus in areas that are relevant and useful for service level monitoring and meeting the regulatory reporting requirements.

### Proposed Level of Service

*O. Reg 588/17* requires municipalities to define its proposed levels of service by July 1st, 2025. These proposed levels of service (PLOS) are intended to provide the Town with a measurable future target state for the services it provides. The proposed level of service focuses on asset specific measures that capture the performance of infrastructure which forms part of the services provided by the Town. Best efforts have been made to maintain

the focus of the proposed level of service to infrastructure assets that support the service rather than the overall services provided by any specific service area. However, it is noted that in general the proposed level of service outlined in this report are required to continue to provide the overall level of service objectives of the Town.

For every level of service that the Town measures, a corresponding set of PLOS measures have been developed. Consultation with Town staff was conducted to develop the proposed levels of service based on the needs of the community, the public consultation process, existing data and assessing their appropriateness for the Town. Overall, the proposed levels of service outlined in this report have been carefully evaluated based on the following criteria:

- **Options & Associated Risk** - Staff assess various options for the proposed levels of service and analyze the risks associated with each option to the long-term sustainability of the Town. This assessment considers factors such as service quality, operational efficiency, and financial sustainability.

- **Differences from Current Levels of Service** – The analysis looks at a comparison of the proposed levels of service with the current levels to identify areas where adjustments or enhancements are necessary. While some proposed levels of service may mirror the current levels outlined in this AMP, adjustments or enhancements to the current procedures may still be necessary to ensure alignment with longer-term goals.

- **Achievability** - The feasibility of achieving the proposed levels of service considering factors such as available resources, technological capabilities, and operational constraints have been evaluated. Efforts have been made to ensure that the proposed targets are realistic and attainable within the Town's operational capacity. Notwithstanding the Town's intended ability to achieve the targets, it is expected that the proposed levels of service continue to be reviewed and monitored - further adjustments may be warranted moving forward.

- **Affordability** - The affordability of the proposed levels of service is conducted in conjunction with the budget process, ensuring alignment with the financial resources and fiscal capacity available. This process inherently involves approval by Council with affordability considerations integrated into budgetary decisions.

## Summary of the Level of Service

Table 3 summarizes the customer levels of service while Table 4 shows the technical levels of service. Table 4 shows:

- Based on the Town's 2024 AMP, paved roads in the Town are on average in Good condition with an average PCI of 85. The proposed level of service is also set to ensure that no individual road segment reaches less than a 60 PCI while maintaining an overall average above 85.

- Unpaved roads are on average in Very Poor condition. This information is based on the Town's 2024 AMP, however, current data on unpaved roads is limited and the condition is better than the data suggests as it is several years old. This average is expected to fluctuate on an ongoing basis as gravel roads conditions will vary from year to year largely due to weather conditions. However, the Town's gravel roads program targets gravel road segments in Poor or Very Poor condition which would ensure that these fluctuations in conditions can be managed.

- Town bridges and culverts have an average of about 65 PCI with no structures currently having loading or dimensional restrictions. Going forward, the Town aims to continue to have no structures with loading or dimensional restrictions and ensure that a minimum of 70 BCI is maintained. Of the total, two (2) structures have not been included as they are currently closed to traffic. The Town is currently in the process of determining next steps for these two structures.

- The percentage of properties connected to water services and the percentage of properties with fire flow is expected to be maintained even with additional growth. The Town has not experienced any water boil advisories or water main breaks and continues to ensure these events do not occur.

- The percentage of properties connected to wastewater services is expected to be maintained even with additional growth. The Town does not have any combined sewer systems.

- The percentage of properties in municipality resilient to a 100-year storm is about 98% while the percentage of the municipal stormwater management system resilient to a 5-year storm is 91%. This analysis is based on an assessment of the flooding areas in the Town from the 2024 AMP. The Town expects to maintain the level of service in this respect.

- The levels of service for the remaining asset categories is based on several measures including condition, response times to service requests and frequency of maintenance schedules. The Town largely expects to maintain the level of service for these measures going forward.

*Table 3 – Customer Levels of Service*

| Asset Category | Customer LOS | Community Level of Service | |
|---|---|---|---|
| **Roads** | Maintain safe and reliable roads and to meet reporting requirements of O. Reg. 588/17. | 1. Description, which may include maps, of the road network in the municipality and its level of connectivity. | The goal of the Town is to provide a transportation network that is not only safe to use by both residents and transient users, but also one that is efficient. The transportation network is made up of roads, bridges, culverts and sidewalks and the level of service aligns with the Town's Official Plan as well as the Transportation Master Plan. See Appendix 19.7 of the 2024 AMP for maps of current transportation network assets. |
| | | 2. Description or images that illustrate the different levels of road class pavement condition. | The Town's paved and unpaved roads are maintained in accordance with the minimum maintenance standards set by the Province. The Town's 2024 AMP illustrates conditions reported in Appendix 19.7 on a map and reported on a percentage basis in Section 5.1. |
| **Bridges and Culverts** | Maintain safe and reliable culverts and to meet reporting requirements of O. Reg. 588/17 | 1. Description of the traffic that is supported by municipal bridges (e.g., heavy transport vehicles, motor vehicles, emergency vehicles, pedestrians, cyclists). | The Town's bridges and culverts supports all traffic flows in the Town from pedestrians up to heavy transport vehicles. The traffic flow supported is consistent with the Town's road network design and specifications. Maps of the location of the Town's bridges/culverts is included in Appendix 19.7 of the Town's 2024 AMP. The Town ensures that the bridges and culverts continue to remain up to the highest standards possible to ensure to structures have loading or dimensional restrictions. |
| | | 2. Description or images of the condition of bridges and how this would affect use of the bridges. | The Town has 11 bridges. The conditions and location are provided in Appendix 19.7 of the Town's 2024 AMP. The Town completes OSIM reports every 2 years to determine the condition of structures (BCI) in accordance with Provincial regulations. |

| Asset Category | Customer LOS | Community Level of Service | |
|---|---|---|---|
| | | 3. Description or images of the condition of culverts and how this would affect use of the culverts. | The Town has 5 culverts (large culverts). The conditions and location are provided in Appendix 19.7 of the Town's 2024 AMP. The Town completes OSIM reports every 2 years to determine the condition of structures (BCI) in accordance with Provincial regulations. |
| **Sidewalks** | Safe and reliable sidewalks. | A description of the service and relevant assets. | The Town currently has 72 km of sidewalk and 143 km of curb These assets have an average useful life of 30 years before requiring replacement. Source: 2024 AMP pg. 45. |
| **Water** | To provide safe drinking water to residents and to meet reporting requirements of O. Reg. 588/17. | 1. Description, which may include maps, of the user groups or areas of the municipality that are connected to the municipal water system. | The Town's 2024 AMP Appendix 19.7 illustrates the serviced areas (including serviced parcels) and distribution network for both Port Elgin and Southampton. Water services are largely provided in the Town's two urban areas. |
| | | 2. Description, which may include maps, of the user groups or areas of the municipality that have fire flow. | The Town's 2024 AMP Appendix 19.7 illustrates the serviced areas (including serviced parcels) and distribution network for both Port Elgin and Southampton. It also includes the locations of fire hydrants which cover the entire serviced areas of Town. |
| | | 3. Description of boil water advisories and service interruptions. | The Town has not recorded boil water advisories or service interruptions as these events have not occurred in the past few years. The Town undertakes annual reviews of its two water systems to ensure that water quality remains the highest priority for residents. |

| Asset Category | Customer LOS | Community Level of Service | |
|---|---|---|---|
| **Wastewater** | To ensure the proper treatment of wastewater and to meet the reporting requirement of O. Reg. 588/17. | 1. Description, which may include maps, of the user groups or areas of the municipality that are connected to the municipal wastewater system. | The Town's 2024 AMP Appendix 19.7 illustrates the serviced areas (including serviced parcels) and collection network for both Port Elgin and Southampton. |
| | | 2. Description of how combined sewers in the municipal wastewater system are designed with overflow structures in place which allow overflow during storm events to prevent backups into homes. | The Town of Saugeen Shores Municipal Sewage Collection Systems contains no combined sewage pumping stations, no combined sewage storage structures or combined storage tanks. The authorized collection system also contains no authorized combined sewer collection system overflow points and no authorized sanitary sewer overflow points. Source: OCWA Port Elgin Sewage Treatment Plant Annual Performance Report 2023 Pg. 12 |
| | | 3. Description of the frequency and volume of overflows in combined sewers in the municipal wastewater system that occur in habitable areas or beaches. | No combined sewers as mentioned above. |

| Asset Category | Customer LOS | Community Level of Service | |
|---|---|---|---|
| | | 4. Description of how stormwater can get into sanitary sewers in the municipal wastewater system, causing sewage to overflow into streets or backup into homes. | The Town owns and maintains separate stormwater and sewer systems in both serviced areas of Port Elgin and Southampton. The stormwater system ensures that stormwater flows remain separate from sewer flows. |
| | | 5. Description of how sanitary sewers in the municipal wastewater system are designed to be resilient to avoid events described in paragraph 3. | The sewage pump stations are equipped with alarm monitoring for high flow events. Preventative maintenance procedures are in place to ensure the sewage pump stations are operating as designed and include: wet well cleanouts, daily inspections of pump stations, annual cleanouts, pump inspections, alarm testing and generator inspection and maintenance. Source: OCWA Port Elgin Sewage Treatment Plant Annual Performance Report 2023 Pg. 13. |
| | | 6. Description of the effluent that is discharged from sewage treatment plants in the municipal wastewater system. | The OCWA Port Elgin and Southampton Sewage Treatment Plant Annual Performance Reports include reporting on the types of effluent (and monitored levels). These reports are developed annually by OCWA on behalf of the Town. |

| Asset Category | Customer LOS | Community Level of Service | |
|---|---|---|---|
| **Stormwater** | To provide reliable stormwater management services, control flooding and meet reporting requirements of O. Reg. 588/17. | Description, which may include maps, of the user groups or areas of the municipality that are protected from flooding, including the extent of the protection provided by the municipal stormwater management system. | The Town has included maps of the stormwater network in Appendix 19.7 of the 2024 AMP. The maps outline the parcels in the Town that are vulnerable to 100-year storms and parcels protected from 100-year storms. |
| **Facilities** | Safe facilities with sufficient capacity for residents and staff. | A description of the service and relevant assets. | The Town currently has 74 facilities under its ownership. These facilities range from complex buildings such as municipal hall and the fire stations to single standalone washrooms. Of the 74 facilities 22 facilities are contained within the Town's defined park areas. For the purposes of the 2024 AMP 52 facilities are standalone facilities which are captured in the 2024 AMP in this category. While the remaining 22 facilities are contained within the Park asset category. Source: 2024 AMP pg. 105. |
| **IT Equipment** | IT equipment that is reliable and up to date with the latest technologies. | A description of the service and relevant assets. | Workstations, particularly laptops and desktop computers make up most of the asset inventory. Other IT Equipment includes servers, firewalls, battery backup, etc. The laptop sub-class for the IT equipment inventory includes not only the laptop but also the equipment required for a useable workstation. In this case it includes the cost of monitors and docks. Smaller IT equipment such as mouse and keyboards have not been included in this inventory as they are minor costs. Source: 2024 AMP pg. 133. |

| Asset Category | Customer LOS | Community Level of Service | |
|---|---|---|---|
| **Fleet** | A reliable fleet available to respond to service needs when required | A description of the service and relevant assets. | The Town's fleet is made up of 162 active units. Which is heavily weighted in passenger vehicles and heavy equipment. The fleet includes trucks, vans, passenger vehicles, heavy vehicles such as tractors, plows, loaders, etc. as well as light equipment such as mowers, trailers, aerators, etc. These vehicles are used across Town services such as roads, parks, facility maintenance, etc. Source: 2024 AMP pg. 125. |
| **Community Services - Parks** | Clean parks with sufficient space for residents. | A description of the service and relevant assets. | The current park inventory includes 59 sites which range from beach access points to large community parks. Majority of Town parks can be defined as Community, Neighbourhood and or Parkettes. A map of all park sites can be found in Appendix 19.7 of the 2024 AMP. Source: 2024 AMP pg. 113. |
| **Community Services - Trails** | Safe and reliable trail system for residents. | A description of the service and relevant assets. | The Town's current trail network is made up of almost 40km of trails. Trail track material can be one of the following 5 material types: gravel, hard packed gravel, natural, paved or wood chip. The current trail network is primarily hard packed gravel (13.67 km) or paved path (10.86 km). As the trail system continues to expand and accessibility continues to be a priority, the Town can expect that hard packed gravel and paved paths continue to be the primary path type. Source: 2024 AMP pg. 117. |

| Asset Category | Customer LOS | Community Level of Service | |
|---|---|---|---|
| **Community Service Assets** | Community service assets that are reliable for residents. | A description of the service and relevant assets. | Community service assets are assets maintained by the Community Services Department that are not within a defined park area. Often these assets are seen in the downtown corridors. Community service assets include assets that improve the service provided to the community both visually and functionally. These assets include benches, garbage receptacles, information signs and ground beds that are not within a park area. To date this asset category includes 622 assets, with benches and planters being 56% of total assets. Source: 2024 AMP pg. 117. |
| **Streetlights** | Working streetlights available in all serviced areas. | A description of the service and relevant assets. | The Town's streetlights include decorative light standards, hydro poles, light standards, and traffic lights. The Town currently has 2,191 streetlights with a large portion of those being hydro poles. Source: 2024 AMP pg. 148. |
| **Signs** | Clear and visible signage. | A description of the service and relevant assets. | The signs owned by the Town are inspected on an annual basis by a third-party contractor and tested for retroreflectivity. The signage is inspected based on the Transportation Association of Canada (MUTCDC) Minimum Maintained Retroreflectivity Levels. In addition, a sign condition visual inspection is completed, and a good/fair/poor rating is assigned to each sign. The Town replaces all signs that have failed retroreflectivity and any signs that have a failing contrast ratio. The Town currently has 2,184 signs that fall on Town owned roads. Signs can be divided into 3 categories priority, regulatory and warning. Source: 2024 AMP pg. 155. |

| Asset Category | Customer LOS | Community Level of Service | |
|---|---|---|---|
| **Business Units – Tourist Camps** | Tourist camps available for service during the season for residents. | A description of the service and relevant assets. | The Town of Saugeen Shores operates two tourist campgrounds in Southampton and Port Elgin. The Tourist camps both operate six months of the year and offer full-service sites for seasonal and overnight campers. See Appendix 19.7 of the 2024 AMP for a site map. Source: 2024 AMP pg. 168. |
| **Business Units – Harbour** | Harbour available for access by residents. | A description of the service and relevant assets. | The Harbour currently has 13 assets and 35,315 sq feet of dock within its defined business unit. These assets include fuel services, various ramps and an office building. Source: 2024 AMP pg. 169. |
| **Business Units – Landfill** | Landfill available for waste disposal for service at appropriate times. | A description of the service and relevant assets. | The current landfill is made up of a scale house, transfer station, composting facility, and the active landfill site. Source: 2024 AMP pg. 175. |
| **Equipment** | Equipment that is reliable and available for use when needed. | A description of the service and relevant assets. | A total of 814 pieces of equipment have been recorded by Town departments. These assets range from GPS equipment, fire hoses, firearms, chainsaws, and push mowers. The needs for equipment will vary by department and service provided. Source: 2024 AMP pg. 161. |

*Table 4 – Technical Levels of Service*

| Asset Category | Technical LOS | Source | Current LOS | Proposed LOS |
|---|---|---|---|---|
| **Roads** | Number of lane-kilometres of arterial roads as a proportion of square kilometres of land area of the municipality (O. Reg. 588/17). | 2024 AMP | 0.25 | Maintain the Current Level of Service |
| | Number of lane-kilometres of collector roads as a proportion of square kilometres of land area of the municipality (O. Reg. 588/17). | 2024 AMP | 0.38 | |
| | Number of lane-kilometres of local roads as a proportion of square kilometres of land area of the municipality (O. Reg. 588/17). | 2024 AMP | 2.36 | |
| | For paved roads in the municipality, the average pavement condition index value (O. Reg. 588/17). | 2024 AMP | 85.33 | No individual road segment less than 60 and maintain overall average above 85 |
| | For unpaved roads in the municipality, the average surface condition (O. Reg. 588/17) (e.g. excellent, good, fair or poor). | 2024 AMP | Very Poor | Targeting gravel road segments in Poor or Very Poor for gravel road maintenance |
| | % of lane-km that are gravel | 2024 AMP | 20% | Maintain the Current Level of Service |
| **Bridges and Culverts** | Percentage of bridges in the municipality with loading or dimensional restrictions (O. Reg. 588/17). | 2024 AMP | 0% | Target of 0%. No loading or dimensional restrictions from the condition of bridges. |

| Asset Category | Technical LOS | Source | Current LOS | Proposed LOS |
|---|---|---|---|---|
| | For bridges in the municipality, the average bridge condition index value (O. Reg. 588/17). | 2024 AMP | 64.7 | Minimum 70 |
| | For structural culverts in the municipality, the average bridge condition index value (O. Reg. 588/17). | 2024 AMP | 65.6 | Minimum 70 |
| **Sidewalks** | % of sidewalks with a condition index < 20 | 2024 AMP | 1% | Prioritize sidewalks that are found to be in poor condition. Maintain the % of sidewalks with condition <20 at a minimum. |
| | Patrolling Frequency (Based on visual inspection) | 2024 AMP | 100% Annually | 100% Annually |
| **Water** | Percentage of properties connected to the municipal water system. | 2024 AMP | 57% | Maintain the Current Level of Service |
| | Percentage of properties where fire flow is available. | 2024 AMP | 57% | Maintain the Current Level of Service |
| | The number of connection-days per year where a boil water advisory notice is in place compared to the total number of properties connected to the municipal water system. | 2024 AMP | 0 | Target of 0 |

| Asset Category | Technical LOS | Source | Current LOS | Proposed LOS |
|---|---|---|---|---|
| | Number of connection-days per year due to water main breaks compared to the total number of properties connected to the municipal water system | 2024 AMP | 0 | Target of 0 |
| | Adverse Water Quality Incident (AWQI) | 2024 AMP | 0 | Target of 0 |
| **Wastewater** | Percentage of properties connected to the municipal wastewater system. | 2024 AMP | 53% | Maintain the Current Level of Service |
| | The number of events per year where combined sewer flow in the municipal wastewater system exceeds system capacity compared to the total number of properties connected to the municipal wastewater system (O. Reg. 588/17). | 2024 AMP | 0 | Target of 0 |
| | The number of connection-days per year due to wastewater backups compared to the total number of properties connected to the municipal wastewater system (O. Reg. 588/17). | 2024 AMP | 0 | Target of 0 |

| Asset Category | Technical LOS | Source | Current LOS | Proposed LOS |
|---|---|---|---|---|
| | The number of effluent violations per year due to wastewater discharge compared to the total number of properties connected to the municipal wastewater system (O. Reg. 588/17). | 2024 AMP | 0 | Target of 0 |
| | The number of spill events per year | 2024 AMP | 0 | Target of 0 |
| | # of sanitary sewer service backups that caused wastewater to flood into building | 2024 AMP | 0 | Target of 0 |
| | # of sanitary sewer trunk forcemain breaks | 2024 AMP | 0 | Target of 0 |
| **Stormwater** | Percentage of properties in municipality resilient to a 100-year storm (O. Reg. 588/17). | 2024 AMP | 98% | Maintain the Current Level of Service |
| | Percentage of the municipal stormwater management system resilient to a 5-year storm (O. Reg. 588/17). | 2024 AMP | 91% | Maintain the Current Level of Service |
| | % of manhole sumps cleaned/year | 2024 AMP | 100% | Target of 100% |
| | % of catch basins cleaned/year | 2024 AMP | 100% | Target of 100% |
| | % of Storm Water Management Ponds that are inspected/year | 2024 AMP | 100% | Target 100%. |

| Asset Category | Technical LOS | Source | Current LOS | Proposed LOS |
|---|---|---|---|---|
| | % of inspections and cleaning of all critical inlet and outlet structures and systems completed after major storm events | 2024 AMP | 100% | Target of 100%. Also monitored and cleaned as required. |
| **Facilities** | Average response time of service requests | 2024 AMP | 29 days | Maintain the Current Level of Service |
| **IT Equipment** | IT Uptime | 2024 AMP | 99.99% | Maintain the Current Level of Service |
| | % of assets at or above "Good" or "Very Good" condition | 2024 AMP | 45.00% | Maintain the Current Level of Service |
| **Fleet** | Fleet down time for repairs | 2024 AMP | 5 days | Maintain the Current Level of Service |
| | Percentage of fleet where general maintenance schedule is followed | 2024 AMP | 100% | Maintain the Current Level of Service |
| | Percentage of assets at or above "Good" or "Very Good" condition | 2024 AMP | 34% | Maintain the Current Level of Service |
| **Community Services - Parks** | Average response time of service requests | 2024 AMP | 18 days | Maintain the Current Level of Service |
| | Walkability of parks within the urban area (800m) | 2024 AMP | 90.76% | Maintain the Current Level of Service |

| Asset Category | Technical LOS | Source | Current LOS | Proposed LOS |
|---|---|---|---|---|
| | % of assets at or above "Good" or "Very Good" condition | 2024 AMP | 96% | Maintain the Current Level of Service |
| **Community Services - Trails** | Average response time of service requests | 2024 AMP | 33 days | Maintain the Current Level of Service |
| | % of assets at or above "Good" or "Very Good" condition | 2024 AMP | TBD - Trail data being collected in 2025 | TBD - Trail data being collected in 2025 |
| **Community Service Assets** | % of assets at or above "Good" or "Very Good" condition (identify the assets) | 2024 AMP | 92% | Maintain the Current Level of Service |
| **Streetlights** | Average response time of service requests | 2024 AMP | 6 days | Maintain the Current Level of Service |
| | % of assets at or above "Good" or "Very Good" condition | 2024 AMP | 88% | Maintain the Current Level of Service |
| **Signs** | % of assets at or above "Good" or "Very Good" condition | 2024 AMP | 98% | Maintain the Current Level of Service |
| | Improvement to number of signs requiring replacement due to failing reflectivity | 2024 AMP | 2% of signs failed in 2023 (reflectivity & contrast) | Maintain the Current Level of Service |

| Asset Category | Technical LOS | Source | Current LOS | Proposed LOS |
|---|---|---|---|---|
| **Business Units – Tourist Camps** | Average response time of service requests | 2024 AMP | 61 Days<br>(Primarily from Tourist Camps) | Maintain the Current Level of Service |
| **Business Units – Harbour** | | | | |
| **Business Units – Landfill** | | | | |
| **Equipment** | % of assets at or above "Good" or "Very Good" condition | 2024 AMP | 33% | Maintain the Current Level of Service |

# 4. FINANCING STRATEGY

The Town has continually undertaken both operating and capital expenditures necessary to maintain the level of service, however, risk could remain if the investments made fall short of the required need to meet the proposed levels of service. The Town will need to monitor funding levels over the next few years in relationship to the levels of service delivered. This section of the 2025 PLOS update is intended to help the Town build on the existing asset management practices already in place with feasible options to increase capital funding in a sustainable manner to meet proposed levels of service.

## A. THE TOWN'S FINANCING STRATEGY OVERVIEW

The municipal revenue sources available to meet the Town's asset management requirements are limited. Generally, the type of capital project aligns to its funding source. In this regard, growth-related projects receive most of their funding through development charges in communities that impose DCs; replacement projects are predominantly funded through tax-based contributions for tax supported assets and water and wastewater rates for rate-based services.

When assets require rehabilitation or are due for replacement, the source of funds are essentially limited to reserves or contributions from the operating budget regardless of how the initial first round capital asset was funded. The proposed levels of service defined in Section 3 outline the outlook for infrastructure asset management. Based on Section 3, the Town has determined that it would be appropriate to maintain the current level of service moving forward. For the Town to continue to provide sustainable and affordable services it must continue to rely on two primary sources of funding: taxation for general services such as roads, parks or recreation services and utility rates for water and wastewater services.

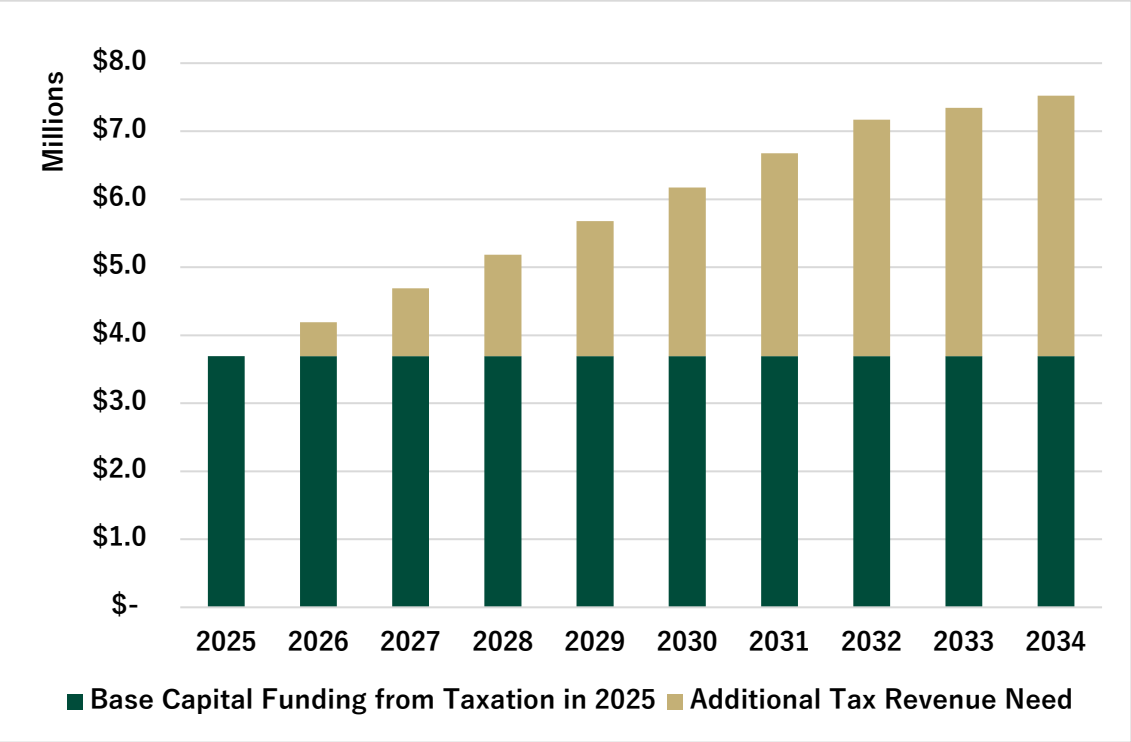
## B. TAX FUNDED SERVICES FINANCING STRATEGY TO MEET PROPOSED LEVELS OF SERVICE

The Town has determined that increases to the tax levy are needed to meet the proposed level of service set out in this AMP. The increase in capital investments outlined is in addition to other non-tax funding sources the Town would receive, such as those from the Canada Community Building Fund (CCBF) and the Ontario Community Infrastructure Fund (OCIF). The Town has historically relied on tax funded contributions to reserves to manage

the state of good repair of municipal assets. With other funding sources, like external grants projected to be limited, it is expected the taxes will continue to be the primary funding source. Recently, the Town has introduced a dedicated infrastructure levy which will be used to direct necessary funds to capital asset repair and replacement on an annual basis – this will assist the Town to build "fiscal capacity" for state of good repair capital over the coming years.

Figure 7 shows the forecasted tax funded contributions to reserves needed to meet proposed levels of service. As part of the 2025 budget the Town has committed approximately $3.7 million to reserves for the long-term management of capital state of good repair assets. To ensure long-term sustainability, the infrastructure levy is expected to increase total contributions to reserves by about $3.8 million (from 2025 levels) for a total contribution of about $7.5 million by 2034. For context, the infrastructure levy would equate to an additional $502,000 in 2026 from the tax levy. By the end of the 10-year period, the total funding would be about $58.3 million.[3]

***Figure 7 – Forecasted Tax Funded Contribution to Reserves 2025-2034***




[3] This is calculated as the sum of all contributions over the 10-year period.

## C. RATE FUNDED SERVICES FINANCING STRATEGY TO MEET PROPOSED LEVELS OF SERVICE

The Town's Water Financial Plan and Wastewater Financial Plan set out projected annual utility rate increases. These financial plans guide how the Town operates, maintains, and upgrades the water and sewer systems over a 15-year period.

The Town's water and sewer rate structure ensures that the monthly capital contribution charges will pay for the debt, capital, reserve, and major upgrades needed for the treatment, collection and distribution systems for water and sewer services. It ensures that all users are contributing to these infrastructure costs through their consumption charge. Revenue collected through water rates pays for water services while sewer rates pay for sewer services.

Some of these capital upgrades can include:

- Water or wastewater line upgrades
- Pumping station upgrades
- Hydrant replacement
- Water and sewage treatment plant upgrades

Based on the 2025 budget, the Town expects to spend about $5.8 million in water capital and a further $11.7 million on sewer capital. On average the Town expects to spend about $5.2 million and $9.7 million per year for water and sewer services respectively between 2026 and 2028 with the level of investment reducing to about $734,000 per year and $2.4 million per year between 2029 and 2033 for water and sewer.[4]

The Town's rate structure considers the diverse make-up of the Town in which approximately 30% of residential properties are seasonal. The Town needs to ensure all property owners, regardless of residency status, are contributing fairly to the fixed costs of delivering water and collecting wastewater.

By-law 96-2024 Fees and Charges for the Provision of Services or Activities for the Town of Saugeen Shores captures the water and sewer rates for residents and businesses in the Town. The by-law allows for the increase of rates annually using the Statistics Canada

[4] Source: 2025 Town of Saugeen Shores Business Plan pg. 88.

Consumer Price Index as of December each year. The Town should continue to increase rates by inflation, at minimum, and perform regular reviews of water and sewer rates to ensure the capital program remains sustainable and to meet proposed levels of service.

## D. FINANCING STRATEGIES AND THE RELATIONSHIP TO THE PROPOSED LEVEL OF SERVICE

The information illustrated previously emphasizes the need for the Town to continue the utilization of these funding programs to meet service levels over the long-term. However, as the Town's asset management program further advances, it can be expected that the cost analysis be improved to better reflect asset risks, levels of service and a better understanding of the condition of the infrastructure. Overall, the funding allocations are required to ensure the Town delivers the proposed levels of service identified in Section 3 of the AMP for both core and non-core infrastructure. Should an alternative strategy be adopted which does not align with the funding needed to meet the proposed level of services, other qualitative improvements and other financial solutions need to be explored. Table 5 outlines several approaches to closing the funding gap.

***Table 5 – Approaches to Closing the Funding Gap***

| Category | Description |
|---|---|
| **Improved Data Quality** | As the Town matures its asset management practices, improving data quality across service areas will help to achieve a proper assessment of the condition of assets. Improved lifecycle cost data will facilitate evidence-based decision making and support in achieving lowest lifecycle costing through prioritization of repair and replacement activities. |
| **Levels of Service Measures** | As part of the 2025 PLOS update, levels of services measures by asset category have been established. Tracking LOS measures may identify areas where funding needs could be recalibrated based on performance. |
| **Assessing Risk Tolerance** | Further detailed risk analysis including defining risk tolerance level for individual asset classes will help to further refine prioritization of the investment needs and levels of service. Although not always desirable, it may be possible to accept a higher degree of asset risk to help lower ongoing asset costs. |

| Category | Description |
|---|---|
| **Seek Funding Support from Upper Levels of Government** | The Town continues to demonstrate a significant commitment to asset management and developing a set of renewal practices to ensure that services are delivered in the most cost-efficient manner.<br><br>Despite the efforts, upper level of government support is required to supplement the Town's practices to balance affordability. For long-term financial planning and accurately assessing the infrastructure gap, it is equally important that upper-level government funding is stable and predictable. |
| **Continued Project Co-ordination with the County Infrastructure Projects** | In exploring opportunities with the County, overall cost efficiencies may be achieved during linear asset rehabilitation and replacement (e.g. storm sewers, roads, bridges, culverts) by better aligning capital ventures (if applicable). |
| **Regular Review of Revenue Tools** | The Town should ensure regular review of available funding tools such as regular reviews of the water and sewer rates through the Water and Sewer Financial Plan or development charge rates through the Development Charges Background Study to ensure these fees remain appropriate for the level and scope of capital spending needs going forward. |

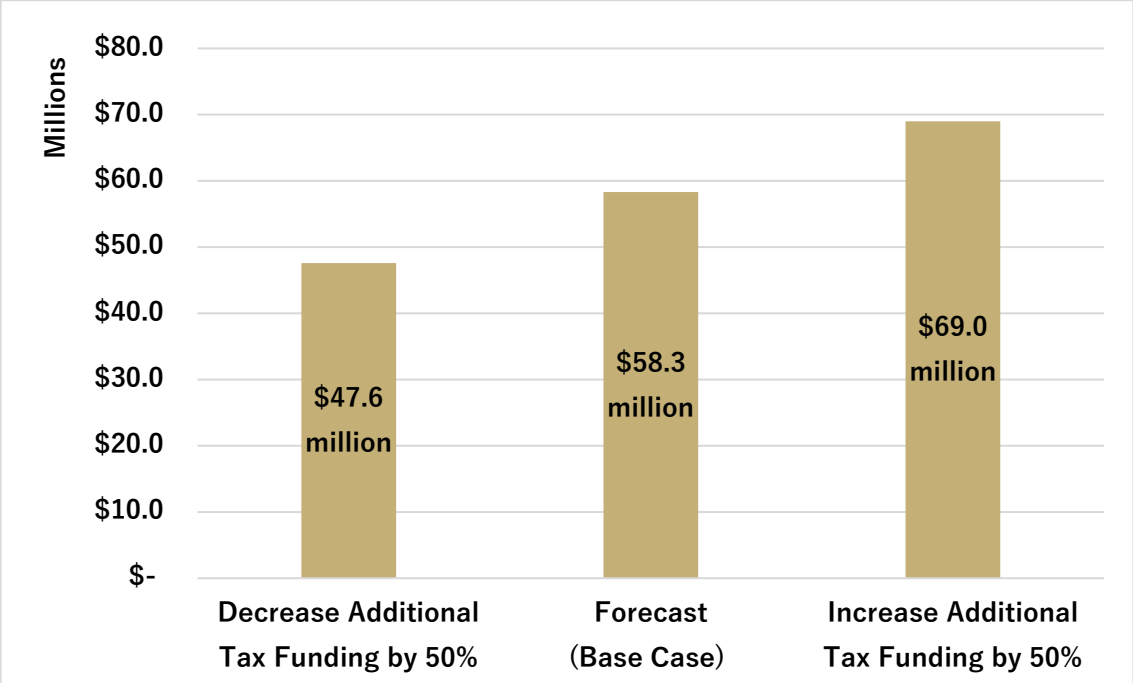
In general, the Town expects that tax and rate funded capital contributions will be utilized for state of good repair. While rate funding would continue to be sustainable with annual rate increase over time, tax funded services will require closer monitoring.

Figure 8 outlines a set of scenarios related to the annual tax funding for capital. As presented in Figure 7, the Town expects to fund about $58.3 million from taxes over the period to 2034. This would equate to a 2.0% tax levy increase in 2026. Two scenarios that illustrate the effect of adjusting the level of tax funding are outlined:

- Decreasing the additional funding from the infrastructure levy by 50% would result in total funding available for state of good repair to $47.6 million over the 10-year period. This adjustment would result in a decrease of about $10.7 million over the 10-years. For context this would equate to a tax levy increase of about 1.0% in 2026 (down from 2.0% in the base case).

- Increasing the additional funding from the infrastructure levy by 50% would result in total funding available for state of good repair to $69.0 million over the 10-year period. This adjustment would result in an increase of about $10.7 million over the 10-years. For context, this would equate to a tax levy increase of about 3.0% in 2026 (up from 2.0% in the base case).

***Figure 8 – Cumulative 10-Year Forecasted Tax Funding***




Simply put, any changes to the taxation rates will have a direct impact on levels of service provided. As the Town expects to use tax and utility rate funding for state of good repair work, the Town will largely focus the funding on assets in Fair condition or worse to maintain standards. In total, about $206.1 million of assets are in Fair condition or lower. Of this amount, about $28.1 million are in Very Poor condition and the entirety is related to tax funded services as shown in Figure 9.

If an additional $10.7 million were utilized to address assets in Very Poor condition, this would leave about $17.4 million to be addressed in future years (as shown in Figure 8). Based on Figure 9, the Town could address the immediate needs in roads, bridges and culverts with the additional funds. However, it is important to recognize that assets in Fair condition will continue to deteriorate over time and transition into Poor/Very Poor over the short-to-medium term ensuring that the infrastructure levy would need to remain at current levels at a minimum. While the funding scenarios look at the 10-year window to 2034, the Town will need to continue to plan for the long-term as more assets deteriorate beyond the 10-year period.

*Figure 9 – Breakdown of Very Poor Assets ($ millions)*