

To: COUNCIL

Meeting Date: 7/8/2025

Subject: 2025 Asset Management Plan

Submitted By: Johan Krijnen, Manager Asset Management

Prepared By: Johan Krijnen, Manager Asset Management

Report No.: 25-010-IFS

File No.: C11

Wards Affected: All Wards

RECOMMENDATION(S):

THAT Report 25-010-IFS 2025 Asset Management Plan be received;

AND THAT Council endorse the 2025 Asset Management Plan attached to this Report;

AND FURTHER THAT Council directs staff to publish the 2025 Asset Management Plan on the City's website as required by Ontario Regulation 588/17 (O. Reg. 588/17).

EXECUTIVE SUMMARY:

Purpose

- This Report seeks Council endorsement of the Asset Management Plan (AMP) prepared in accordance with O. Reg. 588/17: Asset Management Planning for Municipal Infrastructure under the Infrastructure for Jobs and Prosperity Act 2015.
- The attached Asset Management Plan is required to meet the 2025 milestone requirements as per O. Reg. 588/17.
- The AMP provides a summary of infrastructure owned, operated, and maintained by the City to provide reliable and efficient services to residents, businesses, and visitors. This AMP also provides an overview of the current state of the City's infrastructure and an overview of the City's improvement priorities.

Key Findings

- The AMP prepared in consultation with various internal stakeholders is fully compliant with all requirements of the O. Reg. 588/17.
- The goals of the City are to maintain the state of infrastructure in good repair to provide reliable and efficient services, build new infrastructure for service improvements, support future growth, and to implement priorities identified by the City's Strategic Plan Cambridge Connected.
- The City owns, operates, and maintains infrastructure with a replacement value of \$4.8 billion.
- The Average condition of the City's infrastructure is rated as "GOOD".
- In 2019, 70 percent of assets were rated as being in very good or good condition, which has since fallen to 62 percent.
- Meanwhile, in 2019, the City had 11 percent of its assets rated as poor or very poor condition, which has since increased to approximately 18 percent.
- These increased assets in poor and very poor condition require increased maintenance and repairs to achieve proposed service levels.
- To minimize service interruptions, the City has adopted risk based integrated capital planning and prioritization of capital projects based on multiple criteria.
- The Asset Management Plan will be published on the City's website as required by the O. Reg. 588/17.

Financial Implications

- The development of a long-term, sustainable financial plan requires an analysis of whole lifecycle costs. Current levels of service and as well proposed levels of service are defined for each service function area in this Plan. The proposed levels of service are focused on holding steady or improving the current condition of assets.
- The total capital cost to achieve proposed levels of service across all service function areas, while accommodating for growth and increased service needs, is \$890 million from 2025-2034. This compares to the City's 2025 approved capital budget forecast of \$631 million over 10 years and shows that current levels of funding are insufficient to maintain the current levels of service or to achieve the proposed levels of service.

- The City continues to implement financial strategies discussed in the City’s 2020 AMP and presented to Council. These include annual approval of a special infrastructure levy, public-private partnerships (Cambridge Sports Park), debt financing, sponsorship strategies, and implementation of the stormwater management utility.
- The City continues to work with all levels of government to identify funding opportunities and to explore alternative revenue streams to maintain the City’s infrastructure in a state of good repair.

STRATEGIC ALIGNMENT:

☐ Strategic Action

Objective(s): Not Applicable

Strategic Action: Not Applicable

OR

☒ Core Service

Program: Asset Management

Core Service: Asset Management Planning

The 2024-2026 Strategic Plan establishes a vision for Cambridge to be “a place for people to prosper – alive with opportunity”, and the infrastructure that enables our people to thrive is a significant contributing factor to this vision.

The AMP shares a connection to the Strategic Plan in its direction and objectives, relating to decision making, prioritization of resources, and performance management to achieve the vision as well as the goals and objectives outlined within the plan.

The Strategic Plan was used to guide the City in developing the Levels of Service (LOS) Framework for this AMP.

BACKGROUND:

The City of Cambridge has proactively adopted formal asset management since 2006 for core infrastructure. The City published its first asset management plan for core

infrastructure in 2013. The first AMP published in 2013 complied with 'Building Together Guide for Municipal Asset Management', a Provincial guide. Based on early successes and maturing asset management processes for core infrastructure, City Council approved a corporate asset management mandate to adopt asset management processes for all core and non-core infrastructure. The City's state of infrastructure and outlook report published in 2017 included all infrastructure.

In December 2017, the Ministry of Infrastructure released Ontario Regulation 588/17 under the Infrastructure for Jobs and Prosperity Act, 2015 (Act).

The applicable asset management planning requirements under O. Reg. 588/17 are outlined below:

- Ontario municipalities were required to prepare and publish a strategic asset management policy before July 1, 2019. This policy is to be reviewed and updated every five years.
- Ontario municipalities are required to include proposed levels of service, a lifecycle management strategy and a financial strategy for all infrastructure prior to July 1, 2025.
- The City Council must conduct an annual review of its asset management progress on or before July 1 each year, commencing the year following the publishing of the municipality's asset management plan.

In 2020, Council approved a renewed Asset Management Plan (report 20-012-CRE) fulfilling the 2021 milestone requirements of the O. Reg. 588/17. In July 2024, Council approved an interim 2024 Asset Management Plan (report 24-009-IFS) fulfilling the 2024 O. Reg. 588/17 milestone.

Ontario Regulation 588/17 strengthens the role of municipal asset management for infrastructure planning and budgeting and the 2025 Asset Management Plan appended to this Report represents the City of Cambridge's continued commitment to asset management planning to sustain our asset portfolios.

ANALYSIS:

While setting out the plan to achieve the policy statements outlined in the Asset Management Policy endorsed in March 2019 and the subsequent update in 2024, this plan also ensures the City's compliance with the requirements of the final regulation milestone (July 1, 2025) of the O. Reg. 588/17.

The AMP is a comprehensive strategic document outlining how our assets are to be managed over their lifecycle to maintain service delivery. The process of developing an AMP fosters a long-term perspective that enables capital and operational sustainability and efficiency. The AMP has been developed in consultation with multiple stakeholders to achieve key outcomes:



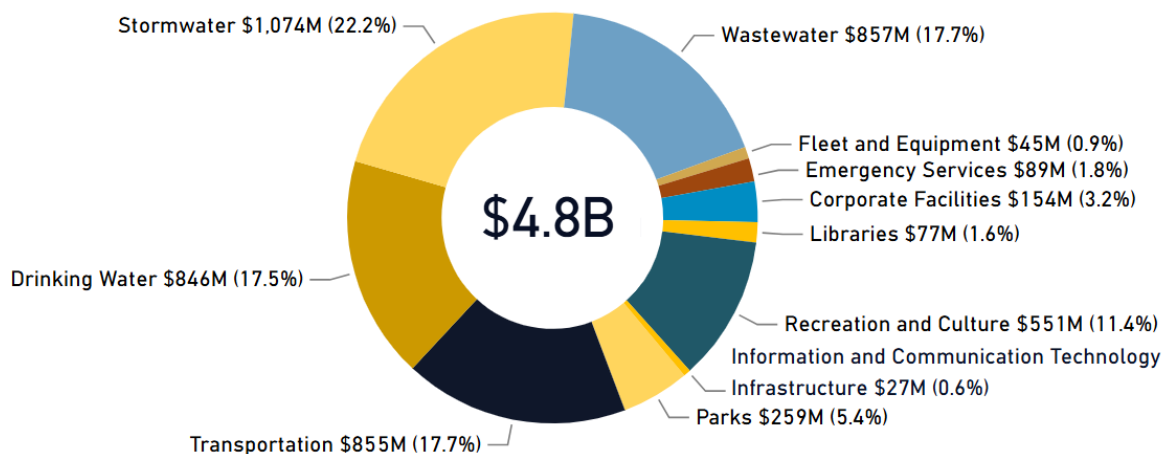
The scope of the AMP applies to all service function areas and employees of the City that have a direct and indirect link with assets and/or asset systems required to provide services to City stakeholders.

The AMP focuses on the approaches adopted for effective management of infrastructure, facilities, and assets directly owned and/or managed by the City to deliver services to existing customers and support future growth.

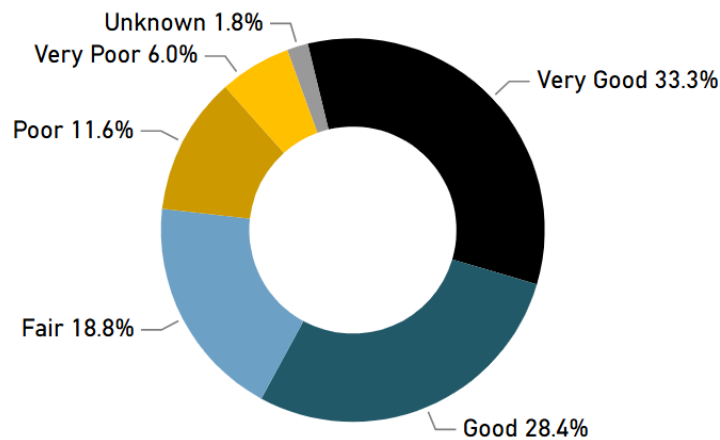
The City's assets are grouped based on the services they are required to support such as Transportation, Environmental Services (drinking water, wastewater, stormwater), Emergency Services, Parks, Recreation & Culture, Libraries, Corporate Facilities, Information Technology, and Fleet.

State of Infrastructure

The City owns, operates, and maintains infrastructure with a replacement value of \$4.8 billion. The core infrastructure (i.e. transportation, drinking water, stormwater, and wastewater infrastructure) represents 75 percent of the City's infrastructure portfolio. The remaining 25 percent non-core assets are required to provide services such as parks, recreation and culture, libraries, emergency services, corporate facilities, fleet, and information technology infrastructure.



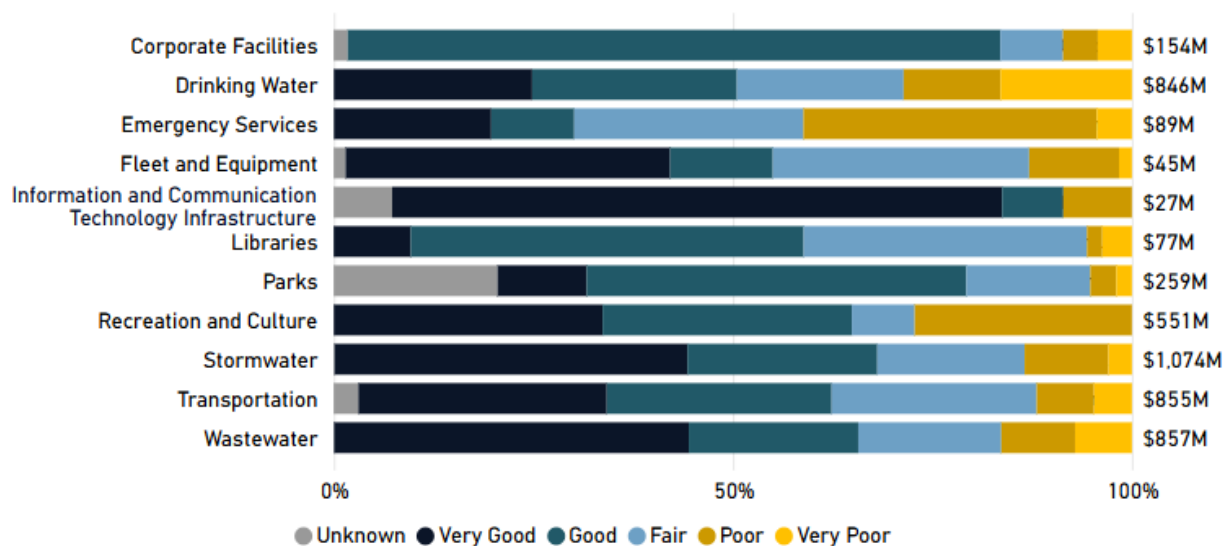
The majority of assets are in fair or better condition, which accounts for 81 percent of the portfolio. Currently, approximately 62 percent of assets are in good or very good condition. The City has seen a continued deterioration in condition, as in 2019 approximately 70 percent of assets were in good to very good condition.



Meanwhile, in 2019, the City had 11 percent of its assets rated as poor or very poor condition, which has since increased to approximately 18 percent. The replacement value of assets as of 2019, in poor and very poor condition, was \$303 million, which has since increased to \$864 million as of 2024. These increased assets in poor and very poor condition require increased maintenance and repairs to maintain current service levels. As a result, this adds additional costs to the City's operating budget to ensure assets are properly functioning as intended.

Assets in poor and very poor condition may have less than 40 percent of life remaining and are able to provide service, however they are prone to frequent failures requiring higher resources to maintain and result in varying levels and frequency of service interruption to residents, businesses, industry, and institutional customers.

The following chart shows the value and condition of City assets by category.



Infrastructure Investment needs

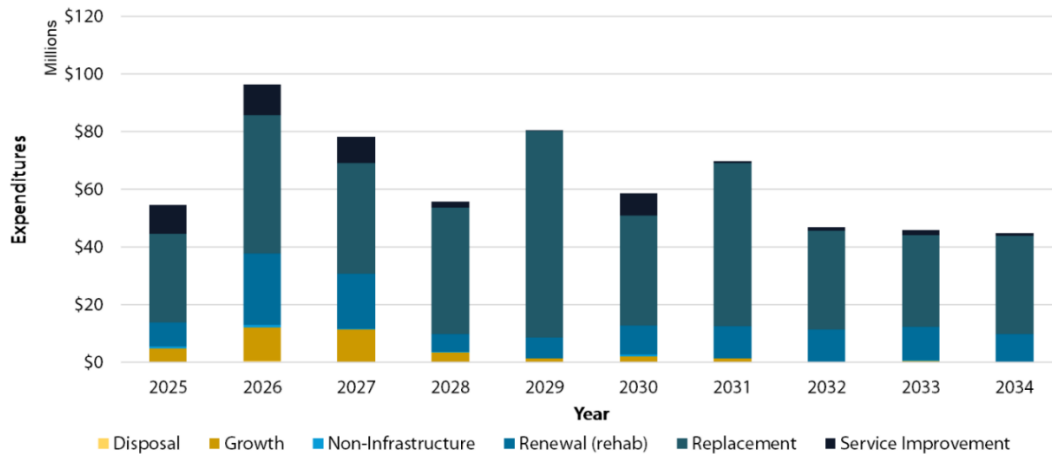
The development of a long-term, sustainable financial plan requires an analysis of whole lifecycle costs. The City strives to balance effective lifecycle activities with costs while maintaining current levels of service. Current levels of service and as well proposed levels of service are defined for each service function area in this plan. The proposed levels of service are focused on holding steady or improving the current condition of assets.

The City is currently experiencing an average annual infrastructure gap (capital and operating) of approximately \$34.9 million for proposed levels of service for both tax supported and utility assets. The total capital costs to achieve proposed levels of service across all service function areas, while accommodating for growth and increased service needs, is \$890 million for the timeframe 2025-2034.

The City's 2025 approved capital budget forecast of \$631 million over 10 years is insufficient to maintain the current levels of service or achieve proposed levels of service. The capital budget currently forecasts a provision of \$38.4 million in debt financing: \$22.9 million tax-supported debt, \$9.6 million stormwater rate supported debt, and \$5.8 million in development charges supported debt. Therefore, the resulting net infrastructure capital funding gap is \$259 million. This equates to an average annual shortfall of \$25.9 million.

Additional annual operating costs of \$9 million will also be required to support growth such as the operation of a new Recreation Complex and Library, the expansion of Fire Station 4, various service improvements identified through approved Master Plans and the implementation of cloud strategy for migration of various technology systems. The City will continue to evaluate the infrastructure funding gap as infrastructure repairs and renewal needs, funding sources, and other strategic priorities are being identified.

The approved capital budget forecast distribution is shown below:



Funding Strategies

The City continuously assesses opportunities for additional options and revenue streams to address our funding gap, and continues to implement financial strategies discussed in the City's 2019 AMP as presented to Council. These include an annual approval of a special infrastructure levy, public-private partnerships (Cambridge Sports Park), debt financing (Preston Auditorium Improvements, Recreation Complex, Soccer Complex, Townline road reconstruction, Riverside Dam Reconstruction and Accessible Ball Diamond renewal), sponsorship strategies (Soccer Complex), and implementation of stormwater management utility.

To minimize service interruptions, the City has adopted risk based integrated capital planning and prioritization of capital projects based on multiple criteria.

The City continues to work with all levels of government and municipal partners to identify funding opportunities and to explore alternative revenue streams to maintain the City's infrastructure in a state of good repair.

Notwithstanding the importance of the O. Reg. 588/17, developing an AMP that considers both core and non-core assets is essential for the City to proactively plan as it continues to grow. The AMP confirms that the levels of service provided by the City meet the needs of its residents. Furthermore, it shepherds the funding invested by safeguarding the condition of assets while minimizing the risks to services. Ultimately, strong asset management planning is synonymous with strategic and operational excellence at every level.

EXISTING POLICY / BY-LAW(S):

Strategic Asset Management Policy

- As per the requirement of O. Reg 588/17, the Council approved the current Asset Management Policy on April 2, 2019, which was presented under report number 19-069-CRE. In 2024, the existing policy was reviewed and updated.

FINANCIAL IMPACT:

There is no direct financial impact in the adoption of the Asset Management Plan. Rather, the City will continue to utilize a range of financial strategies as identified in the Asset Management Plan to address the infrastructure shortfall thereby supporting a sustainable long-term financial solution.

A special infrastructure renewal levy (annual incremental one percent of the City's tax levy) to address the infrastructure gap was supported by Council through the City's 2024 and 2025 Budgets. Subsequent budgets will continue to recommend incremental contribution growth to this dedicated levy and resulting infrastructure renewal reserve.

PUBLIC VALUE:

Sustainability:

The Asset Management Plan will support sustainability by providing a framework for the development of long-term financial plans required to proactively manage the City's asset portfolios throughout their life cycle, thereby ensuring that they continue to contribute to the provision of services to the community now and into the future.

Transparency:

The Asset Management Plan provides clarity and transparency with respect to the financial requirements associated with maintaining the City's asset portfolios. Through an update every five years and annual reviews the Asset Management Plan will continue to evolve and will align with the strategic priorities identified through Council priorities and the Strategic Plan.

ADVISORY COMMITTEE INPUT:

Advisory Committees Consulted:

Non Applicable

PUBLIC INPUT:

The Plan is posted publicly as part of the report process and in accordance with O. Reg. 588/17.

Asset Management information, including the 2025 Asset Management Plan project, was shared with the public during two public events on May 24, 2025, namely the Public Works Open House, and the National AccessAbility Week event at the City Hall.

INTERNAL / EXTERNAL CONSULTATION:

The 2025 Asset Management Plan was prepared in consultation with various service function areas including Engineering Services, Operations, Environmental Services, Recreation and Culture, Libraries, Technology Services, Facilities, Fire Services, Fleet, and Financial Services. This includes ongoing consultation with members of the City's Asset Management Steering Committee.

CONCLUSION:

The average condition of the City's infrastructure is "GOOD". The City's 2025 10-year Capital budget forecast is insufficient to maintain the current levels of service or to achieve the proposed levels of service. It should be noted that the total capital cost to achieve proposed levels of service across all service function areas, while accommodating for growth and increased service needs, is \$890 million, from 2025-2034. This equates to an annual average of \$89 million.

To minimize service interruptions, the City has adopted risk based integrated capital planning and prioritization of capital projects based on multiple criteria.

REPORT IMPACTS:

Agreement: **No**

By-law: **No**

Budget Amendment: **No**

Policy: **No**

APPROVALS:

This report has gone through the appropriate workflow and has been reviewed and or approved by the following as required:

Director

Deputy City Manager

Chief Financial Officer

City Solicitor

City Manager

ATTACHMENTS:

1. 25-010-IFS Appendix A – 2025 Asset Management Plan_Final