THE ASSET MANAGEMENT PLAN FOR THE TOWN OF KINGSVILLE

2013

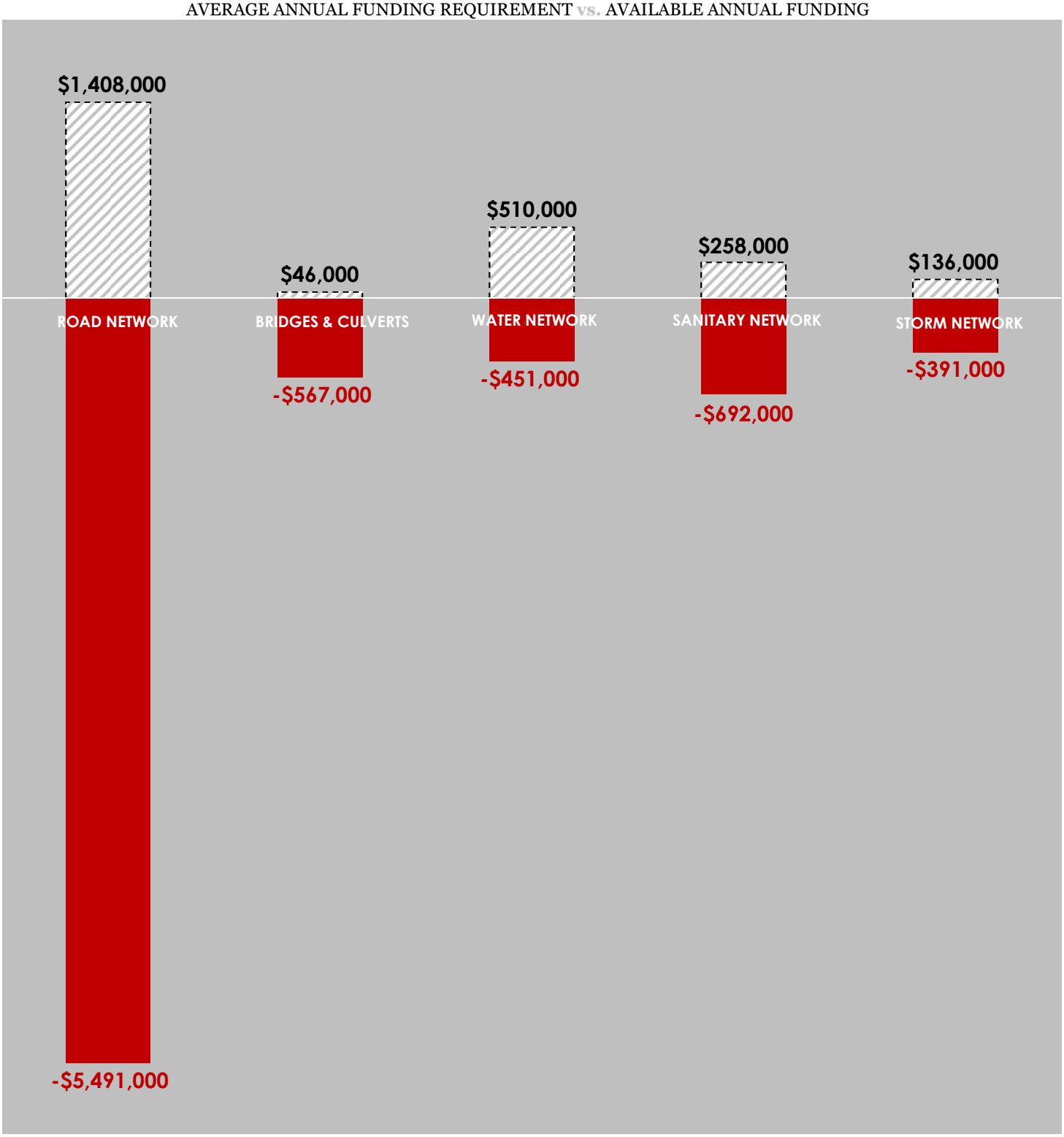
THE TOWN OF KINGSVILLE
2021 DIVISION ROAD NORTH
KINGSVILLE, ON N9Y 2Y9

SUBMITTED DECEMBER 2013
BY PUBLIC SECTOR DIGEST
148 FULLARTON STREET, SUITE 1410
LONDON, ONTARIO
N6A 5P3

State of the Infrastructure

Town of Kingsville

AVERAGE ANNUAL FUNDING REQUIREMENT vs. AVAILABLE ANNUAL FUNDING



Total Annual Deficit: $7,592,000

Annual Funding Available

Annual Funding Deficit

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December, 2013

Town of Kingsville
2021 Division Road North
Kingsville, ON N9Y 2Y9

Attention: Sandra Ingratta, Director of Corporate Services/Treasurer

We are pleased to submit the 2013 Asset Management Plan (AMP) for the Town of Kingsville. This AMP complies with the requirements as outlined within the provincial *Building Together Guide for Municipal Asset Management Plans.* It will serve as a strategic, tactical, and financial document, ensuring the management of the municipal infrastructure follows sound asset management practices and principles, while optimizing available resources and establishing desired levels of service. Given the broad and profound impact of asset management on the community, and the financial & administrative complexity involved in this ongoing process, we recommend that senior decision-makers from across the organization are actively involved in its implementation.

The performance of a community's infrastructure provides the foundation for its economic development, competitiveness, prosperity, reputation, and the overall quality of life for its residents. As such, we are appreciative of the Town's decision to entrust us with the strategic direction of its infrastructure and asset management planning, and are confident that this AMP will serve as a valuable tool.

Sincerely,
The Public Sector Digest Inc.

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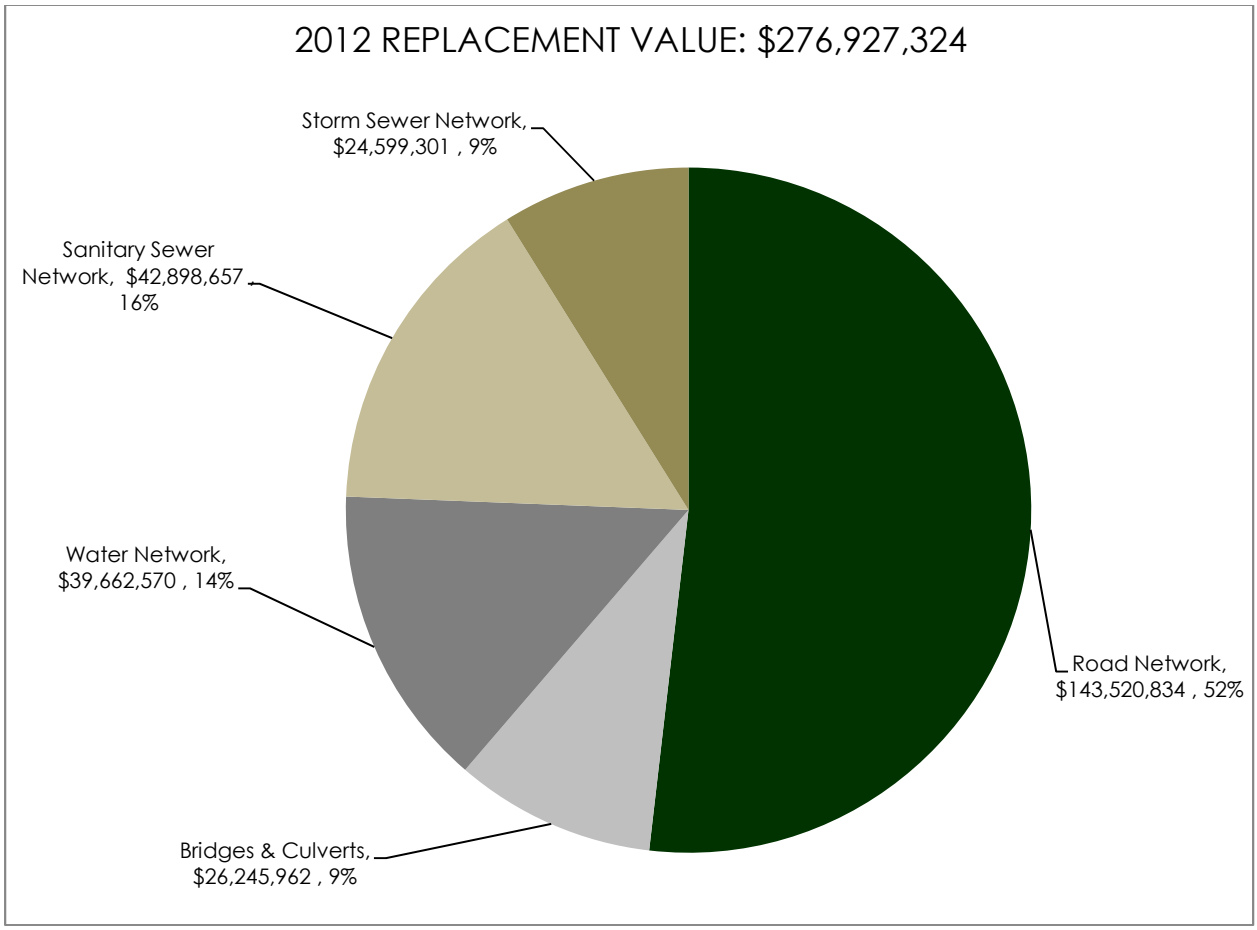
1.0 Executive Summary

The performance of a community's infrastructure provides the foundation for its economic development, competitiveness, prosperity, reputation, and the overall quality of life for its residents. Reliable and well-maintained infrastructure assets are essential for the delivery of critical core services for the citizens of a municipality.

A technically precise and financially rigorous asset management plan, diligently implemented, will mean that sufficient investments are made to ensure delivery of sustainable infrastructure services to current and future residents. The plan will also indicate the respective financial obligations required to maintain this delivery at established levels of service.

This Asset Management Plan (AMP) for the Town of Kingsville meets all requirements as outlined within the provincial *Building Together Guide for Municipal Asset Management Plans.* It will serve as a strategic, tactical, and financial document, ensuring the management of the municipal infrastructure follows sound asset management practices and principles, while optimizing available resources and establishing desired levels of service. Given the expansive financial and social impact of asset management on both a municipality, and its citizens, it is critical that senior decision-makers, including department heads as well as the chief executives, are strategically involved.

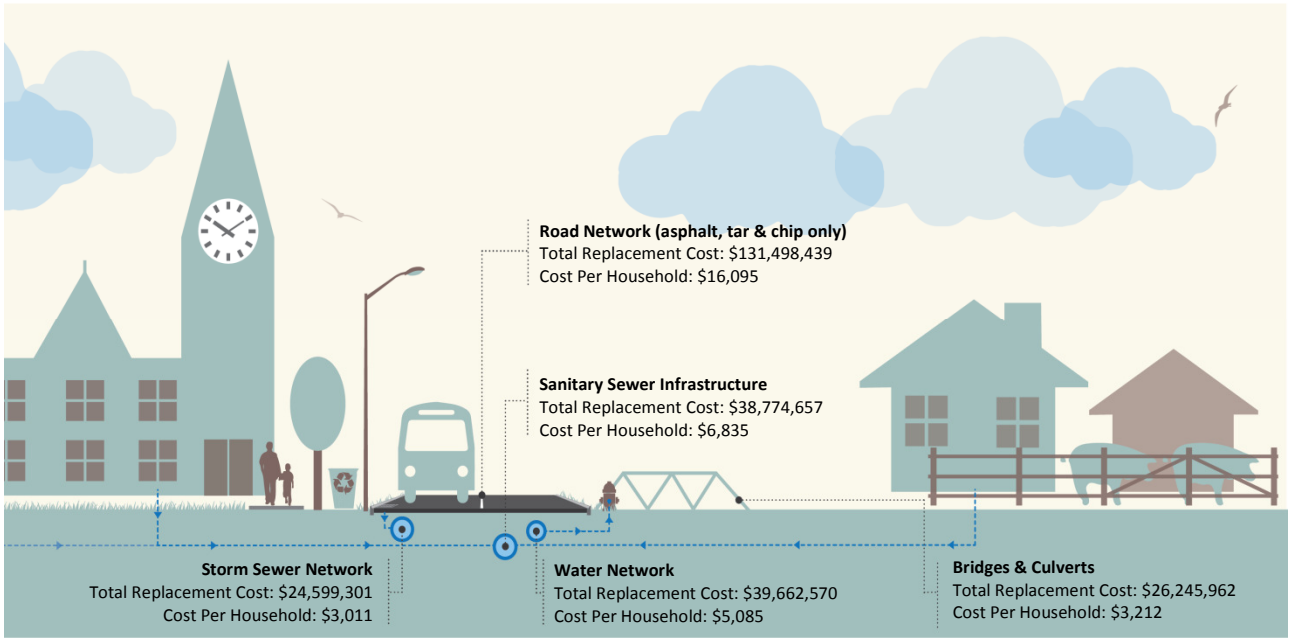
Measured in 2012 dollars, the replacement value of the asset categories analyzed totaled approximately **$276.9 million** for the Town of Kingsville.



While the municipality is responsible for the strategic direction, it is the taxpayer in Kingsville that ultimately bears the financial burden. As such, a 'cost per household' (CPH) analysis was conducted for each of the asset categories to determine the financial obligation of each household in sharing the replacement cost of the municipality's assets. Such a measurement can serve as an excellent communication tool for both the administration and the council in communicating the importance of asset management to the citizen. The diagram below illustrates the total CPH, as well as the CPH for individual asset categories. To simplify analysis, we have excluded appurtenances and segments with a minor financial value, where applicable.

Infrastructure Replacement Cost Per Household

Total: $34,239 per household



In assessing the municipality's state of the infrastructure, we examined, and graded, both the current condition (Condition vs. Performance) of the asset categories as well as the municipality's financial capacity to fund the asset's average annual requirement for sustainability (Funding vs. Need). We then generated the municipality's infrastructure report card. The municipality received a **cumulative GPA of** '**D**', with an **annual infrastructure deficit of $7.6 million**.

More than 70% of the town's bridges and culverts assets are in Poor to Critical condition, requiring urgent attention. As such, the town earned its only 'F' for Condition vs. Performance in the bridges & culverts assets. Despite its fair performance in all other categories, there are significant financial needs that must be met. For example, having 30% of its road network in Poor to Critical condition has generated nearly $25 million in needs over the next five years. In establishing field condition assessment programs, and from a risk perspective, the entire road network should be a priority for the municipality.

Similarly, bridges & culverts require nearly $10 million over the next five years. Structures are one of the highest liability assets a municipality owns. Therefore, a high priority should be to establish a condition assessment program. A full analysis of field condition will aid in prioritizing overall needs for rehabilitation and replacement and will assist with optimizing the long and short term budgets.

The majority of the town's water and sanitary mains are in Fair to Excellent condition. However, we recommend increasing the useful life of both sewer and water mains to be better aligned with industry standards of 80-100 years. Currently, based on accounting data, Kingsville's water mains are projected to

last 50 years and sewers to last 50 years. Increasing useful life projections will mitigate the financial demand associated with these asset categories.

In order for an AMP to be effectively put into action, it must be integrated with financial planning and long-term budgeting. We have developed scenarios that would enable the Town of Kingsville to achieve full funding within 5, 10, or 15 years for the following: tax funded assets, including road network (paved roads), bridges & culverts, storm sewer network, and; rate funded assets, including water network, and sanitary sewer network.

The average annual investment requirement for paved roads, bridges & culverts and storm sewers is $8,039,000. Annual revenue currently allocated to these assets is $1,590,000 leaving an annual deficit of $6,449,000. To put it another way, these infrastructure categories are currently funded at 20% of their long-term requirements.

Kingsville has annual tax revenues of $11,251,000 in 2013. Full funding would require an increase in tax revenue of 57.3% over time. We recommend a 15 year option which involves full funding being achieved over 15years by:

a) increasing tax revenues by 3.8% each year for the next 15 years solely for the purpose of phasing in full funding to the three asset categories covered by this AMP.
b) allocating the $1,026,000 of gas tax revenue to the paved roads category
c) increasing existing and future infrastructure budgets by the applicable inflation index on an annual basis in addition to the deficit phase-in.

The average annual investment requirement for sanitary and water services is $1,911,000. Annual revenue currently allocated to these assets for capital purposes is $768,000 leaving an annual deficit of $1,143,000. As a result, these infrastructure categories are currently funded at 40% of their long-term requirements.

In 2013, Kingsville has annual sanitary revenues of $1,603,000 and water revenues of $4,735,000. A move to full funding requires an increase to sanitary rates by 43.2% over time and water rates by 9.5% over time. We recommend a 10 year option that involves full funding being achieved over 10 years by:

a) increasing rate revenues by 4.3% for sanitary services and 1.0% for water services each year for the next 10 years solely for the purpose of phasing in full funding to the asset categories covered in this section of the AMP.
b) increasing existing and future infrastructure budgets by the applicable inflation index on an annual basis in addition to the deficit phase-in.

The revenue options available to Kingsville allow the town to fully fund its infrastructure requirements without further use of debt. However, as explained in sections 7.3.2, based on the recommended condition rating analysis, it may be challenging to meet investment requirements for tax based assets without the use of debt. Reserves can alleviate some of the financial pressure. They play a critical role in long-term financial planning. However, there is considerable debate in the municipal sector as to the appropriate level of reserves that a municipality should have on hand. There is no clear guideline that has gained wide acceptance. Unfortunately, due to the relatively low level of reserves available for the asset categories covered by this AMP, the scenarios developed in this report do not draw on the above reserves during the phase-in period to full funding.

2.0 Introduction

This Asset Management Plan meets all provincial requirements as outlined within the Ontario Building Together Guide for Municipal Asset Management Plans. As such, the following key sections and content are included:

1. Executive Summary and Introduction
2. State of the Current Infrastructure
3. Desired Levels of Service
4. Asset Management Strategy
5. Financial Strategy

The following asset classes are addressed:

1. **Road Network:** Paved, tar & chip, gravel
2. **Bridges & Culverts**: Bridges and large culverts with a span greater than 3m
3. **Water Network:** Water mains, hydrants, valves
4. **Sanitary Sewer Network:** Sanitary sewer mains, manholes
5. **Storm Sewer Network:** Storm sewer mains, catch basins, manholes

Municipalities are encouraged to cover all asset categories in future iterations of the AMP.

This asset management plan will serve as a strategic, tactical, and financial document ensuring the management of the municipal infrastructure follows sound asset management practices and principles, while optimizing available resources and establishing desired levels of service.

At a strategic level, within the State of the Current Infrastructure section, it will identify current and future challenges that should be addressed in order to maintain sustainable infrastructure services on a long-term, life cycle basis.

It will outline a Desired Level of Service (LOS) Framework for each asset category to assist the development and tracking of LOS through performance measures across strategic, financial, tactical, operational, and maintenance activities within the organization.

At a tactical level, within the Asset Management Strategy section, it will develop an implementation process to be applied to the needs-identification and prioritization of renewal, rehabilitation, and maintenance activities, resulting in a 10 year plan that will include growth projections.

At a financial level, within the Financial Strategy section, a strategy will be developed that fully integrates with other sections of this asset management plan, to ensure delivery and optimization of the 10 year infrastructure budget.

Through the development of this plan, all data, analysis, life cycle projections, and budget models will be provided through the Public Sector Digest's CityWide suite of software products. The software and plan will be synchronized, will evolve together, and therefore, will allow for ease of updates, and annual reporting of performance measures and overall results.

This will allow for continuous improvement of the plan and its projections. It is therefore recommended that the plan be revisited and updated on an annual basis, particularly as more detailed information becomes available.

2.1 Importance of Infrastructure

Municipalities throughout Ontario, large and small, own a diverse portfolio of infrastructure assets that in turn provide a varied number of services to their citizens. The infrastructure, in essence, is a conduit for the various public services the municipality provides, e.g.:

- the roads supply a transportation network service
- the water infrastructure supplies a clean drinking water service

A community's prosperity, economic development, competitiveness, image, and overall quality of life are inherently and explicitly tied to the performance of its infrastructure.

2.2 Asset Management Plan (AMP) - Relationship to Strategic Plan

The major benefit of strategic planning is the promotion of strategic thought and action. A strategic plan spells out where an organization wants to go, how it's going to get there, and helps decide how and where to allocate resources, ensuring alignment to the strategic priorities and objectives. It will help identify priorities and guide how municipal tax dollars and revenues are spent into the future.

The strategic plan usually includes a vision and mission statement, and key organizational priorities with alignment to objectives and action plans. Given the growing economic and political significance of infrastructure, the asset management plan will become a central component of most municipal strategic plans, influencing corporate priorities, objectives, and actions.

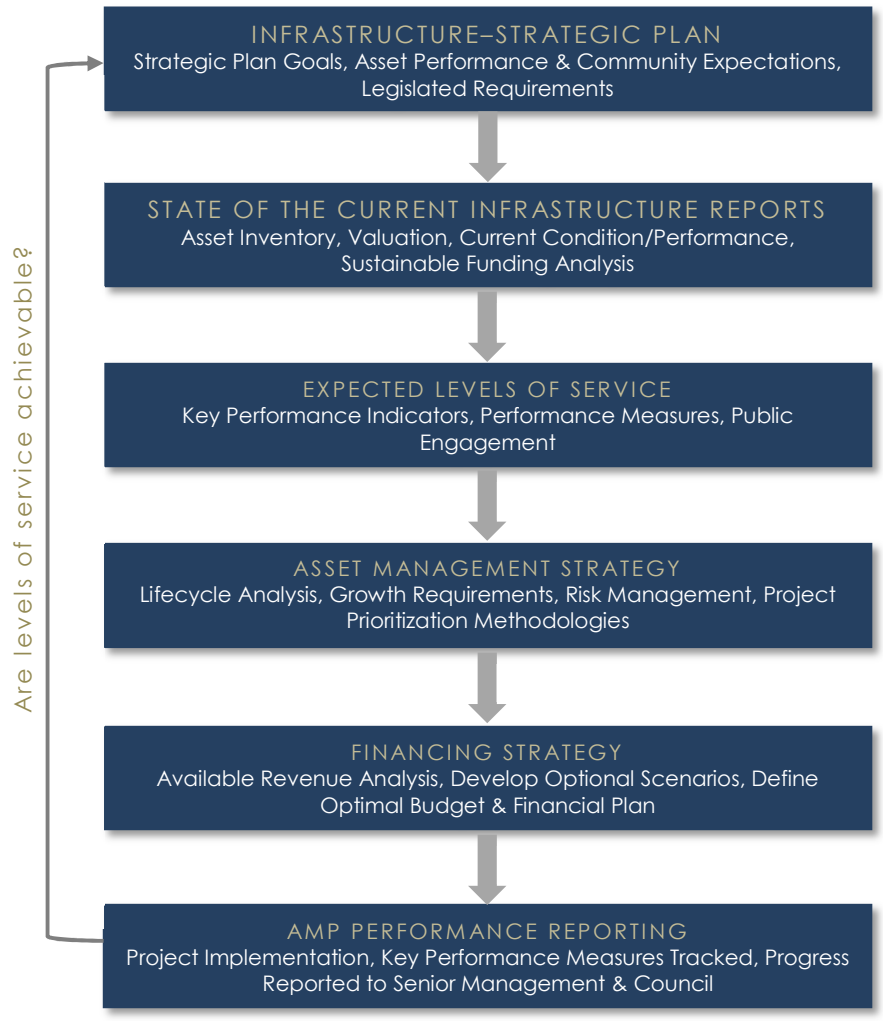
2.3 AMP - Relationship to other Plans

An asset management plan is a key component of the municipality's planning process linking with multiple other corporate plans and documents. For example:

- **The Official Plan** – The AMP should utilize and influence the land use policy directions for long-term growth and development as provided through the Official Plan.
- **Long Term Financial Plan** – The AMP should both utilize and conversely influence the financial forecasts within the long-term financial plan.
- **Capital Budget** – The decision framework and infrastructure needs identified in the AMP form the basis on which future capital budgets are prepared.
- **Infrastructure Master Plans** – The AMP will utilize goals and projections from infrastructure master plans and in turn will influence future master plan recommendations.
- **By-Laws, standards, and policies** – The AMP will influence and utilize policies and by-laws related to infrastructure management practices and standards.
- **Regulations** – The AMP must recognize and abide by industry and senior government regulations.
- **Business Plans** – The service levels, policies, processes, and budgets defined in the AMP are incorporated into business plans as activity budgets, management strategies, and performance measures.

2.4 Purpose and Methodology

The following diagram depicts the approach and methodology, including the key components and links between those components that embody this asset management plan:



It can be seen from the above that a municipality's infrastructure planning starts at the corporate level with ties to the strategic plan, alignment to the community's expectations, and compliance with industry and government regulations.

Then, through the State of the Current Infrastructure analysis' overall asset inventory, valuation, condition and performance are reported. In this initial AMP, due to a lack of current condition data, present performance and condition are estimated by using the current age of the asset in comparison to its overall useful design life. In future updates to this AMP, accuracy of reporting will be significantly increased through the use of holistically captured condition data. Also, a life cycle analysis of needs for each infrastructure class is conducted. This analysis yields the sustainable funding level, compared against actual current funding levels, and determines whether there is a funding surplus or deficit for each infrastructure program. The overall measure of condition and available funding is finally scored for each asset class and presented as a star rating (similar to the hotel star rating) and a letter grade (A-F) within the Infrastructure Report card.

From the lifecycle analysis above, the municipality gains an understanding of the level of service provided today for each infrastructure class and the projected level of service for the future. The next section of the

AMP provides a framework for a municipality to develop a Desired Level of Service (or target service level) and develop performance measures to track the year-to-year progress towards this established target level of service.

The Asset Management Strategy then provides a detailed analysis for each infrastructure class. Included in this analysis are best practices and methodologies from within the industry which can guide the overall management of the infrastructure in order to achieve the desired level of service. This section also provides an overview of condition assessment techniques for each asset class; life cycle interventions required, including those interventions that yield the best return on investment; and prioritization techniques, including risk quantification, to determine which priority projects should move forward into the budget first.

The Financing Strategy then fully integrates with the asset management strategy and asset management plan, and provides a financial analysis that optimizes the 10 year infrastructure budget. All revenue sources available are reviewed, such as the tax levy, debt allocations, rates, reserves, grants, gas tax, development charges, etc., and necessary budget allocations are analysed to inform and deliver the infrastructure programs.

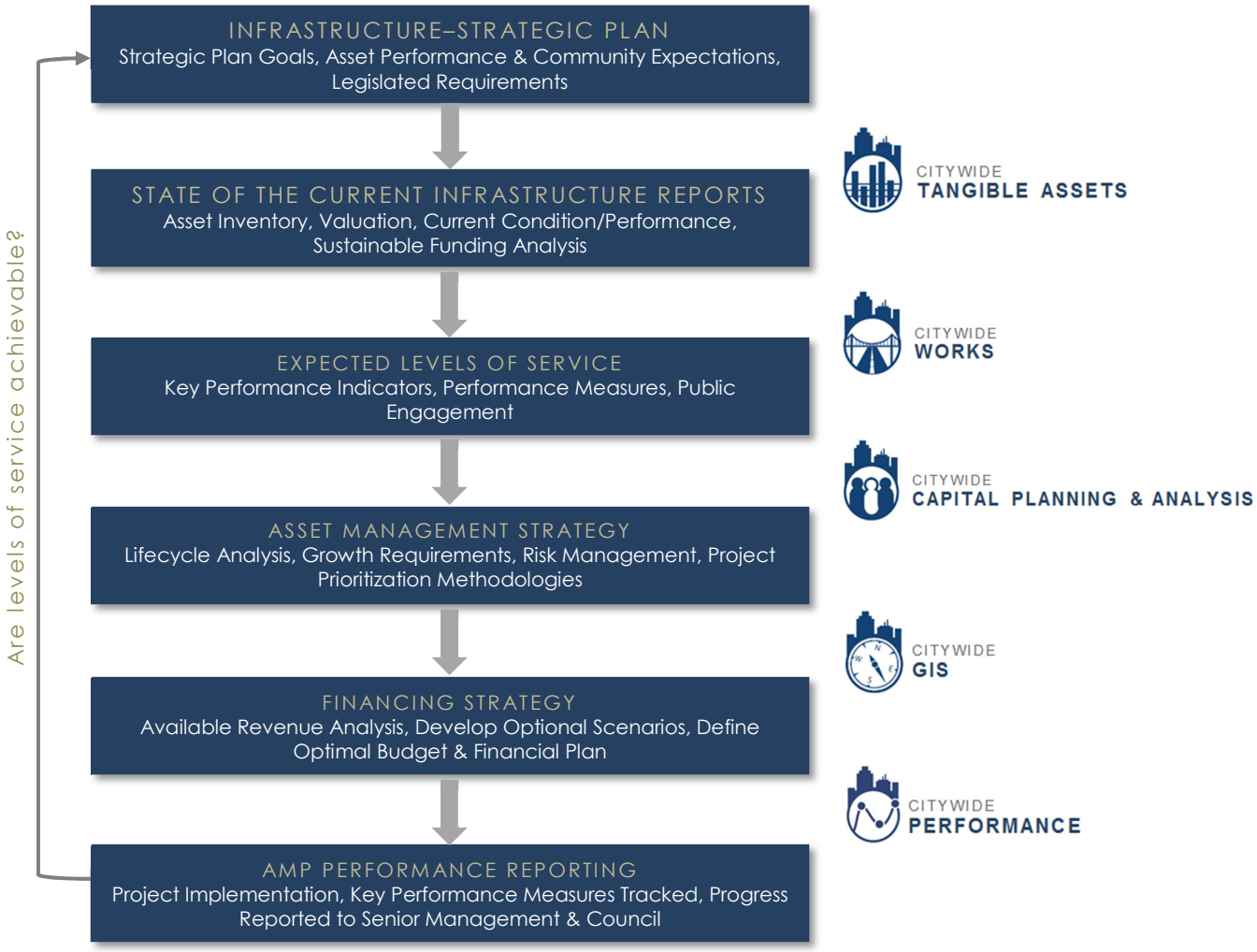
Finally, in subsequent updates to this AMP, actual project implementation will be reviewed and measured through the established performance metrics to quantify whether the desired level of service is achieved or achievable for each infrastructure class. If shortfalls in performance are observed, these will be discussed and alternate financial models or service level target adjustments will be presented.

2.5 CityWide Software alignment with AMP

The plan will be built and developed hand in hand with a database of municipal infrastructure information in the CityWide software suite of products. The software will ultimately contain the municipality's asset base, valuation information, life cycle activity predictions, costs for activities, sustainability analysis, project prioritization parameters, key performance indicators and targets, 10 year asset management strategy, and the financial plan to deliver the required infrastructure budget.

The software and plan will be synchronized, and will evolve together year-to-year as more detailed information becomes available. This synchronization will allow for ease of updates, modeling and scenario building, and annual reporting of performance measures and results. This will allow for continuous improvement of the plan and its projections. It is therefore recommended that it is revisited and updated on an annual basis.

The following diagram outlines the various CityWide software products and how they align to the various components of the AMP.



3.0 Approach and Methodology

3.1 Objective and Scope

Objective: To identify the state of the municipality's infrastructure today and the projected state in the future if current funding levels and management practices remain status quo.

The analysis and subsequent communication tools will outline future asset requirements, will start the development of tactical implementation plans, and ultimately assist the organization to provide cost effective sustainable services to the current and future community.

The approach was based on the following key industry "State of the Infrastructure documents":

- Canadian Infrastructure Report Card
- City of Hamilton's State of the Infrastructure reports
- Other Ontario Municipal State of the Infrastructure reports

The above reports are themselves based on established principles found within key, industry best practices documents such as:

- The National Guide for Sustainable Municipal Infrastructure (Canada)
- The International Infrastructure Management Manual (Australia / New Zealand)
- American Society of Civil Engineering Manuals (U.S.A)

Scope: Within this State of the Infrastructure report a high level review will be undertaken for the following asset categories:

1. **Road Network:** Paved, tar & chip, gravel
2. **Bridges & Culverts**: Bridges and large culverts with a span greater than 3m
3. **Water Network:** Water mains, hydrants, valves
4. **Sanitary Sewer Network:** Sanitary sewer mains, manholes
5. **Storm Sewer Network:** Storm sewer mains, catch basins, manholes

3.2 Approach

The asset categories above were reviewed at a very high level due to the nature of data and information available. Subsequent detailed reviews of this analysis are recommended on an annual basis, as more detailed conditions assessment information becomes available for each infrastructure program.

3.2.1 Base Data

In order to understand the full inventory of infrastructure assets within the Town of Kingsville, all tangible capital asset data, as collected to meet the PSAB 3150 accounting standard, was loaded into the CityWide Tangible Asset™ software module. This data base now provides a detailed and summarized inventory of assets as used throughout the analysis within this report and the entire Asset Management Plan.

3.2.2 Asset Deterioration Review

Without detailed condition assessment, information captured holistically across entire asset networks (e.g., the entire road network), the deterioration review will rely on the 'straight line' amortization schedule approach provided from the accounting data. Although this approach is not as accurate for entire life cycle analysis as the use of detailed condition data, it does provide a reliable benchmark of future requirements. Each asset is analyzed individually. Therefore, while there may be inaccuracies in the data associated with any given asset, these imprecisions are minimized at the aggregate over entire asset

categories. It is a sound approach for a high level review. Please note for the road infrastructure, some condition data was available for a portion of the network and was therefore used as part of the analysis.

3.2.3 Identify Sustainable Investment Requirements

A gap analysis was performed to identify sustainable investment requirements for each asset category. Information on current spending levels and budgets was acquired from the organization, future investment requirements were calculated, and the gap between the two was identified.

The above analysis is performed by using investment and financial planning models, and life cycle costing analysis, embedded within the CityWide software suite of applications.

3.2.4 Asset Rating Criteria

Each asset category will be rated on two key dimensions:

- **Condition vs. Performance**: What is the condition of the asset today and how well does it perform its function?
- **Funding vs. Need**: Based on the actual investment requirements to ensure replacement of the asset at the right time, versus current spending levels for each asset group.

3.2.5 Infrastructure Report Card

The dimensions above will be based on a simple 1 – 5 star rating system, which will be converted into a letter grading system ranging from A-F. An average of the two ratings will be used to calculate one overall blended rating for each asset category. The outputs for all municipal assets will be consolidated within the CityWide software to produce one overall Infrastructure Report Card showing the current state of the assets and future projections for the Infrastructure.

Grading Scale: Condition vs. Performance

What is the condition of the asset today and how well does it perform its function?

Star Rating	Letter Grade	Color Indicator	Description
★★★★★	A		**Excellent**: No noticeable defects
★★★★	B		**Good**: minor deterioration
★★★	C		**Fair**: Deterioration evident, function is affected.
★★	D		**Poor**: Serious deterioration. Function is inadequate.
★	F		**Critical**: No longer functional. General or complete failure.

Grading Scale: Funding vs. Need

Based on the actual investment requirements to ensure replacement of the asset at the right time, versus current spending levels for each asset group.

Star Rating	Letter Grade	Description
★★★★★	A	Excellent: 91 to 100% of need
★★★★	B	Good: 76 to 90% of need
★★★	C	Fair: 61 to 75% of need
★★	D	Poor: 46 – 60% of need
★	F	Critical: under 45% of need

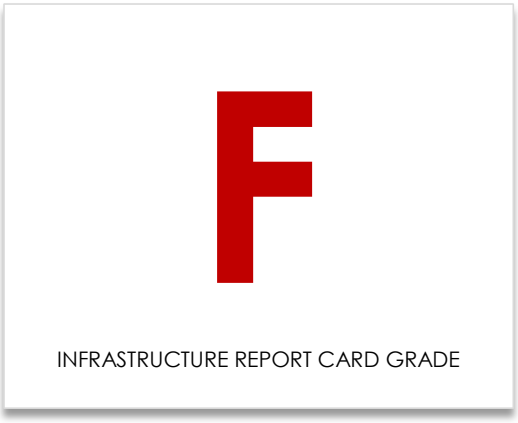
3.2.6 General Methodology and Reporting Approach

The report will be based on the seven key questions of asset management as outlined within the National Guide for Sustainable Municipal Infrastructure:

- What do you own and where is it? (inventory)
- What is it worth? (valuation / replacement cost)
- What is its condition / remaining service life? (function & performance)
- What needs to be done? (maintain, rehabilitate, replace)
- When do you need to do it? (useful life analysis)
- How much will it cost? (investment requirements)
- How do you ensure sustainability? (long-term financial plan)

The above questions will be answered for each individual asset category in the following report sections.

3.3 Road Network



3.3 Road Network

Note: The financial analysis in this section includes paved and tar and chip roads. Gravel roads are excluded from the capital replacement analysis, as by nature, they require perpetual maintenance activities and funding. However, the gravel roads have been included in the Road Network inventory and replacement value tables.

3.3.1 What do we own?

As shown in the summary table below, the entire network comprises approximately 242 centreline km of road.

Road Network Inventory

Asset Type	Asset Component	Quantity/Units
Road Network	Gravel	39,155m
	Asphalt	83,694m
	Tar & Chip	119,589m
	Sidewalks	28,532m
	Street Lights	1,324

The road network data was extracted from the Tangible Capital Asset and G.I.S. modules of the CityWide software suite.

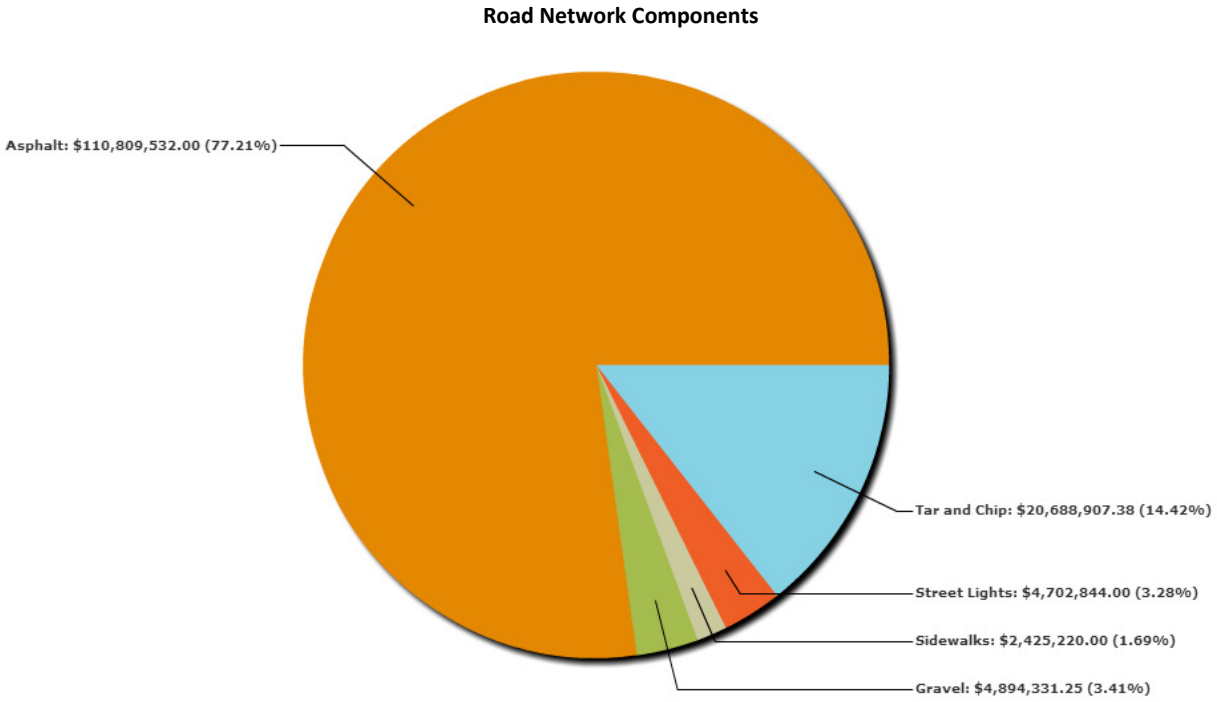
3.3.2 What is it worth?

The estimated replacement value of the road network, in 2012 dollars, is approximately $143.5 million. For the purpose of further analysis, we use a replacement cost of $131,498,439 (excludes gravel roads and appurtenances with a minor financial value). The cost per household for the road network is $16,095 based on 8,170 households.

Road Network Replacement Value

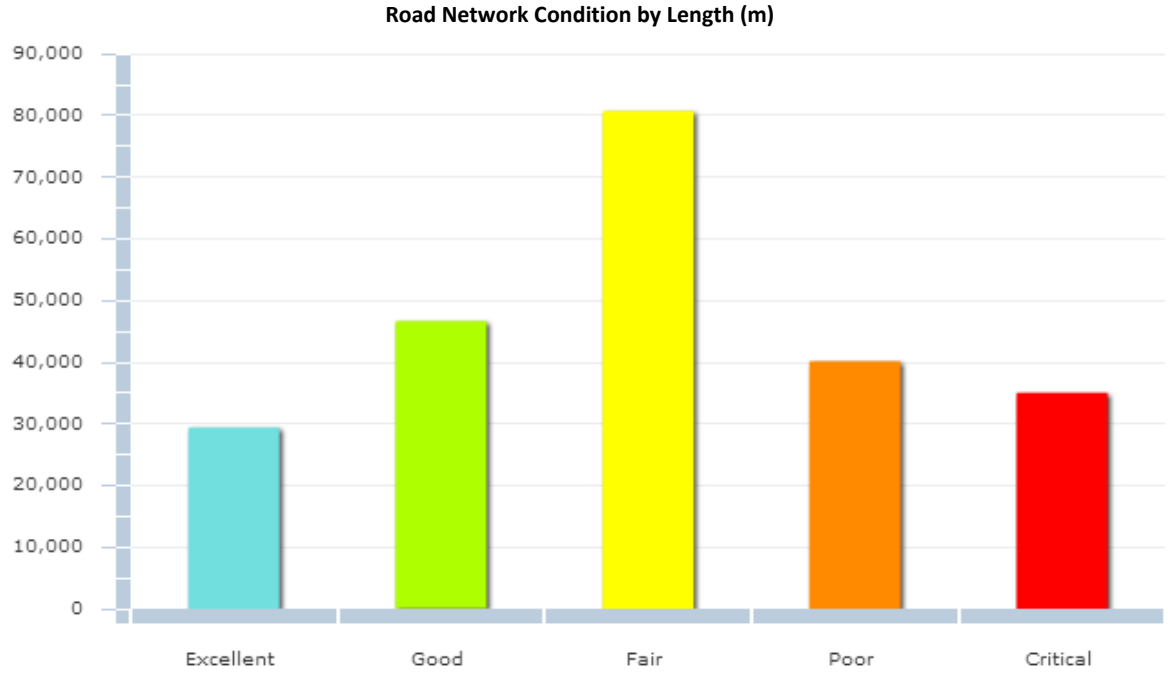
Asset Type	Asset Component	Quantity/Units	2012 Unit Replacement Cost	2012 Overall Replacement Cost
Road Network	Gravel	39,155	$125/m	$4,894,331
	Asphalt	83,693	$1324/m	$110,809,532
	Tar & Chip	119,589	$173/m	$20,688,907
	Sidewalks	28,532	$85/m	$2,425,220
	Street Lights	1,324	$3,500	$4,702,844
				$143,520,834

The pie chart below provides a breakdown of each of the network components to the overall system value.



3.3.3 What condition is it in?

The majority, 72%, of the municipality's road network is in Fair to Excellent condition, with the remaining in Poor to Critical condition. As such, the municipality received a Condition vs. Performance rating of 'C' based on a weighted star rating of 3.1 stars.



3.3.4 What do we need to do to it?

There are generally four distinct phases in an asset's life cycle that require specific types of attention and lifecycle activity. These are presented at a high level for the road network below. Further detail is provided in the "Asset Management Strategy" section of this AMP.

Addressing Asset Needs

Phase	Lifecycle Activity	Asset Life Stage
Minor maintenance	Activities such as inspections, monitoring, sweeping, winter control, etc.	1st Qtr
Major maintenance	Activities such as repairing pot holes, grinding out roadway rutting, and patching sections of road.	2nd Qtr
Rehabilitation	Rehabilitation activities such as asphalt overlays, mill and paves, etc.	3rd Qtr
Replacement	Full road reconstruction	4th Qtr

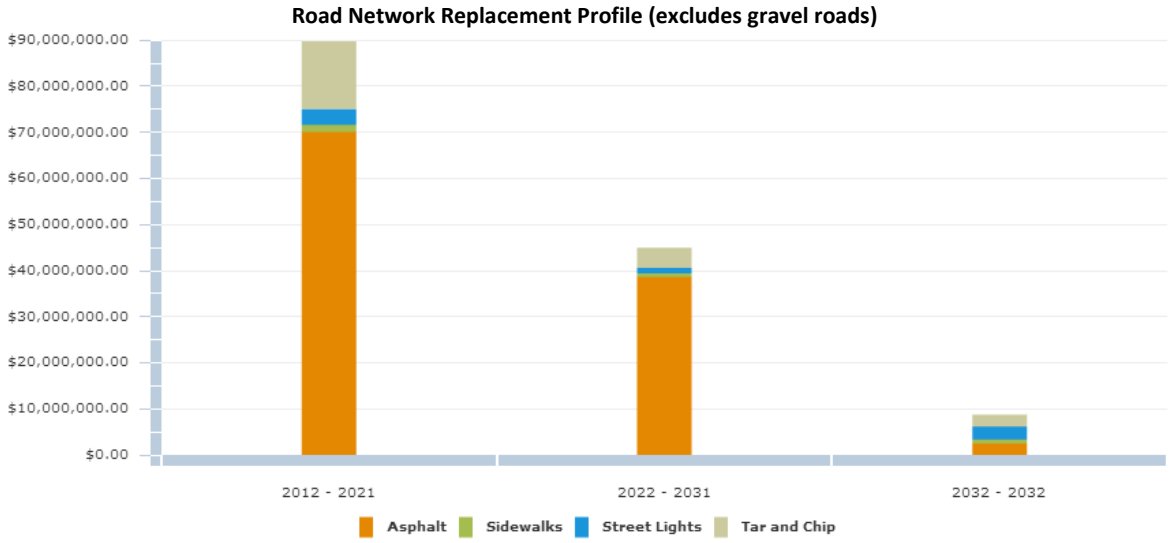
3.3.5 When do we need to do it?

For the purpose of this report, 'useful life' data for each asset class was obtained from the accounting data within the CityWide software database. This proposed useful life is used to determine replacement needs of individual assets. These needs are calculated and quantified in the system as part of the overall financial requirements.

Asset Useful Life in Years

Asset Type	Asset Component	Useful Life in Years
Road Network	Gravel	20
	Asphalt	20
	Tar & Chip	20
	Sidewalks	20
	Street Lights	20

As additional field condition information becomes available, the data can be loaded into the CityWide system to increase the accuracy of current asset age and, therefore, that of future replacement requirements. The following graph shows the projection of road network replacement costs based on the age of the asset only.



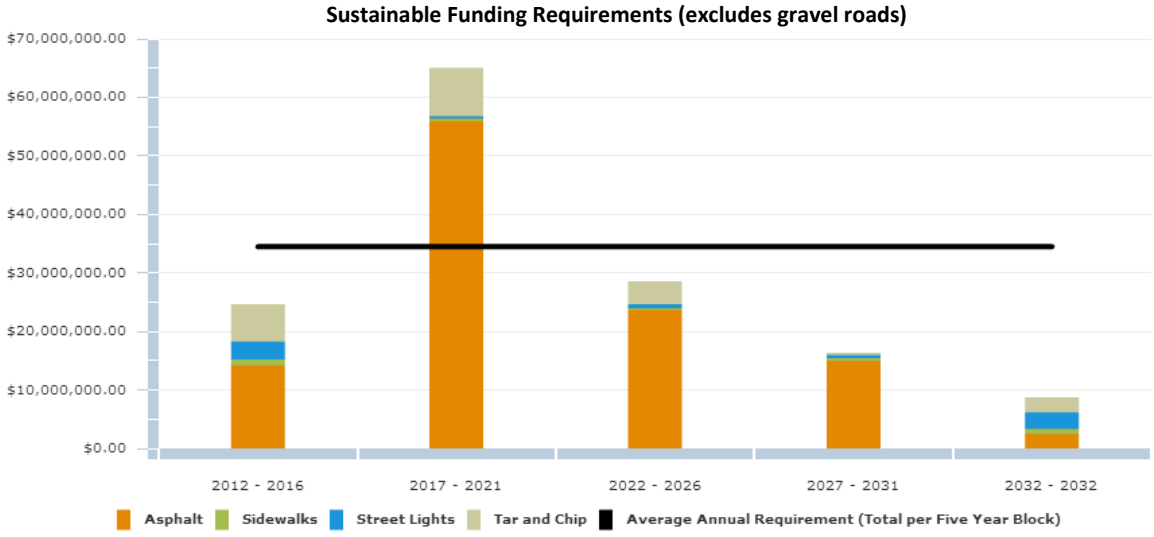
3.3.6 How much money do we need?

The analysis completed to determine capital revenue requirements was based on the following constraints and assumptions:

1. Replacement costs are based upon the unit costs identified within the "What is it worth" section.
2. The timing for individual road replacement was defined by the replacement year as described in the "When do you need to do it?" section.
3. All values are presented in (2012) dollars.
4. The analysis was run for a 50 year period to ensure all assets went through at least one iteration of replacement, therefore providing a sustainable projection.

3.3.7 How do we reach sustainability?

Based upon the above parameters, the average annual revenue required to sustain Kingsville's paved road network is approximately **$6,899,000**. Based on Kingsville's current annual funding of **$1,408,000**, there is an annual **deficit of $5,491,000**. Given this deficit, the municipality received a Needs vs. Funding rating of 'F' based on a weighted star rating of 0 stars. The following graph illustrates the expenditure requirements in five year increments against the sustainable funding threshold line.



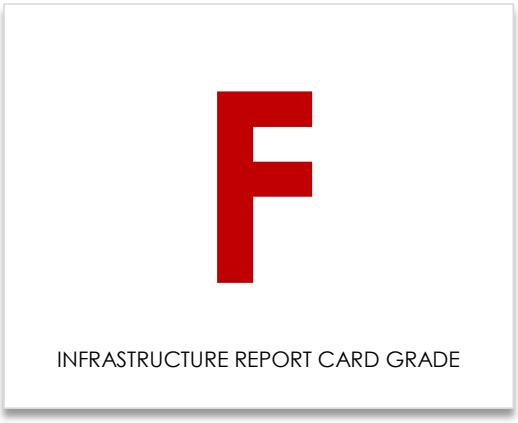
In conclusion, based on a mix of age and condition data, there is a significant portion of the road network in excellent, good and fair condition, however approximately 30% is in poor or critical condition generating needs that must be addressed totaling approximately $24.6 Million in the next 5 years. In establishing field condition assessment programs, and from a risk perspective, the entire road network should be a priority for the municipality. A condition assessment program will aid in prioritizing overall needs for rehabilitation and replacement and will assist with optimizing the long and short term budgets. Further detail is outlined within the "asset management strategy" section of this AMP.

3.3.8 Recommendations

The municipality received an overall rating of 'F' for its road network, calculated from the Condition vs. Performance and the Needs vs. Funding ratings. Accordingly, we recommend the following:

- A more comprehensive condition assessment program should be established for the entire paved road network to gain a better understanding of current condition and performance as outlined further within the "Asset Management Strategy" section of this AMP.
- As approximately 16% of the town's road network is gravel roads, a detailed study should be undertaken to assess the overall maintenance costs of gravel roads and whether there is benefit to converting some gravel roads to paved , or surface treated roads, thereby reducing future costs. This is further outlined within the "Asset Management Strategy" section of this AMP.
- The useful life projections used by the municipality should be reviewed for consistency with industry standards.
- Once the above studies are complete or underway, the condition data should be loaded into the CityWide software and an updated "current state of the infrastructure" analysis should be generated.
- An appropriate % of asset replacement value should be used for operations and maintenance activities on an annual basis. This should be determined through a detailed analysis of O & M activities and be added to future AMP reporting.
- The Infrastructure Report Card should be updated on an annual basis.

3.4 Bridges & Culverts



3.4 Bridges & Culverts

3.4.1 What do we own?

As shown in the summary table below, the town owns 70 bridges and 29 large culverts.

Bridges & Culverts Inventory		
Asset Type	Asset Component	Quantity/Units
Bridges & Culverts	Bridges	70
	Culverts	29

The bridges & culverts data was extracted from the Tangible Capital Asset and G.I.S. modules of the CityWide software suite.

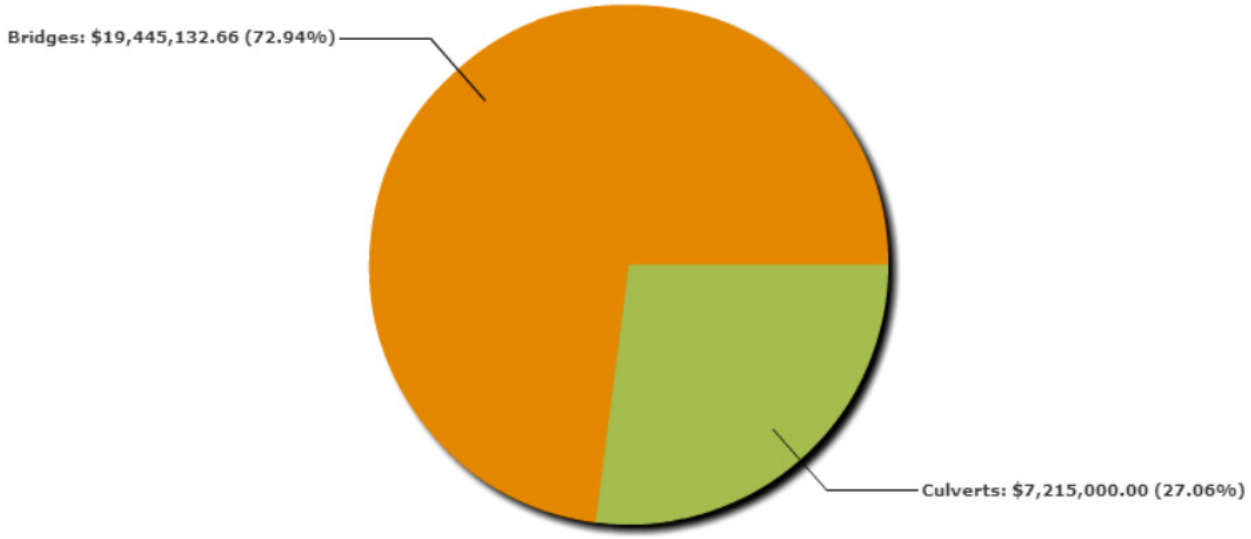
3.4.2 What is it worth?

The estimated replacement value of the town's bridges & culverts, in 2012 dollars, is approximately $26.2 million. The cost per household for bridges & culverts is $3,212 based on 8,170 households.

Bridges & Culverts Replacement Value				
Asset Type	Asset Component	Quantity/Units	2012 Unit Replacement Cost	2012 Replacement Cost
Bridges & Culverts	Bridges	70	User Defined	$19,445,133
	Culverts	29	User Defined	$6,800,829
				$26,245,962

The pie chart below provides a breakdown of each of the bridges & culverts components to the overall structures value.

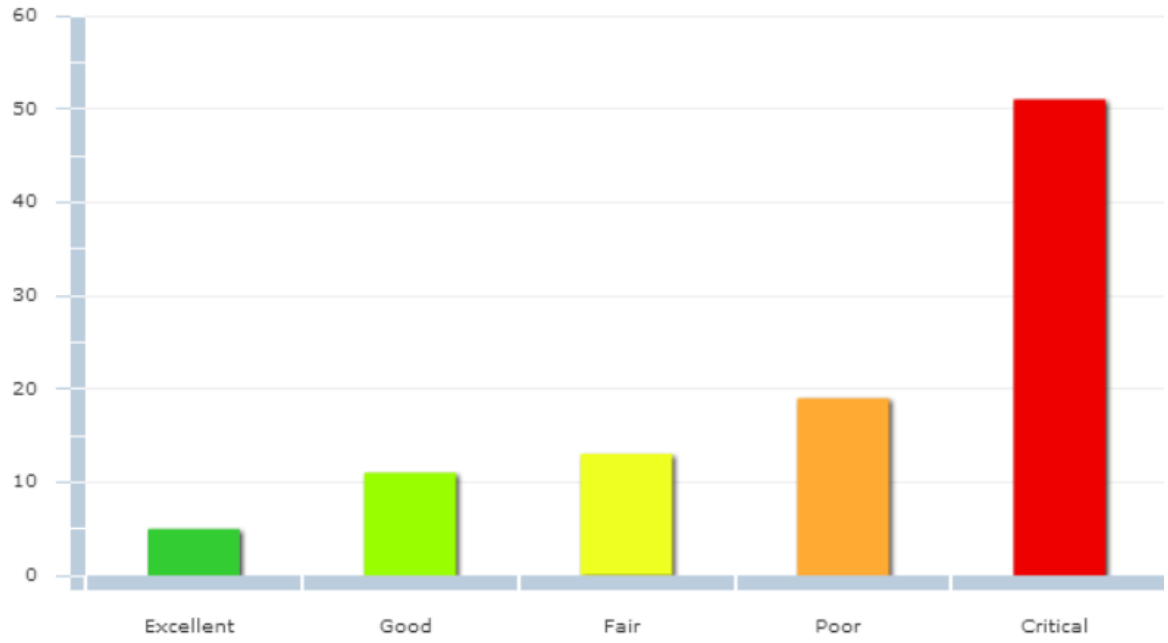
Bridges & Culverts Components



3.4.3 What condition is it in?

The vast majority, 71%, of the municipality's bridges & culverts are in Poor to Critical condition, with the remaining in Fair to Excellent. As such, the municipality received a Condition vs. Performance rating of 'F' based on a weighted star rating of 2 stars.

Bridges and Culverts Condition by Quantity



3.4.4 What do we need to do to it?

There are generally four distinct phases in an asset's life cycle. These are presented at a high level for the bridge and culvert structures below. Further detail is provided in the "Asset Management Strategy" section of this AMP.

Addressing Asset Needs

Phase	Lifecycle Activity	Asset Life Stage
Minor Maintenance	activities such as inspections, monitoring, sweeping, winter control, etc.	1st Qtr
Major Maintenance	activities such as repairs to cracked or spalled concrete, damaged expansion joints, bent or damaged railings, etc.	2nd Qtr
Rehabilitation	rehabilitation events such as structural reinforcement of structural elements, deck replacements, etc.	3rd Qtr
Replacement	full structure reconstruction	4th Qtr

3.4.5 When do we need to do it?

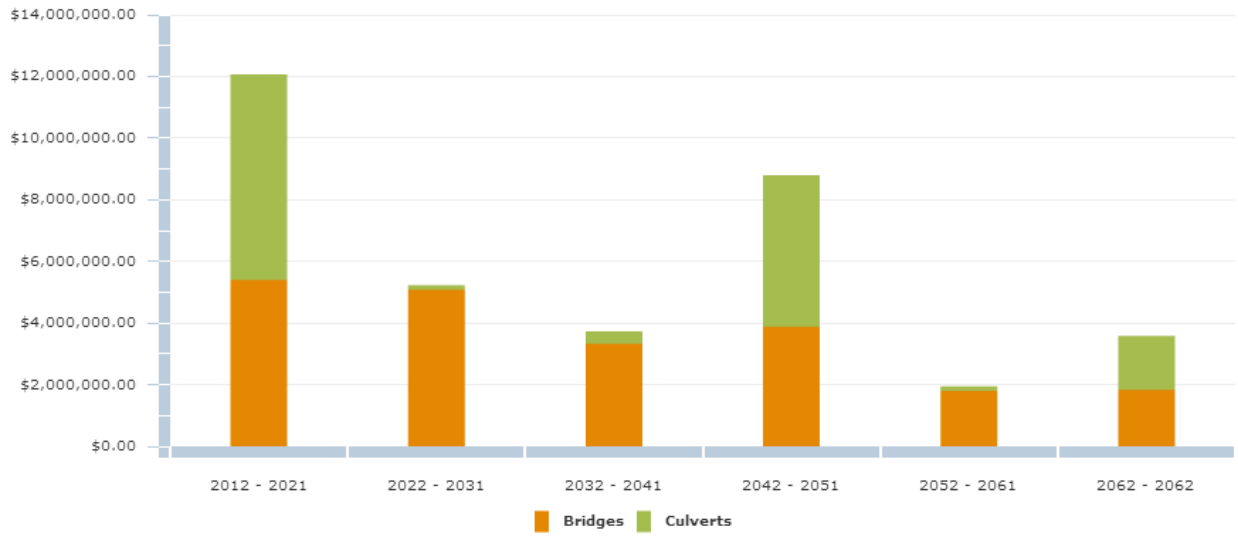
For the purpose of this report, 'useful life' data for each asset class was obtained from the accounting data within the CityWide software database. This proposed useful life is used to determine replacement needs of individual assets, which are calculated in the system as part of the overall financial requirements.

Asset Useful Life in Years

Asset Type	Asset Component	Useful Life in Years
Bridges & Culverts	Bridges	50
	Culverts	30

As field condition information becomes available in time, the data should be loaded into the CityWide system in order to have an increasingly more accurate picture of current asset age and, therefore, future replacement requirements. The following graph shows the current projection of structure replacements based on the age of the asset only.

Structures Replacement Profile



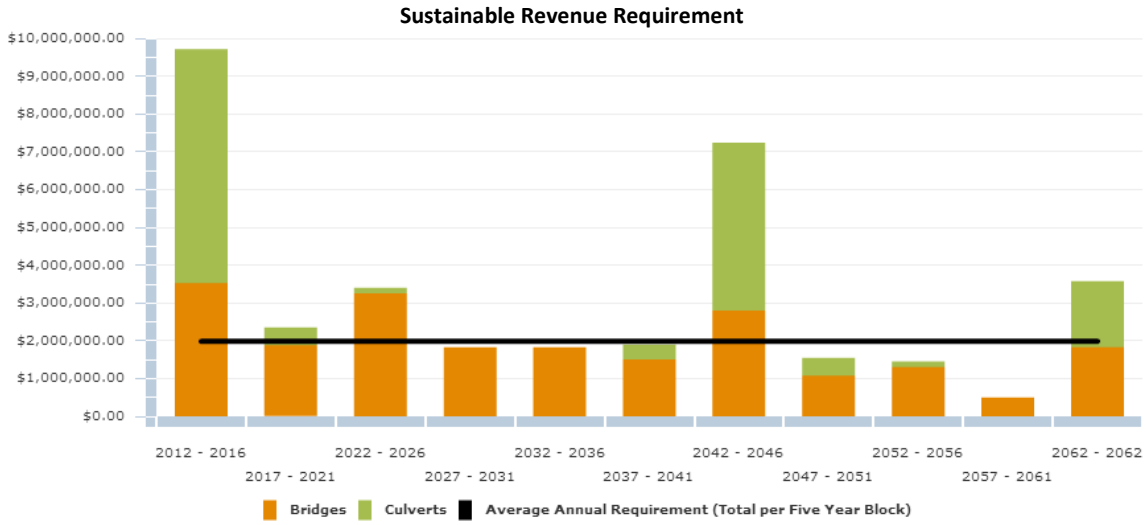
3.4.6 How much money do we need?

The analysis completed to determine capital revenue requirements was based on the following constraints and assumptions:

1. Replacement costs are based upon the "What is it worth" section above.
2. The timing for individual structure replacement was defined by the replacement year as described in the "When do you need to do it?" section above.
3. All values are presented in 2012 dollars.
4. The analysis was run for an 80 year period to ensure all assets cycled through at least one iteration of replacement, therefore providing a sustainable projection.

3.4.7 How do we reach sustainability?

Based upon the above assumptions, the average annual revenue required to sustain Kingsville's bridges & culverts is **$613,000**. Based on Kingsville's current annual funding of **$46,000**, there is an annual **deficit of $567,000**. The municipality received a Needs vs. Funding rating of 'F' based on a weighted star rating of 0 stars. The following graph presents five year blocks of expenditure requirements against the sustainable funding threshold line.



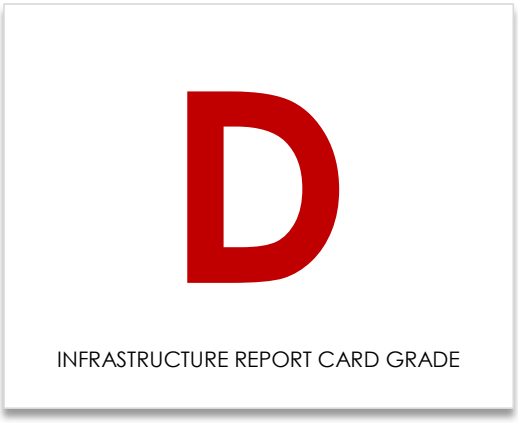
In conclusion, based on the age data only, there is a noticeable percentage of bridges and large structures in poor and critical condition. There are significant needs to be addressed within the next 5 years totaling approximately $9.7 million. Structures are one of the highest liability assets a municipality owns. Therefore, a high priority should be to establish a condition assessment program and/or enter completed condition results into the CityWide software for further analysis. A full analysis of field condition will aid in prioritizing overall needs for rehabilitation and replacement and will assist with optimizing the long and short term budgets. Further detail is outlined within the "asset management strategy" section of this AMP.

3.4.8 Recommendations

The municipality received an overall rating of 'F' for its bridges & culverts, calculated from the Condition vs. Performance and the Needs vs. Funding ratings. Accordingly, we recommend the following:

- As a result of the condition assessment policy and the subsequent OSIM inspections, condition data should be loaded into the CityWide software and an updated 'current state of the infrastructure' analysis should be generated.
- An appropriate % of asset replacement value should be used for operations and maintenance activities on an annual basis. This should be determined through a detailed analysis of O & M activities and added to future AMP reporting.
- The Infrastructure Report Card should be updated on an annual basis.

3.5 Water Network



3.5 Water Infrastructure

3.5.1 What do we own?

Kingsville is responsible for the following water network inventory which includes approximately 260km of water mains:

Water Network Inventory

Asset Type	Asset Component	Quantity/Units
Water Network	Mains - Local (50mm)	3,215.26m
	Mains - Local (100mm)	44,754.10m
	Mains - Local (150mm)	127,059.73m
	Mains - Local (200mm)	28,618.67m
	Mains - Local (250mm)	21,042.95m
	Mains - Local (300mm)	10,560.40m
	Hydrants	957
	Valves	1,496

The water network data was extracted from the Tangible Capital Asset and G.I.S. modules of the CityWide software suite.

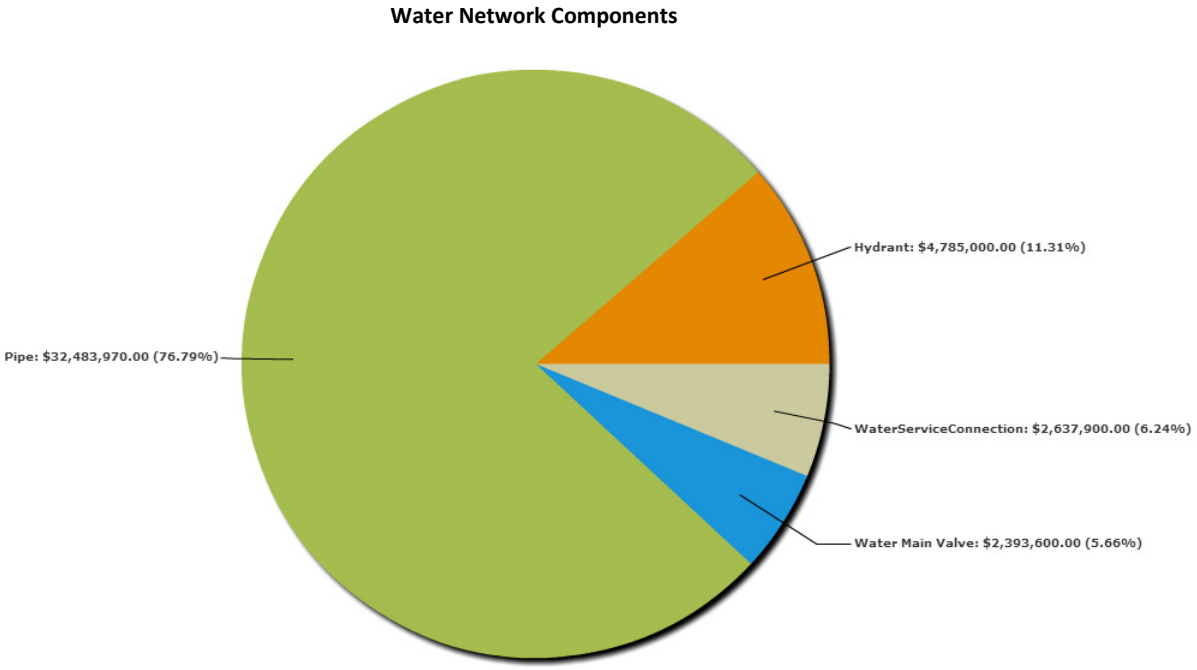
3.5.2 What is it worth?

The estimated replacement value of the water network, in 2012 dollars, is approximately $39.7 million. The cost per household for the water network is $5,085 based on 7,800 households.

Water Network Replacement Value

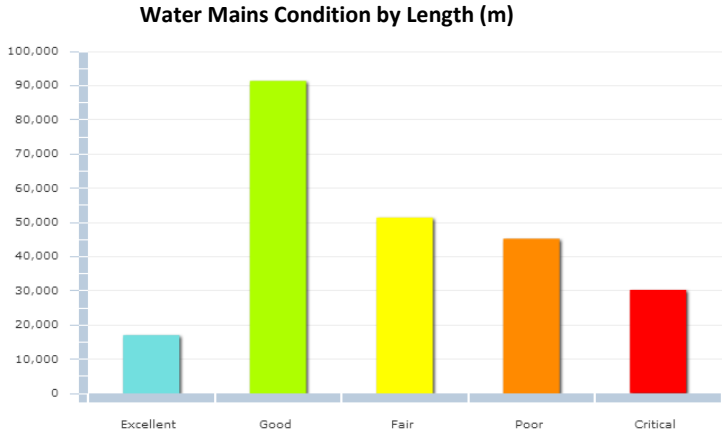
Asset Type	Asset Component	Quantity	2012 Unit Replacement Cost	2012 Overall Replacement Cost
Water Network	Mains - Local (50mm)	3,215.26m	$120/m	$385,831.20
	Mains - Local (100mm)	44,754.10m	$120/m	$5,370,492
	Mains - Local (150mm)	127,059.73m	$120/m	$15,247,167.60
	Mains - Local (200mm)	28,618.67m	$160/m	$4,578,987.20
	Mains - Local (250mm)	21,042.95m	$200/m	$4,208,590
	Mains - Local (300mm)	10,560.40m	$255/m	$2,692,902
	Hydrants	957	$5,000	$4,785,000
	Valves	1,496	$1,600	$2,393,600
				$39,662,570

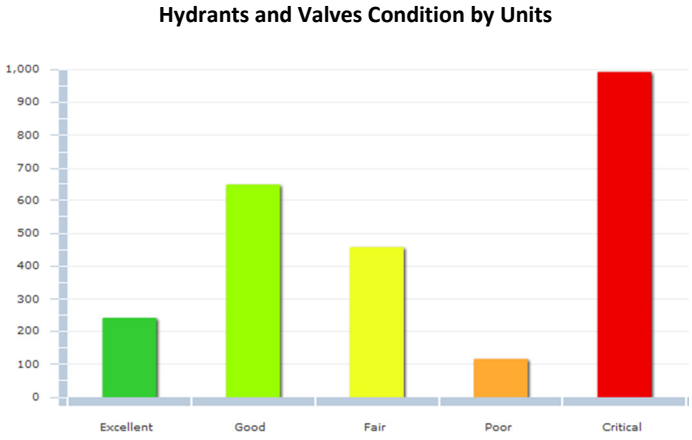
The pie chart below provides a breakdown of each of the network components to the overall system value.



3.5.3 What condition is it in?

Approximately 2/3 of the municipality's water mains are in Fair to Excellent condition, with the remaining in Poor to Critical condition. Further, 55% of the hydrants and valves are in Fair to Excellent condition, while the remaining are in Poor to Critical condition. As such, the municipality received a Condition vs. Performance rating of 'C' based on 3 stars.





3.5.4 What do we need to do to it?

There are generally four distinct phases in an asset's life cycle. These are presented at a high level for the water network below. Further detail is provided in the "Asset Management Strategy" section of this AMP.

Addressing Asset Needs

Phase	Lifecycle Activity	Asset Age
Minor Maintenance	Activities such as inspections, monitoring, cleaning and flushing, hydrant flushing, pressure tests, visual inspections, etc.	1st Qtr
Major Maintenance	Such events as repairing water main breaks, repairing valves, replacing individual small sections of pipe etc.	2nd Qtr
Rehabilitation	Rehabilitation events such as structural lining of pipes and a cathodic protection program to slow the rate of pipe deterioration.	3rd Qtr
Replacement	Pipe replacements	4th Qtr

3.5.5 When do we need to do it?

For the purpose of this report "useful life" data for each asset class was obtained from the accounting data within the CityWide software database. This proposed useful life is used to determine replacement needs of individual assets, which are calculated in the system as part of the overall financial requirements.

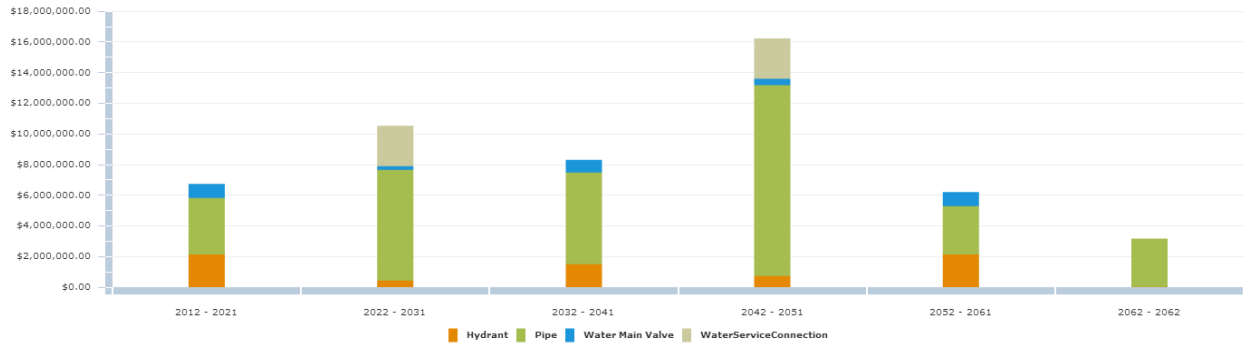
Asset Useful Life in Years

Asset Type	Asset Component	Useful Life in Years
Water Network	Mains - Local (50mm)	50
	Mains - Local (100mm)	50
	Mains - Local (150mm)	50
	Mains - Local (200mm)	50
	Mains - Local (250mm)	50
	Mains - Local (300mm)	50
	Hydrants	40
	Valves	40

As field condition information becomes available in time, the data should be loaded into the CityWide system in order to increasingly have a more accurate picture of current asset age and condition, therefore, future replacement requirements.

The following graph shows the current projection of water main replacements based on the age of the assets only.

Water Main Replacement Profile



3.5.6 How much money do we need?

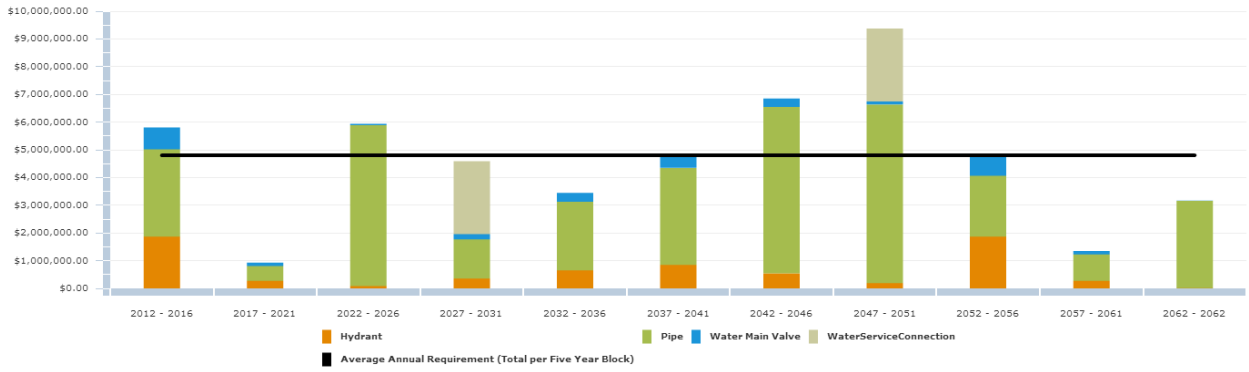
The analysis completed to determine capital revenue requirements was based on the following assumptions:

1. Replacement costs are based upon the unit costs identified within the "What is it worth" section above.
2. The timing for individual water main replacement was defined by the replacement year as described in the "When do you need to do it?" section above.
3. All values are presented in 2012 dollars.
4. The analysis was run for an 80 year period to ensure all assets went through at least one iteration of replacement, therefore providing a sustainable projection.

3.5.7 How do we reach sustainability?

Based upon the above assumptions, the average annual revenue required to sustain Kingsville's water network is approximately **$961,000**. Based on Kingsville's current annual funding of **$510,000**, there is a **deficit of $451,000**. Given this surplus, the municipality received a Needs vs. Funding rating of 'D' based on a weighted star rating of 1.9 stars. The following graph presents five year blocks of expenditure requirements against the sustainable funding threshold line.

Sustainable Revenue Requirements



In conclusion, Kingsville's water distribution network is generally in good condition, however, based on age data only approximately 30% of water mains are in poor or critical condition and a number of hydrants and valves are due for replacement. It should also be noted that the useful life for water mains is projected at 50 years, while industry standards are usually 80 -100 years. Increasing the useful life projections for water mains, valves and hydrants will significantly reduce the immediate requirements listed above. In addition, a study to better understand field condition should be implemented to optimize the short and long term

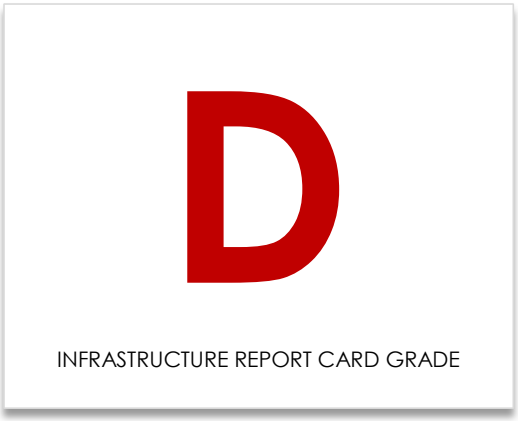
budgets based on actual need. This is discussed further in the Asset Management Strategy portion of this Asset Management Plan.

3.5.8 Recommendations

The municipality received an overall rating of 'D' for its water network, calculated from the Condition vs. Performance and the Needs vs. Funding ratings. Accordingly, we recommend the following:

- A more detailed study to define the current condition of the water network should be undertaken as described further within the "Asset Management Strategy" section of this AMP.
- The useful life projections used by the municipality should be reviewed for consistency with industry standards.
- Once the above study is complete, a new performance age should be applied to each water main and an updated "current state of the infrastructure" analysis should be generated.
- An appropriate % of asset replacement value should be used for operations and maintenance activities on an annual basis. This should be determined through a detailed analysis of O & M activities and be added to future AMP reporting.
- The Infrastructure Report Card should be updated on an annual basis.

3.6 Sanitary Sewer Network



3.6 Sanitary Sewer Network

3.6.1 What do we own?

The inventory components of the sanitary sewer network are outlined in the table below. The entire Network consists of approximately 95km of sewer main.

Sanitary Sewer Network Inventory		
Asset Type	Asset Component	Quantity/Units
Sanitary Sewer Network	Mains - Local (100mm)	812.8m
	Mains - Local (150mm)	3,132.58m
	Mains - Local (200mm)	43,327.53m
	Mains - Local (250mm)	21,872.63m
	Mains - Local (300mm)	7,924.75m
	Mains - Local (350mm)	1,437.69m
	Mains - Local (375mm)	5,425.40m
	Mains - Local (400mm)	243.9m
	Mains - Local (450mm)	3,850.94m
	Mains - Local (525mm)	2,561.26m
	Mains - Local (600mm)	1,545.38m
	Mains - Local (675mm)	1,296.46m
	Mains - Local (750mm)	1,220.16m
	Mains - Local (800mm)	875.8m
	Manholes	1,031
	Facilities	14

The Sanitary Sewer Network data was extracted from the Tangible Capital Asset and G.I.S. modules of the CityWide software application.

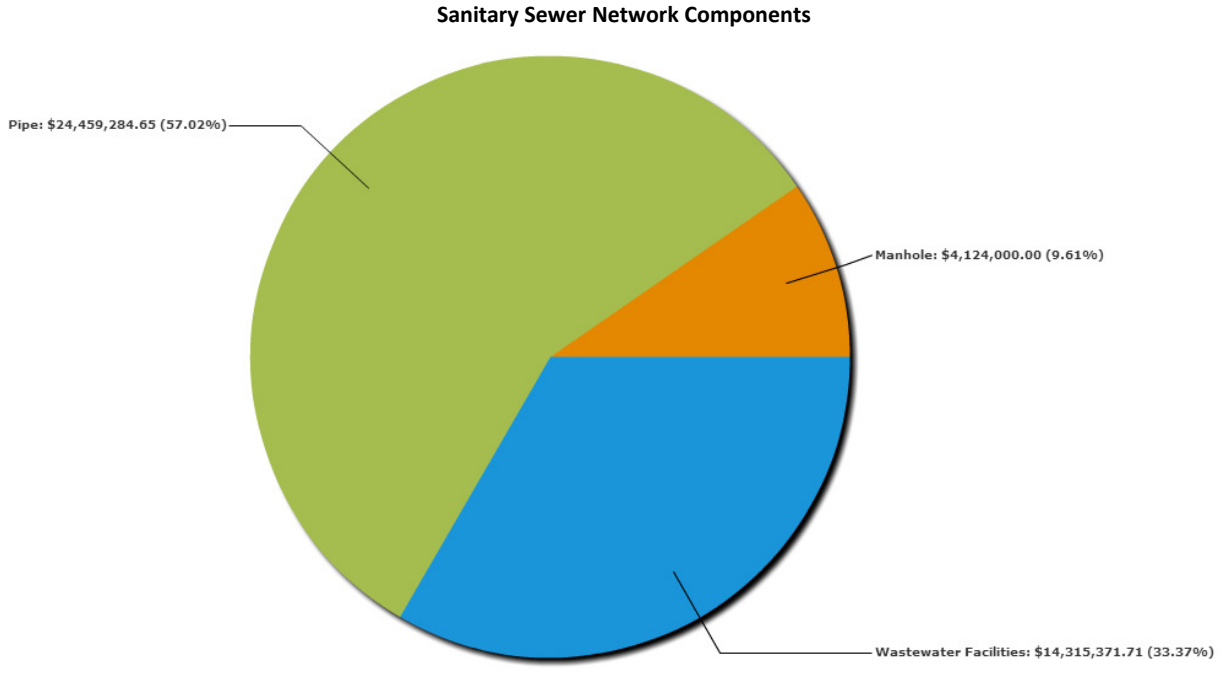
3.6.2 What is it worth?

The estimated replacement value of the sanitary sewer network, in 2012 dollars, is approximately $42.9 million. For the purpose of further analysis, we use a replacement cost of $38,774,657 (excludes manholes). The cost per household for the sanitary network is $6,835 based on 5,673 households.

Sanitary Sewer Replacement Value

Asset Type	Asset Component	Quantity/Units	2012 Unit Replacement Cost	2012 Overall Replacement Cost
Sanitary Sewer Network	Mains - Local (100mm)	812.8	$150/m	$121,920
	Mains - Local (150mm)	3,132.58	$150/m	$469,887
	Mains - Local (200mm)	43,327.53	$225/m	$9,748,694
	Mains - Local (250mm)	21,872.63	$230/m	$5,030,705
	Mains - Local (300mm)	7,924.75	$250/m	$1,981,188
	Mains - Local (350mm)	1,437.69	$350/m	$503,192
	Mains - Local (375mm)	5,425.40	$350/m	$1,898,890
	Mains - Local (400mm)	243.9	$375/m	$91,462
	Mains - Local (450mm)	3,850.94	$375/m	$1,444,103
	Mains - Local (525mm)	2,561.26	$400/m	$1,024,504
	Mains - Local (600mm)	1,545.38	$400/m	$618,152
	Mains - Local (675mm)	1,296.46	$450/m	$583,407
	Mains - Local (750mm)	1,220.16	$450/m	$549,072
	Mains - Local (800mm)	875.8	$450/m	$394,110
	Manholes	1,031	$4,000	$4,124,000
	Facilities	14	NRBCPI + user-defined	$14,315,371
				$42,898,656

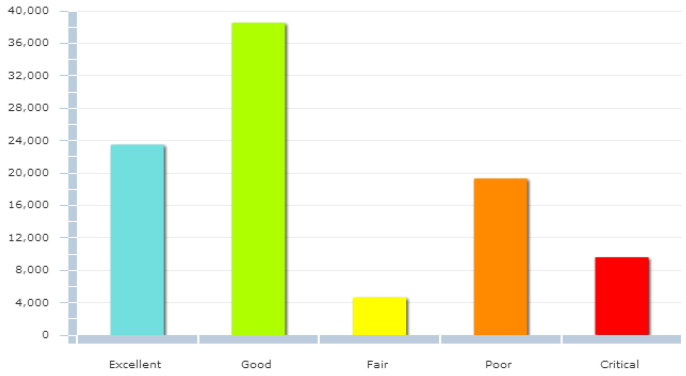
The pie chart below provides a breakdown of each of the network components to the overall system value.



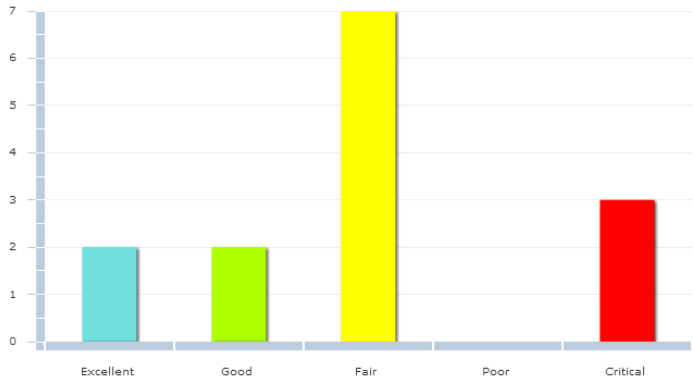
3.6.3 What condition is it in?

With 70% of the municipality's sanitary mains (based on quantity) in Fair to Excellent condition, and more than 90% of the facilities (based on replacement value) in Fair to Excellent condition, the municipality received a Condition vs. Performance rating of 'C' based on a weighted star rating of 3.3 stars.

Sanitary Sewer Mains Condition by Length (m)



Sanitary Facilities Condition (base on replacement value)



3.6.4 What do we need to do to it?

There are generally four distinct phases in an assets life cycle. These are presented at a high level for the sanitary sewer network below. Further detail is provided in the "Asset Management Strategy" section of this AMP.

Addressing Asset Needs

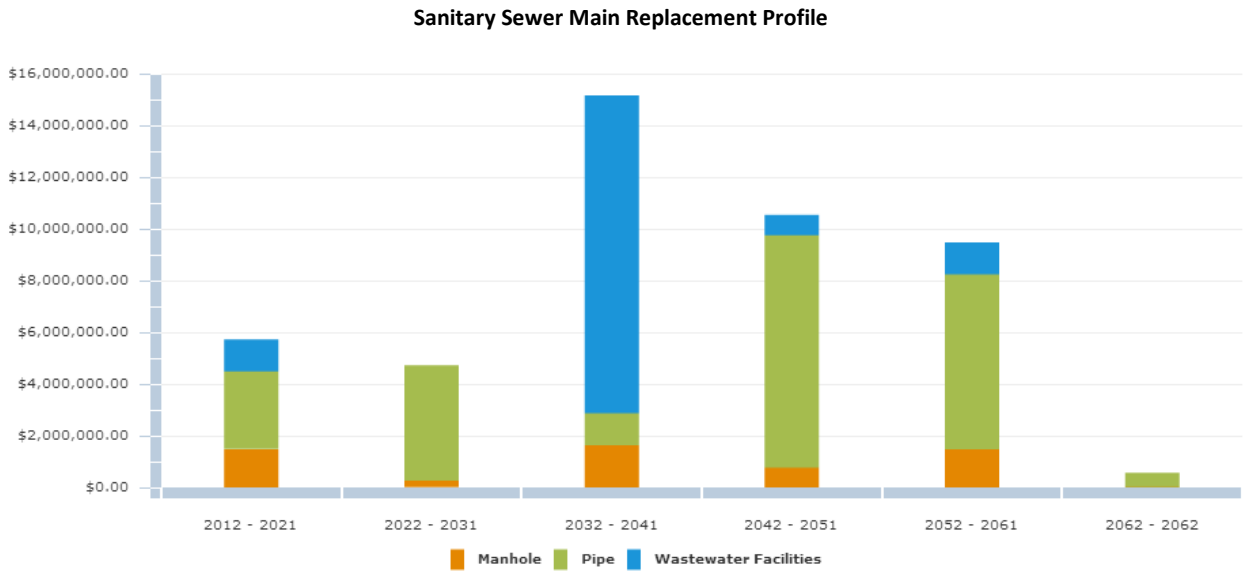
Phase	Lifecycle Activity	Asset Life Stage
Minor Maintenance	Activities such as inspections, monitoring, cleaning and flushing, zoom camera and CCTV inspections, etc.	1st Qtr
Major Maintenance	Activities such as repairing manholes and replacing individual small sections of pipe.	2nd Qtr
Rehabilitation	Rehabilitation events such as structural lining of pipes are extremely cost effective and provide an additional 75 plus years of life.	3rd Qtr
Replacement	Pipe replacements	4th Qtr

3.6.5 When do we need to do it?

For the purpose of this report "useful life" data for each asset class was obtained from the accounting data within the CityWide software database. This proposed useful life is used to determine replacement needs of individual assets, which are calculated in the system as part of the overall financial requirements.

Asset Useful Life in Years		
Asset Type	Asset Component	Useful Life in Years
Sanitary Sewer Network	Mains - Local (100mm)	50
	Mains - Local (150mm)	50
	Mains - Local (200mm)	50
	Mains - Local (250mm)	50
	Mains - Local (300mm)	50
	Mains - Local (350mm)	50
	Mains - Local (375mm)	50
	Mains - Local (400mm)	50
	Mains - Local (450mm)	50
	Mains - Local (525mm)	50
	Mains - Local (600mm)	50
	Mains - Local (675mm)	50
	Mains - Local (750mm)	50
	Mains - Local (800mm)	50
	Manholes	40
	Facilities	40

As field condition information becomes available in time, the data should be loaded into the CityWide system in order to increasingly have a more accurate picture of current asset performance age and, therefore, future replacement requirements. The following graph shows the current projection of sanitary sewer main replacements based on the age of the asset only.



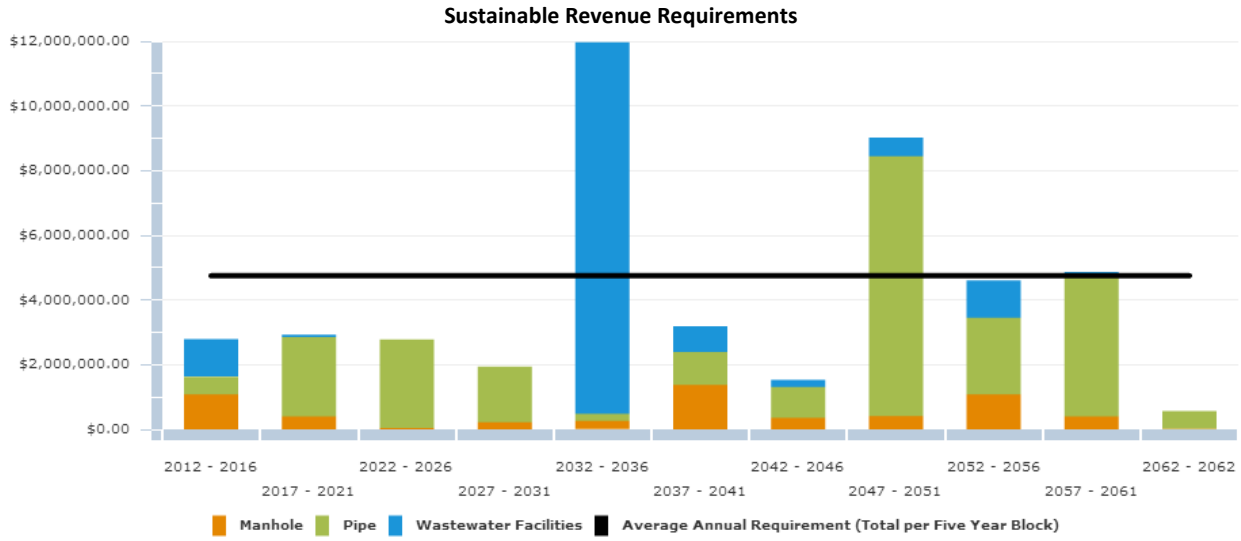
3.6.6 How much money do we need?

The analysis completed to determine capital revenue requirements was based on the following assumptions:

1. Replacement costs are based upon the unit costs identified within the "What is it worth" section above.
2. The timing for individual sewer main replacement was defined by the replacement year as described in the "When do you need to do it?" section above.
3. All values are presented in 2012 dollars.
4. The analysis was run for a 50 year period to ensure all assets went through at least one iteration of replacement, therefore providing a sustainable projection.

3.6.7 How do we reach sustainability?

Based upon the above assumptions, the average annual revenue required to sustain Kingsville's sanitary sewer network is approximately **$950,000**. Based on Kingsville's current annual funding of **$258,000**, there is an annual **deficit of $692,000**. Given this deficit, the municipality received a Needs vs. Funding rating of 'F' based on weighted star rating of 1 star. The following graph presents five year blocks of expenditure requirements against the sustainable funding threshold line.



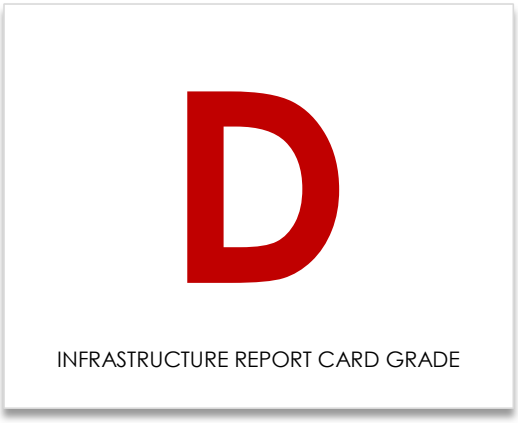
In conclusion, the sanitary sewer infrastructure, from an age based analysis only, has approximately 30% of mains and 20% of facilities in poor or critical condition, generating needs of approximately $2.8 million over the next 5 years. It should be noted, however, that the useful life for sewer mains is projected at 50 years, while industry standards are usually 100 years. Increasing the useful life will significantly reduce the immediate requirements listed above. In addition, studies to better understand field condition should be implemented for both the sewer main network and the facilities to optimize the short and long term budgets based on actual need. This is discussed further in the Asset Management Strategy portion of this Asset Management Plan.

3.6.8 Recommendations

The municipality received an overall rating of 'D' for its sanitary sewer network, calculated from the Condition vs. Performance and the Needs vs. Funding ratings. Accordingly, we recommend the following:

- A condition assessment program should be established for the sanitary sewer network to gain a better understanding of current condition and performance as outlined further within the "Asset Management Strategy" section of this AMP.
- Also, a detailed study to define the current condition of the sanitary facilities and their components (structural, architectural, electrical, mechanical, process, etc.) should be undertaken, as collectively they account for 60% of the sanitary infrastructure's value.
- The useful life projections used by the municipality should be reviewed for consistency with industry standards.
- Other key asset classes within the sanitary sewer collection network such as manholes should be included in future reporting.
- Once the above studies are complete or underway, the data should be loaded into the CityWide software and an updated "current state of the infrastructure" analysis should be generated.
- An appropriate % of asset replacement value should be used for operations and maintenance activities on an annual basis. This should be determined through a detailed analysis of O & M activities and be added to future AMP reporting.
- The Infrastructure Report Card should be updated on an annual basis.

3.7 Storm Sewer Infrastructure



3.7 Storm Sewer Network

3.7.1 What do we own?

The inventory components of the Storm Sewer Collection system are outlined in the table below.

Storm Sewer Network Inventory

Asset Type	Asset Component	Quantity/Units
Storm Sewer Network	Mains - Local (150mm)	193.32m
	Mains - Local (200mm)	891.87m
	Mains - Local (250mm)	1,196.17m
	Mains - Local (300mm)	12,424.86m
	Mains - Local (375mm)	5,600.03m
	Mains - Local (450mm)	5,391.75m
	Mains - Local (525mm)	2,519.76m
	Mains - Local (600mm)	4,876.39m
	Mains - Local (675mm)	2,869.78m
	Mains - Local (750mm)	2,333.05m
	Mains - Local (825mm)	279.14m
	Mains - Local (900mm)	1,658.16m
	Mains - Local (1050mm)	1,198.06m
	Mains - Local (1200mm)	871.26m
	Mains - Local (1350mm)	105.96m
	Catch Basins & Pipe	1,320m
	Catch Basins	2,256
	Manholes	588

As shown in the summary table below the entire network consists of approximately 44 km of storm sewer main.

Storm Inventory (Summary)

Asset Type	Asset Component	Quantity
Storm	Mains - Local (450mm and smaller)	25,698.00m
	Mains - Local (Larger Than 450mm)	18,031.56m
	Catch Basins	2,256
	Manholes	588

The storm sewer network data was extracted from the Tangible Capital Asset module of the CityWide software suite.

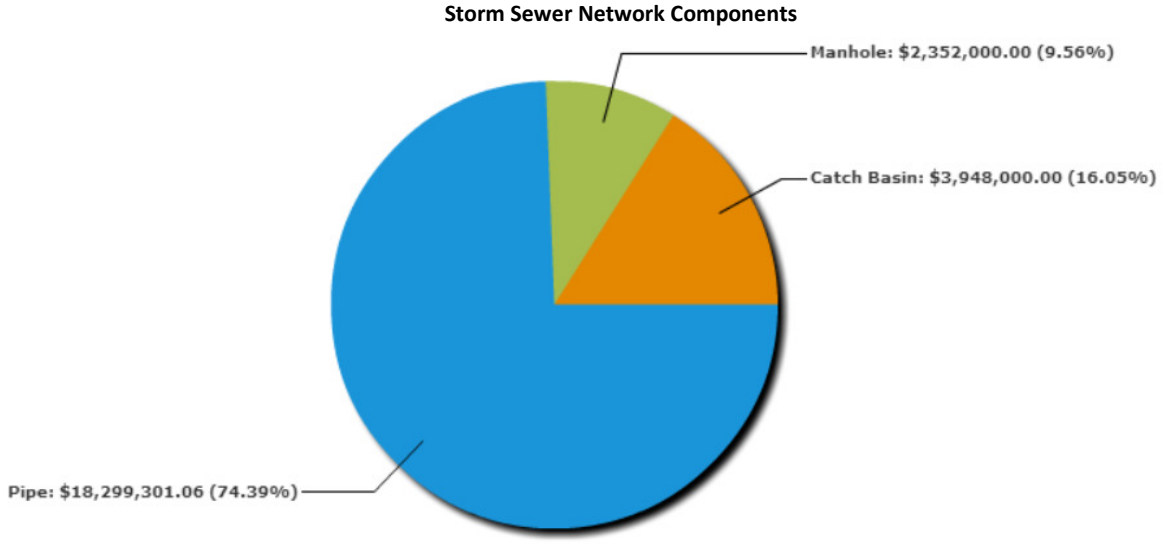
3.7.2 What is it worth?

The estimated replacement value of the storm sewer network, in 2012 dollars, is approximately $24.6 million. The cost per household for the storm sewer network is $3,011 based on 8,170 households.

Storm Sewer Network Replacement Value

Asset Type	Asset Component	Quantity/Units	2012 Unit Replacement Cost	2012 Overall Replacement Cost
Storm Sewer Network	Mains - Local (150mm)	193.32m	$150/m	$28,997
	Mains - Local (200mm)	891.87m	$225/m	$200,671
	Mains - Local (250mm)	1,196.17m	$230/m	$275,119
	Mains - Local (300mm)	12,424.86m	$250/m	$3,106,226
	Mains - Local (375mm)	5,600.03m	$350/m	$1,960,015
	Mains - Local (450mm)	5,391.75m	$400/m	$2,156,686
	Mains - Local (525mm)	2,519.76m	$425/m	$1,070,898
	Mains - Local (600mm)	4,876.39m	$500/m	$2,438,195
	Mains - Local (675mm)	2,869.78m	$575/m	$1,650124
	Mains - Local (750mm)	2,333.05m	$675/m	$1,574,813
	Mains - Local (825mm)	279.14m	$700/m	$195,398
	Mains - Local (900mm)	1,658.16m	$750/m	1,243,619
	Mains - Local (1050mm)	1,198.06m	$750/m	$898,545
	Mains - Local (1200mm)	871.26m	$875/m	$762,356
	Mains - Local (1350mm)	105.96m	$875/m	$92,715
	Catch Basins & Pipe	1,320m	Non-Res Index	$644,924
	Catch Basins	2,256	$1,750/m	$3,948,000
	Manholes	588	$4,000	$2,352,000
				$24,599,301

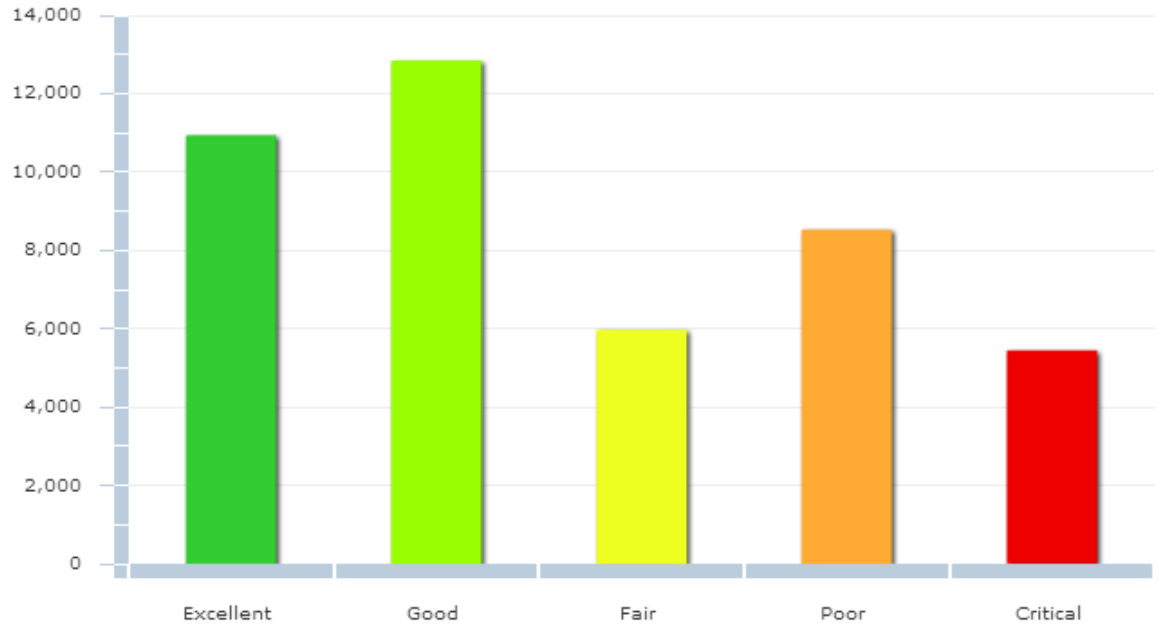
The pie chart below provides a breakdown of each of the network components to the overall system value.



3.7.3 What condition is it in?

Approximately 2/3 of the municipality's storm sewer mains and manholes & catch basins are in Fair to Excellent condition. As such, the municipality received a Condition vs. Performance rating of 'C' based on a weighted star rating of 3.3 stars.

Storm Sewer Network Condition by Length (metres)



3.7.4 What do we need to do to it?

There are generally four distinct phases in an assets life cycle. These are presented at a high level for the storm sewer network below. Further detail is provided in the "Asset Management Strategy" section of this AMP.

Addressing Asset Needs

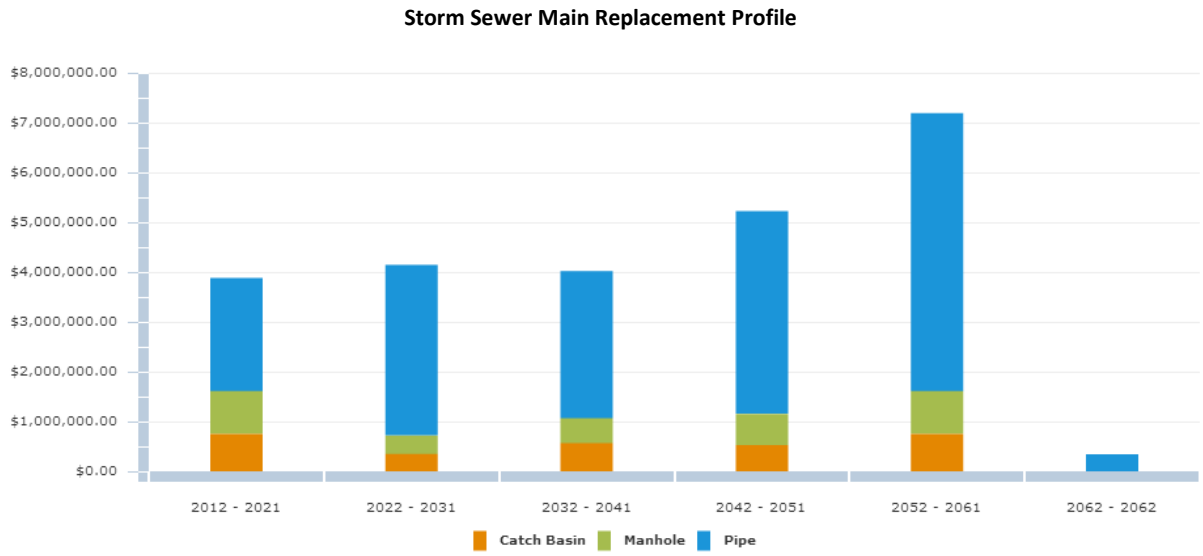
Phase	Lifecycle Activity	Asset Age
Minor Maintenance	Activities such as inspections, monitoring, cleaning and flushing, zoom camera and CCTV inspections, etc.	1st Qtr
Major Maintenance	Activities such as repairing manholes and replacing individual small sections of pipe.	2nd Qtr
Rehabilitation	Rehabilitation events such as structural lining of pipes are extremely cost effective and provide an additional 75 plus years of life.	3rd Qtr
Replacement	Pipe replacements	4th Qtr

3.7.5 When do we need to do it?

For the purpose of this report "useful life" data for each asset class was obtained from the accounting data within the CityWide software database. This proposed useful life is used to determine replacement needs of individual assets, which are calculated in the system as part of the overall financial requirements.

Asset Useful Life in Years		
Asset Type	Asset Component	Useful Life in Years
Storm Sewer Network	Mains - Local (Less Than 450mm)	50
	Mains - Trunks (Larger Than 450mm)	50
	Catch Basins	40
	Manholes	40

As field condition information becomes available in time, the data should be loaded into the CityWide system in order to increasingly have a more accurate picture of current asset performance age and, therefore, future replacement requirements. The following graph shows the current projection of storm sewer main replacements based on the age of the asset only.



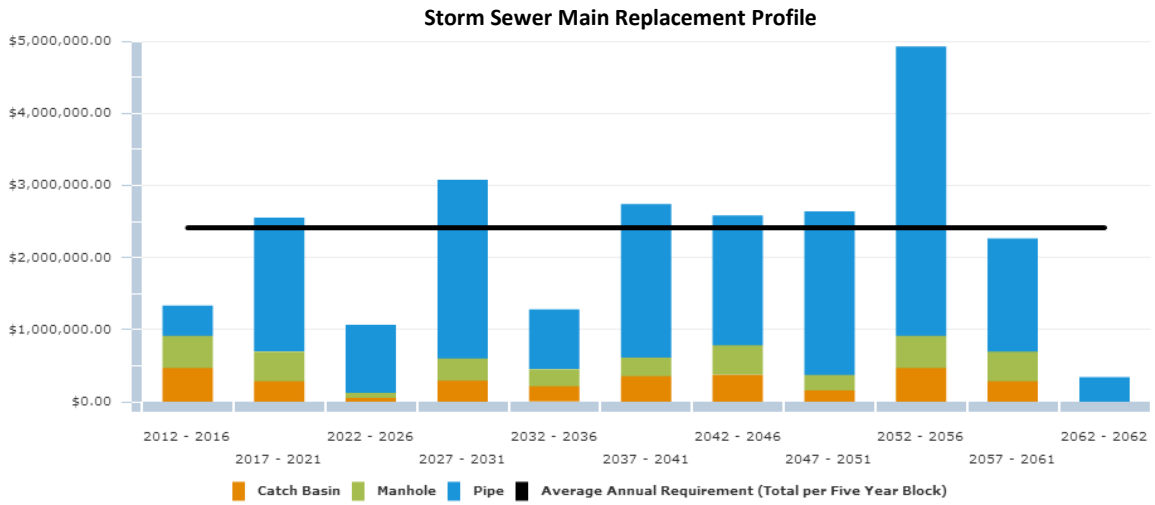
3.7.6 How much money do we need?

The analysis completed to determine capital revenue requirements was based on the following assumptions:

1. Replacement costs are based upon the unit costs identified within the "What is it worth" section above.
2. The timing for individual storm sewer main replacement was defined by the replacement year as described in the "When do you need to do it?" section above.
3. All values are presented in current (2012) dollars.
4. The analysis was run for an 80 year period to ensure all assets went through one iteration of replacement, therefore providing a sustainable projection.

3.6.7 How do we reach sustainability?

Based upon the above assumptions, the average annual revenue required to sustain Kingsville's storm sewer network is approximately **$527,000**. Based on Kingsville's current annual funding of **$136,000**, there is an annual **deficit of $391,000**. As such, the municipality received a Needs vs. Performance rating of 'F' based on a weighted star rating of 1. 0 star.



In conclusion, Kingsville's storm sewer collection network, based on age data only, has approximately 30% of mains in poor or critical condition and a significant portion of older catch basins and manholes. This has generated needs requiring an expenditure of approximately $1.3 million over the next 5 years. It should be noted, however, that the useful life for storm mains is projected at 50 years, while industry standards are usually 100 years. Increasing the useful life will significantly reduce the immediate requirements listed above. In addition, a study to better understand field condition should be implemented to optimize the short and long term budgets based on actual need. This is discussed further in the Asset Management Strategy portion of this Asset Management Plan.

3.7.8 Recommendations

The municipality received an overall rating of 'D' for its storm sewer network, calculated from the Condition vs. Performance and the Needs vs. Funding ratings. Accordingly, we recommend the following:

- A condition assessment program should be established for the storm sewer network to gain a better understanding of current condition and performance as outlined further within the "Asset Management Strategy" section of this AMP.
- The useful life projections used by the municipality should be reviewed for consistency with industry standards.
- Once the above studies are complete or underway, the data should be loaded into the CityWide software and an updated "current state of the infrastructure" analysis should be generated.
- An appropriate % of asset replacement value should be used for operations and maintenance activities on an annual basis. This should be determined through a detailed analysis of O & M activities and be added to future AMP reporting.
- The Infrastructure Report Card should be updated on an annual basis.

4.0 Infrastructure Report Card

CUMULATIVE GPA

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Infrastructure Report Card

The Town of Kingsville

1. Each asset category was rated on two key, equally weighted (50/50)dimensions: **Condition vs. Performance**, and **Needs vs. Funding**.
2. See the "***What condition is it in***?" section for each asset category for its star rating on the Condition vs. Performance dimension.
3. See the "***How do we reach sustainability***?" section for each asset category for its star rating on the Needs vs. Funding dimension.
4. The 'Overall Rating' below is the average of the two star ratings converted to a letter grade.

Asset category	Condition vs. Performance	Need vs. Funding	Overall grade	Comments
Road Network	**C** (3.1 Stars)	**F** (0 Stars)	**F**	The majority, 72%, of the municipality's road network is in Fair to Excellent condition, with the remaining in Poor to Critical condition. The average annual revenue required to sustain Kingsville's paved road network is approximately **$6,899,000**. Based on Kingsville's current annual funding of **$1,408,000**, there is an annual **deficit of $5,491,000**.
Bridges & Culverts	**F** (2 Stars)	**F** (0 Stars)	**F**	The vast majority, 71%, of the municipality's bridges & culverts are in Poor to Critical condition, with the remaining in Fair to Excellent. The average annual revenue required to sustain Kingsville's bridges & culverts is **$613,000**. Based on Kingsville's current annual funding of **$46,000**, there is an annual **deficit of $567,000**.
Water Network	**C** (3 Stars)	**D** (1.9 Stars)	**D**	Approximately 2/3 of the municipality's water mains are in Fair to Excellent condition, with the remaining in Poor to Critical condition. Further, 55% of the hydrants and valves are in Fair to Excellent condition, while the remaining are in Poor to Critical condition. The average annual revenue required to sustain Kingsville's water network is approximately **$961,000**. Based on Kingsville's current annual funding of **$510,000**, there is a **deficit of $451,000.**
Sanitary Sewer Network	**C** (3.3 Stars)	**F** (1.0 Stars)	**D**	With 70% of the municipality's sanitary mains (based on quantity) in Fair to Excellent condition, and more than 90% of the facilities (based on replacement value) in Fair to Excellent condition, the municipality received a Condition vs. Performance rating of 'C'. The average annual revenue required to sustain Kingsville's sanitary sewer network is approximately **$950,000**. Based on Kingsville's current annual funding of **$258,000**, there is an annual **deficit of $692,000**.
Storm Sewer Network	**C** (3.3 Stars)	**F** (1.0 Stars)	**D**	Approximately 2/3 of the municipality's storm sewer mains and manholes & catch basins are in Fair to Excellent condition. As such, the municipality received a Condition vs. Performance rating of 'C'. The average annual revenue required to sustain Kingsville's storm sewer network is approximately **$527,000**. Based on Kingsville's current annual funding of **$136,000**, there is an annual **deficit of $391,000**.

5.0 Desired Levels of Service

Desired levels of service are high level indicators, comprising many factors, as listed below,that establish defined quality thresholds at which municipal services should be supplied to the community. They support the organization's strategic goals and are based on customer expectations, statutory requirements, standards, and the financial capacity of a municipality to deliver those levels of service.

Levels of Service are used:

- to inform customers of the proposed type and level of service to be offered;
- to identify the costs and benefits of the services offered;
- to assess suitability, affordability and equity of the services offered;
- as a measure of the effectiveness of the asset management plan
- as a focus for the AM strategies developed to deliver the required level of service

In order for a municipality to establish a desired level of service, it will be important to review the key factors involved in the delivery of that service, and the interactions between those factors. In addition, it will be important to establish some key performance metrics and track them over an annual cycle to gain a better understanding of the current level of service supplied.

Within this first Asset Management Plan, key factors affecting level of service will be outlined below and some key performance indicators for each asset type will be outlined for further review. This will provide a framework and starting point from which the municipality can determine future desired levels of service for each infrastructure class.

5.1 Key factors that influence a level of service:

- Strategic and Corporate Goals
- Legislative Requirements
- Expected Asset Performance
- Community Expectations
- Availability of Finances

5.1.1 Strategic and Corporate Goals

Infrastructure levels of service can be influenced by strategic and corporate goals. Strategic plans spell out where an organization wants to go, how it's going to get there, and helps decide how and where to allocate resources, ensuring alignment to the strategic priorities and objectives . It will help identify priorities and guide how municipal tax dollars and revenues are spent into the future. The level of importance that a community's vision is dependent upon infrastructure, will ultimately affect the levels of service provided or those levels that it ultimately aspires to deliver.

5.1.2 Legislative Requirements

Infrastructure levels of service are directly influenced by many legislative and regulatory requirements. For instance, the Safe Drinking Water Act, the Minimum Maintenance Standards for municipal highways, building codes, and the Accessibility for Ontarians with Disabilities Act are all legislative requirements that prevent levels of service from declining below a certain standard.

5.1.3 Expected Asset Performance

A level of service will be affected by current asset condition, and performance and limitations in regards to safety, capacity, and the ability to meet regulatory and environmental requirements. In addition, the design life of the asset, the maintenance items required, the rehabilitation or replacement schedule of the asset, and the total costs, are all critical factors that will affect the level of service that can be provided.

5.1.4 Community Expectations

Levels of services are directly related to the expectations that the general public has from the infrastructure. For example, the public will have a qualitative opinion on what an acceptable road looks

like, and a quantitative one on how long it should take to travel between two locations. Infrastructure costs are projected to increase dramatically in the future, therefore it is essential that the public is not only consulted, but also be educated, and ultimately make choices with respect to the service levels that they wish to pay for.

5.1.5 Availability of Finances

Availability of finances will ultimately control all aspects of a desired level of service. Ideally, these funds must be sufficient to achieve corporate goals, meet legislative requirements, address an asset's life cycle needs, and meet community expectations. Levels of service will be dictated by availability of funds or elected officials' ability to increase funds, or the community's willingness to pay.

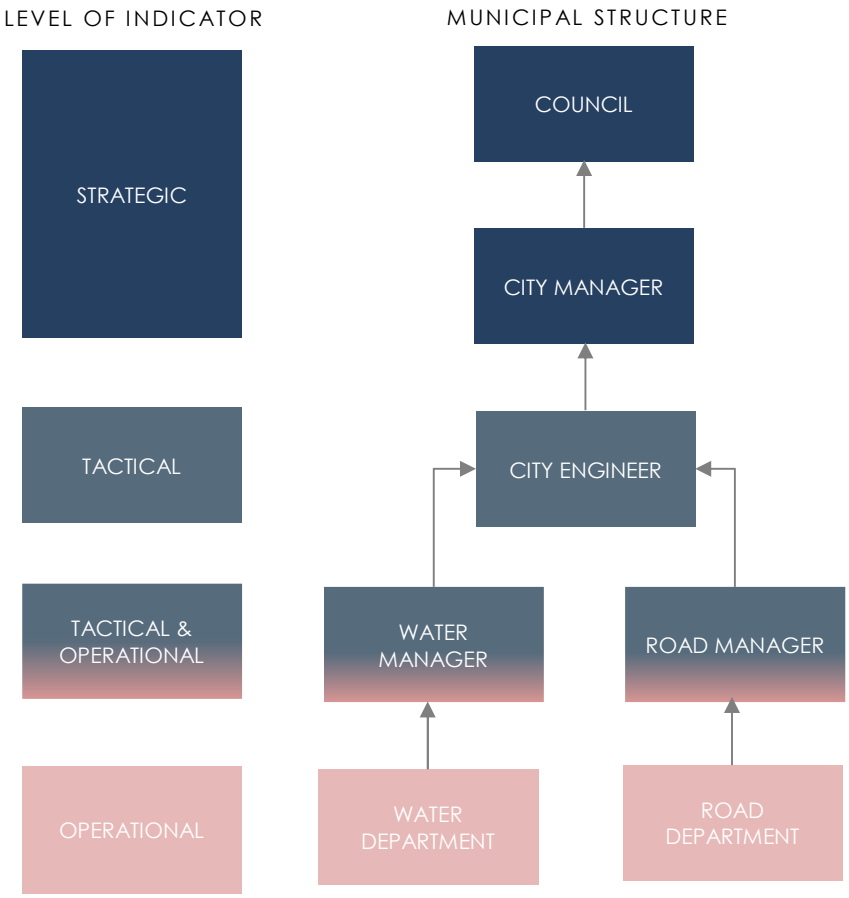
5.2 Key Performance Indicators

Performance measures or key performance indicators (KPIs) that track levels of service should be specific, measurable, achievable, relevant, and timebound (SMART). Many good performance measures can be established and tracked through the CityWide suite of software products. In this way, through automation, results can be reviewed on an annual basis and adjustments can be made to the overall asset management plan, including the desired level of service targets.

In establishing measures, a good rule of thumb to remember is that maintenance activities ensure the performance of an asset and prevent premature aging, whereas rehab activities extend the life of an asset. Replacement activities, by definition, renew the life of an asset. In addition, these activities are constrained by resource availability (in particular, finances) and strategic plan objectives. Therefore, performance measures should not just be established for operating and maintenance activities, but also for the strategic, financial, and tactical levels of the asset management program. This will assist all levels of program delivery to review their performance as part of the overall level of service provided.

This is a very similar approach to the "balanced score card" methodology, in which financial and non-financial measures are established and reviewed to determine whether current performance meets expectations. The "balanced score card", by design, links day to day operations activities to tactical and strategic priorities in order to achieve an overall goal, or in this case, a desired level of service.

The structure of accountability and level of indicator with this type of process is represented in the following table, modified from the InfraGuide's best practice document, "Developing Indicators and Benchmarks" published in April 2003.



As a note, a caution should be raised over developing too many performance indicators that may result in data overload and lack of clarity. It is better to develop a select few that focus in on the targets of the asset management plan.

Outlined below for each infrastructure class is a suggested service description, suggested service scope, and suggested performance indicators. These should be reviewed and updated in each iteration of the AMP.

5.3 Transportation Services

5.3.1 Service Description

The town's transportation network comprises approximately 242 centreline km of road, of which approximately 39km are gravel and 203km are paved or surface treated roads. The transport network also includes 70 bridges, 29 large culverts, 28 km of sidewalk, and the associated curbs, lane markings, and street lights.

Together, the above infrastructure enables the town to deliver transportation and pedestrian facility services and give people a range of options for moving about in a safe and efficient manner.

5.3.2 Scope of Services

- **Movement** – providing for the movement of people and goods.
- **Access** – providing access to residential, commercial, and industrial properties and other community amenities.
- **Recreation** –providing for recreational use, such as walking, cycling, or special events such as parades.

5.3.3 Performance Indicators (reported annually)

Performance Indicators (reported annually)	
Strategic Indicators	■ percentage of total reinvestment compared to asset replacement value ■ completion of strategic plan objectives (related to transportation)
Financial Indicators	■ annual revenues compared to annual expenditures ■ annual replacement value depreciation compared to annual expenditures ■ total cost of borrowing compared to total cost of service ■ revenue required to maintain annual network growth
Tactical Indicators	■ percentage of road network rehabilitated / reconstructed ■ value of bridge / large culvert structures rehabilitated or reconstructed ■ overall road condition index as a percentage of desired condition index ■ overall bridge condition index as a percentage of desired condition index ■ annual adjustment in condition indexes ■ annual percentage of network growth ■ percent of paved road lane km where the condition is rated Poor or Critical ■ number of bridge / large culvert structures where the condition is rated Poor or Critical ■ percentage of road network replacement value spent on operations and maintenance ■ percentage of bridge / large culvert structures replacement value spent on operations and maintenance
Operational Indicators	■ percentage of road network inspected within last 5 years ■ percentage of bridge / large culvert structures inspected within last two years ■ operating costs for paved roads per lane km ■ operating costs for gravel roads per lane km ■ operating costs for bridge / large culvert structures per square metre ■ number of customer requests received annually ■ percentage of customer requests responded to within 24 hours

5.4 Water / Sanitary / Storm Networks

5.4.1 Service Description

The town's water distribution network comprises 260 km of water main, 957 hydrants, and 1,496 valves. The waste water network comprises 95 km of sanitary sewer main, 1,031 manholes, and 14 facilities. The storm water network comprises 40 km of storm main, 1,253 catch basins and 588 manholes.

Together, the above infrastructure enables the town to deliver a potable water distribution service, and a waste water and storm water collection service to the residents of the town.

5.4.2 Scope of services

- The provision of clean safe drinking water through a distribution network of water mains and pumps.
- The removal of waste water through a collection network of sanitary sewer mains.
- The removal of storm water through a collection network of storm sewer mains, and catch basins

5.4.3 Performance Indicators (reported annually)

Performance Indicators (reported annually)	
Strategic Indicators	■ Percentage of total reinvestment compared to asset replacement value ■ Completion of strategic plan objectives (related water / sanitary / storm)
Financial Indicators	■ Annual revenues compared to annual expenditures ■ Annual replacement value depreciation compared to annual expenditures ■ Total cost of borrowing compared to total cost of service ■ Revenue required to maintain annual network growth ■ Lost revenue from system outages
Tactical Indicators	■ Percentage of water / sanitary / storm network rehabilitated / reconstructed ■ Overall water / sanitary / storm network condition index as a percentage of desired condition index ■ Annual adjustment in condition indexes ■ Annual percentage of growth in water / sanitary / storm network ■ Percentage of mains where the condition is rated Poor or Critical for each network ■ Percentage of water / sanitary / storm network replacement value spent on operations and maintenance
Operational Indicators	■ Percentage of water / sanitary / storm network inspected ■ Operating costs for the collection of wastewater per kilometre of main. ■ Number of wastewater main backups per 100 kilometres of main ■ Operating costs for storm water management (collection, treatment, and disposal) per kilometre of drainage system. ■ Operating costs for the distribution/ transmission of drinking water per kilometre of water distribution pipe. ■ Number of days when a boil water advisory issued by the medical officer of health, applicable to a municipal water supply, was in effect. ■ Number of water main breaks per 100 kilometres of water distribution pipe in a year. ■ Number of customer requests received annually per water / sanitary / storm networks ■ Percentage of customer requests responded to within 24 hours per water / sanitary / storm network

6.0 Asset Management Strategy

6.1 Objective

To outline and establish a set of planned actions, based on best practice, that will enable the assets to provide a desired and sustainable level of service, while managing risk, at the lowest life cycle cost.

The Asset Management Strategy will develop an implementation process that can be applied to the needs identification and prioritization of renewal, rehabilitation, and maintenance activities. This will assist in the production of a 10 year plan, including growth projections, to ensure the best overall health and performance of the municipality's infrastructure.

This section includes an overview of condition assessment techniques for each asset class; the life cycle interventions required, including interventions with the best ROI; and prioritization techniques, including risk, to determine which priority projects should move forward into the budget first.

6.2 Non-Infrastructure Solutions and Requirements

The town should explore, as requested through the provincial requirements, which non-infrastructure solutions should be incorporated into the budgets for the road, water, sewer (sanitary and storm), and bridges & culverts programs. Non- Infrastructure solutions are such items as studies, policies, condition assessments, consultation exercises, etc., that could potentially extend the life of assets or lower total asset program costs in the future.

Typical solutions for a municipality include linking the asset management plan to the strategic plan, growth and demand management studies, infrastructure master plans, better integrated infrastructure and land use planning, public consultation on levels of service, and condition assessment programs. As part of future asset management plans, a review of these requirements should take place, and a portion of the capital budget should be dedicated for these items in each programs budget.

It is recommended, under this category of solutions, that the town implement holistic condition assessment programs for their road, water, sanitary, and storm sewer networks. This will lead to higher understanding of infrastructure needs, enhanced budget prioritization methodologies, and a clearer path of what is required to achieve sustainable infrastructure programs.

6.3 Condition Assessment Programs

The foundation of good asset management practice is based on having comprehensive and reliable information on the current condition of the infrastructure. Municipalities need to have a clear understanding regarding performance and condition of their assets, as all management decisions regarding future expenditures and field activities should be based on this knowledge. An incomplete understanding about an asset may lead to its premature failure or premature replacement.

Some benefits of holistic condition assessment programs within the overall asset management process are listed below:

- Understanding of overall network condition leads to better management practices
- Allows for the establishment of rehabilitation programs
- Prevents future failures and provides liability protection
- Potential reduction in operation / maintenance costs
- Accurate current asset valuation
- Allows for the establishment of risk assessment programs
- Establishes proactive repair schedules and preventive maintenance programs
- Avoids unnecessary expenditures

- Extends asset service life therefore improving level of service
- Improves financial transparency and accountability
- Enables accurate asset reporting which, in turn, enables better decision making

Condition assessment can involve different forms of analysis such as subjective opinion, mathematical models, or variations thereof, and can be completed through a very detailed or very cursory approach.

When establishing the condition assessment of an entire asset class, the cursory approach (metrics such as Good, Fair, Poor, Critical) is used. This will be a less expensive approach when applied to thousands of assets, yet will still provide up to date information, and will allow for detailed assessment or follow up inspections on those assets captured as Poor or Critical condition later.

The following section outlines condition assessment programs available for road, bridge, sewer, and water networks that would be useful for the town.

6.3.1 Pavement Network Inspections

Typical industry pavement inspections are performed by consulting firms using specialised assessment vehicles equipped with various electronic sensors and data capture equipment. The vehicles will drive the entire road network and typically collect two different types of inspection data – surface distress data and roughness data.

Surface distress data involves the collection of multiple industry standard surface distresses, which are captured either electronically, using sensing detection equipment mounted on the van, or visually, by the van's inspection crew. Examples of surface distresses are:

- **For asphalt surfaces**
  alligator cracking; distortion; excessive crown; flushing; longitudinal cracking; map cracking; patching; edge cracking; potholes; ravelling; rippling; transverse cracking; wheel track rutting

- **For concrete surfaces**
  coarse aggregate loss; corner 'C' and 'D' cracking; distortion; joint faulting; joint sealant loss; joint spalling; linear cracking; patching; polishing; potholes; ravelling; scaling; transverse cracking

Roughness data capture involves the measurement of the roughness of the road, measured by lasers that are mounted on the inspection van's bumper, calibrated to an international roughness index.

Most firms will deliver this data to the client in a database format complete with engineering algorithms and weighting factors to produce an overall condition index for each segment of roadway. This type of scoring database is ideal for upload into the CityWide software database, in order to tag each road with a present condition and then further life cycle analysis to determine what activity should be completed on which road, in what timeframe, and to calculate the cost for the work will be completed within the CityWide system.

The above process is an excellent way to capture road condition as the inspection trucks will provide detailed surface and roughness data for each road segment, and often include video or street imagery. A very rough industry estimate of cost would be about $100 per centreline km of road, which means it would cost the town approximately $20,300 for the 203 centreline km of paved road network.

Another option for a cursory level of condition assessment is for municipal road crews to perform simple windshield surveys as part of their regular patrol. Many municipalities have created data collection inspection forms to assist this process and to standardize what presence of defects would constitute a Good, Fair, Poor, or Critical score. Lacking any other data for the complete road network, this can still be seen as a good method and will assist greatly with the overall management of the road network. The CityWide Works software has a road patrol component built in that could capture this type of inspection data during road patrols in the field, enabling later analysis of rehabilitation and replacement needs for budget development.

It is recommended that the town establish a pavement condition assessment program and that a portion of capital funding is dedicated to this.

6.3.2 Bridges & Culverts (greater than 3m) Inspections

Ontario municipalities are mandated by the Ministry of Transportation to inspect all structures that have a span of 3 metres or more, according to the OSIM (Ontario Structure Inspection Manual). At present, in the town, there are 99 structures that meet this criterion.

Structure inspections must be performed by, or under the guidance of, a structural engineer, must be performed on a biennial basis (once every two years), and include such information as structure type, number of spans, span lengths, other key attribute data, detailed photo images, and structure element by element inspection, rating and recommendations for repair, rehabilitation, and replacement.

The best approach to develop a 10 year needs list for the town's relatively small structure portfolio would be to have the structural engineer who performs the inspections to develop a maintenance requirements report, and rehabilitation and replacement requirements report as part of the overall assignment. In addition to refining the overall needs requirements, the structural engineer should identify those structures that will require more detailed investigations and non-destructive testing techniques. Examples of these investigations are:

- Detailed deck condition survey
- Non-destructive delamination survey of asphalt covered decks
- Substructure condition survey
- Detailed coating condition survey
- Underwater investigation
- Fatigue investigation
- Structure evaluation

Through the OSIM recommendations and additional detailed investigations, a 10 year needs list will be developed for the municipality's bridges.

The 10 year needs list developed could then be further prioritized using risk management techniques to better allocate resources. Also, the results of the OSIM inspection for each structure, whether BCI (bridge condition index) or general condition (Good, Fair, Poor, Critical) should be entered into the CityWide software to update results and analysis for the development of the budget.

6.3.3 Sewer Network Inspections (Sanitary & Storm)

The most popular and practical type of sanitary and storm sewer assessment is the use of Closed Circuit Television Video (CCTV). The process involves a small robotic crawler vehicle with a CCTV camera attached that is lowered down a maintenance hole into the sewer main to be inspected. The vehicle and camera then travels the length of the pipe providing a live video feed to a truck on the road above where a technician / inspector records defects and information regarding the pipe. A wide range of construction or deterioration problems can be captured including open/displaced joints, presence of roots, infiltration & inflow, cracking, fracturing, exfiltration, collapse, deformation of pipe and more. Therefore, sewer CCTV inspection is a very good tool for locating and evaluating structural defects and general condition of underground pipes.

Even though CCTV is an excellent option for inspection of sewers it is a fairly costly process and does take significant time to inspect a large volume of pipes.

Another option in the industry today is the use of Zoom Camera equipment. This is very similar to traditional CCTV, however, a crawler vehicle is not used but in it's a place a camera is lowered down a maintenance hole attached to a pole like piece of equipment. The camera is then rotated towards each connecting pipe and the operator above progressively zooms in to record all defects and information about each pipe. The downside to this technique is the further down the pipe the image is zoomed, the less clarity is available to accurately record defects and measurement. The upside is the process is far quicker and significantly less expensive and an assessment of the manhole can be provided as well. Also, it is important to note that 80% of pipe deficiencies generally occur within 20 metres of each manhole. The following is a list of advantages of utilizing Zoom Camera technology:

- A time and cost efficient way of examining sewer systems;
- Problem areas can be quickly targeted;
- Can be complemented by a conventional camera (CCTV), if required afterwards;
- In a normal environment, 20 to 30 manholes can be inspected in a single day, covering more than 1,500 meters of pipe;
- Contrary to the conventional camera approach, cleaning and upstream flow control is not required prior to inspection;
- Normally detects 80% of pipe deficiencies, as most deficiencies generally occur within 20 meters of manholes.

The following table is based on general industry costs for traditional CCTV inspection and Zoom Camera inspection; however, costs should be verified through local contractors. It is for illustrative purposes only but supplies a general idea of the cost to inspect Kingsville's entire sanitary and storm networks.

Sanitary and Sewer Inspection Cost Estimates

Sewer Network	Assessment Activity	Cost	Metres of Main / # of Manholes	**Total**
Sanitary	Full CCTV	$10 (per m)	95,000m	**$950,000**
	Zoom	$300 (per mh)	1,031 manholes	**$309,300**
Storm	Full CCTV	$10 (per m)	40,000m	**$400,000**
	Zoom	$300 (Per mh)	588 manholes	**$176,400**

It can be seen from the above table that there is a significant cost savings achieved through the use of Zoom Camera technology. A good industry trend and best practice is to inspect the entire network using Zoom Camera technology and follow up on the Poor and Critical rated pipes with more detail using a full CCTV inspection. In this way, inspection expenditures are kept to a minimum, however, an accurate assessment on whether to rehabilitate or replace pipes will be provided for those with the greatest need.

It is recommended that the town establish a sewer condition assessment program and that a portion of capital funding is dedicated to this.

In addition to receiving a video and defect report of each pipe's CCTV or Zoom camera inspection, many companies can now provide a database of the inspection results, complete with scoring matrixes that provide an overall general condition score for each pipe segment that has been assessed. Typically pipes are scored from 1 – 5, with 1 being a relatively new pipe and 5 being a pipe at the end of its design life. This type of scoring database is ideal for upload into the CityWide software database, in order to tag each pipe with a present condition and then further life cycle analysis to determine what activity should be done to which pipe, in what timeframe, and to calculate the cost for the work will be completed by the CityWide system.

6.3.4 Water network inspections

Unlike sewer mains, it is very difficult to inspect water mains from the inside due to the high pressure flow of water constantly underway within the water network. Physical inspections require a disruption of service to residents, can be an expensive exercise, and are time consuming to set up. It is recommended practice that physical inspection of water mains typically only occurs for high risk, large transmission mains within the system, and only when there is a requirement. There are a number of high tech inspection techniques in the industry for large diameter pipes but these should be researched first for applicability as they are quite expensive. Examples are:

- Remote eddy field current (RFEC)
- Ultrasonic and acoustic techniques
- Impact echo (IE)
- Georadar

For the majority of pipes within the distribution network gathering key information in regards to the main and its environment can supply the best method to determine a general condition. Key data that could be used, along with weighting factors, to determine an overall condition score are listed below.

- Age
- Material Type
- Breaks
- Hydrant Flow Inspections
- Soil Condition

Understanding the age of the pipe will determine useful life remaining, however, water mains fail for many other reasons than just age. The pipe material is important to know as different pipe types have different design lives and different deterioration profiles. Keeping a water main break history is one of the best analysis tools to predict future pipe failures and to assist with programming rehabilitation and replacement schedules. Also, most municipalities perform hydrant flow tests for fire flow prevention purposes. The readings from these tests can also help determine condition of the associated water main. If a hydrant has a relatively poor flow condition it could be indicative of a high degree of encrustation within the attached water main, which could then be flagged as a candidate for cleaning or possibly lining. Finally, soil condition is important to understand as certain soil types can be very aggressive at causing deterioration on certain pipe types.

It is recommended that the town develop a rating system for the mains within the distribution network based on the availability of key data, and that funds are budgeted for this development.

Also, it is recommended that the town utilize the CityWide Works application to track water main break work orders and hydrant flow inspection readings as a starting point to develop a future scoring database for each water main.

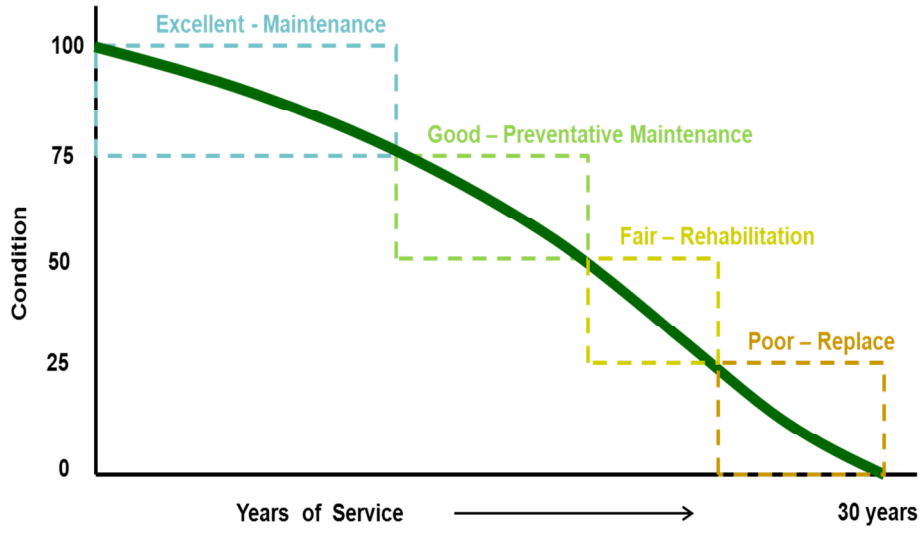
6.4 AM Strategy – Life Cycle Analysis Framework

An industry review was conducted to determine which life cycle activities can be applied at the appropriate time in an asset's life, to provide the greatest additional life at the lowest cost. In the asset management industry, this is simply put as doing the right thing to the right asset at the right time. If these techniques are applied across entire asset networks or portfolios (e.g., the entire road network), the town could gain the best overall asset condition while expending the lowest total cost for those programs.

6.4.1 Paved Roads

The following analysis has been conducted at a fairly high level, using industry standard activities and costs for paved roads. With future updates of this Asset Management Strategy, the town may wish to run the same analysis with a detailed review of town activities used for roads and the associated local costs for those work activities. All of this information can be input into the CityWide software suite in order to perform updated financial analysis as more detailed information becomes available.

The following diagram depicts a general deterioration profile of a road with a 30 year life.



As shown above, during the road's life cycle there are various windows available for work activity that will maintain or extend the life of the asset. These windows are: maintenance; preventative maintenance; rehabilitation; and replacement or reconstruction.

The windows or thresholds for when certain work activities should be applied to also coincide approximately with the condition state of the asset as shown below:

Asset Condition and Related Work Activity: Paved Roads

Condition	Condition Range	Work Activity
Excellent condition (Maintenance only phase)	100-76	■ maintenance only
Good Condition (Preventative maintenance phase)	75 - 51	■ crack sealing ■ emulsions
Fair Condition (Rehabilitation phase)	50 -26	■ resurface - mill & pave ■ resurface - asphalt overlay ■ single & double surface treatment (for rural roads)
Poor Condition (Reconstruction phase)	25 - 1	■ reconstruct - pulverize and pave ■ reconstruct - full surface and base reconstruction
Critical Condition (Reconstruction phase)	0	■ Critical includes assets beyond their useful lives which make up the backlog. they require the same interventions as the "Poor" category above.

With future updates of this Asset Management Strategy the town may wish to review the above condition ranges and thresholds for when certain types of work activity occur, and adjust to better suit the town's work program. Also note: when adjusting these thresholds, it actually adjusts the level of service provided and ultimately changes the amount of money required. These threshold and condition ranges can be easily updated with the CityWide software suite and an updated financial analysis can be calculated. These adjustments will be an important component of future Asset Management Plans, as the Province requires each municipality to present various management options within the financing plan.

The table below outlines the costs for various road activities, the added life obtained for each, the condition range at which they should be applied, and the cost of 1 year added life for each (cost of activity / added life) in order to present an apples to apples comparison.

Road Lifecycle Activity Options

Treatment	Average Unit Cost (per sq. m)	Added Life (Years)	Condition Range	Cost Of Activity/Added Life
Urban Reconstruction	$205	30	25 - 0	$6.83
Urban Resurfacing	$84	15	50 - 26	$5.60
Rural Reconstruction	$135	30	25 - 0	$4.50
Rural Resurfacing	$40	15	50 - 26	$2.67
Double Surface Treatment	$25	10	50 - 26	$2.50
Routing & Crack Sealing (P.M)	$2	3	75 - 51	$0.67

As can be seen in the table above, preventative maintenance activities such as routing and crack sealing have the lowest associated cost (per sq. m) in order to obtain one year of added life. Of course, preventative maintenance activities can only be applied to a road at a relatively early point in the life cycle. It is recommended that the town engage in an active preventative maintenance program for all paved roads and that a portion of the maintenance budget is allocated to this.

Also, rehabilitation activities, such as urban and rural resurfacing or double surface treatments (tar and chip) for rural roads have a lower cost to obtain each year of added life than full reconstruction activities. It is recommended, if not in place already, that the municipality engages in an active rehabilitation program for urban and rural paved roads and that a portion of the capital budget is dedicated to this.

Of course, in order to implement the above programs it will be important to also establish a general condition score for each road segment, established through standard condition assessment protocols as previously described.

It is important to note that a "worst first" budget approach, whereby no life cycle activities other than reconstruction at the end of a roads life are applied, will result in the most costly method of managing a road network overall.

6.4.2 Gravel Roads

The life cycle activities required for these roads are quite different from paved roads. Gravel roads require a cycle of perpetual maintenance, including general re-grading, reshaping of the crown and cross section, gravel spot and section replacement, dust abatement and ditch clearing and cleaning.

Gravel roads can require frequent maintenance, especially after wet periods and when accommodating increased traffic. Wheel motion shoves material to the outside (as well as in-between travelled lanes), leading to rutting, reduced water-runoff, and eventual road destruction if unchecked. This deterioration process is prevented if interrupted early enough, simple re-grading is sufficient, with material being pushed back into the proper profile.

As a high proportion of gravel roads can have a significant impact on the maintenance budget, it is recommended that with further updates of this asset management plan the town study the traffic volumes and maintenance requirements in more detail for its gravel road network.

Similar studies elsewhere have found converting certain roadways to paved roads can be very cost beneficial especially if frequent maintenance is required due to higher traffic volumes. Roads within the gravel network should be ranked and rated using the following criteria:

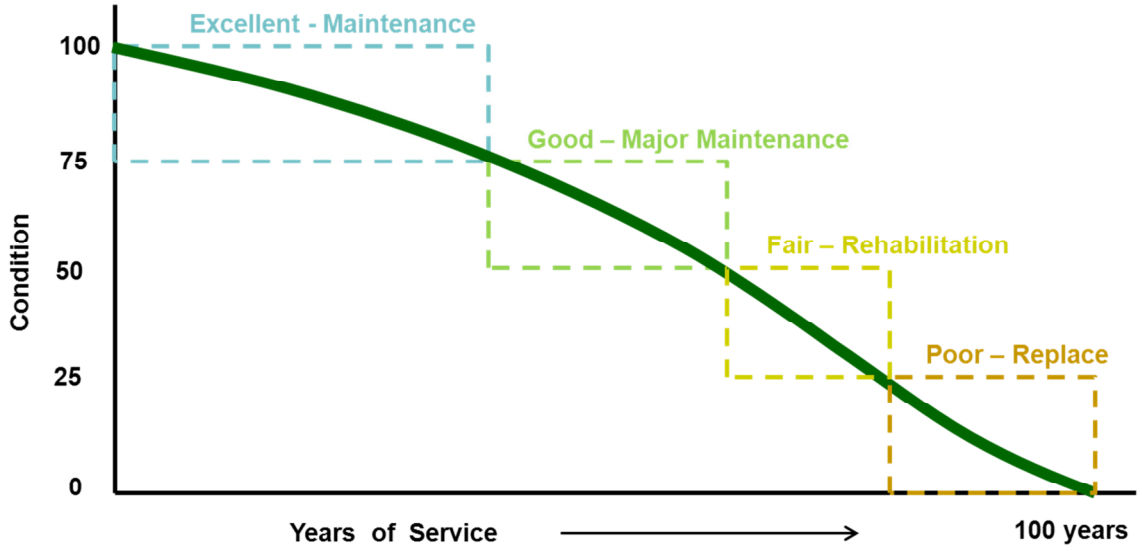
- Usage - traffic volumes and type of traffic
- Functional importance of the roadway
- Known safety issues
- Frequency of maintenance and overall expenditures required

Through the above type of analysis, a program could be introduced to convert certain gravel roadways into paved roads, reducing overall costs, and be brought forward into the long range budget.

6.4.3 Sanitary and Storm Sewers

The following analysis has been conducted at a fairly high level, using industry standard activities and costs for sanitary and storm sewer rehabilitation and replacement. With future updates of this asset management strategy, the town may wish to run the same analysis with a detailed review of town activities used for sewer mains and the associated local costs for those work activities. All of this information can be input into the CityWide software suite in order to perform updated financial analysis as more detailed information becomes available.

The following diagram depicts a general deterioration profile of a sewer main with a 100 year life.



As shown above, during the sewer main's life cycle there are various windows available for work activity that will maintain or extend the life of the asset. These windows are: maintenance; major maintenance; rehabilitation; and replacement or reconstruction.

The windows or thresholds for when certain work activities should be applied also coincide approximately with the condition state of the asset as shown below:

Asset Condition and Related Work Activity: Sewer Main

Condition	Condition Range	Work Activity
Excellent condition (Maintenance only phase)	100-76	■ maintenance only (cleaning & flushing etc.)
Good Condition (Preventative maintenance phase)	75 - 51	■ mahhole repairs ■ small pipe section repairs
Fair Condition (Rehabilitation phase)	50 -26	■ structural relining
Poor Condition (Reconstruction phase)	25 - 1	■ pipe replacement
Critical Condition (Reconstruction phase)	0	■ critical includes assets beyond their useful lives which make up the backlog. they require the same interventions as the "Poor" category above.

With future updates of this Asset Management Strategy the town may wish to review the above condition ranges and thresholds for when certain types of work activity occur, and adjust to better suit the town's work program. Also note: when adjusting these thresholds, it actually adjusts the level of service provided and ultimately changes the amount of money required. These threshold and condition ranges can be easily updated with the CityWide software suite and an updated financial analysis can be calculated. These adjustments will be an important component of future Asset Management Plans, as the province requires each municipality to present various management options within the financing plan.

The table below outlines the costs, by pipe diameter, for various sewer main rehabilitation (lining) and replacement activities. The columns display the added life obtained for each activity, the condition range at which they should be applied, and the cost of 1 year added life for each (cost of activity / added life) in order to present an apples to apples comparison.

Sewer Main Lifecycle Activity Options

Category	Cost (per m)	Added Life	Condition Range	1 year Added Life Cost (Cost / Added Life)
Structural Rehab (m)				
0 - 325mm	$174.69	75	50 - 75	$2.33
325 - 625mm	$283.92	75	50 - 75	$3.79
625 - 925mm	$1,857.11	75	50 - 75	$24.76
> 925mm	$1,771.34	75	50 - 75	$23.62
Replacement (m)				
	$475.00	100	76 - 100	$4.75
325 - 625mm	$725.00	100	76 - 100	$7.25
625 - 925mm	$900.00	100	76 - 100	$9.00
> 925mm	$1,475.00	100	76 - 100	$14.75

As can be seen in the above table, structural rehabilitation or lining of sewer mains is an extremely cost effective industry activity and solution for pipes with a diameter less than 625mm. The unit cost of lining is approximately one third of replacement and the cost to obtain one year of added life is half the cost. For Kingsville, this diameter range would account for over 95% of sanitary sewer mains and 80% of storm mains. Structural lining has been proven through industry testing to have a design life (useful life) of 75 years, however, it is believed that liners will probably obtain 100 years of life (the same as a new pipe).

For sewer mains with diameters greater than 625mm specialized liners are required and therefore the costs are no longer effective. It should be noted, however, that the industry is continually expanding its technology in this area and therefore future costs should be further reviewed for change and possible price reductions.

It is recommended, if not in place already, that the town engage in an active structural lining program for sanitary and storm sewer mains and that a portion of the capital budget be dedicated to this.

In order to implement the above, it will be important to also establish a condition assessment program to establish a condition score for each sewer main within the sanitary and storm collection networks, and therefore identify which pipes are good candidates for structural lining.

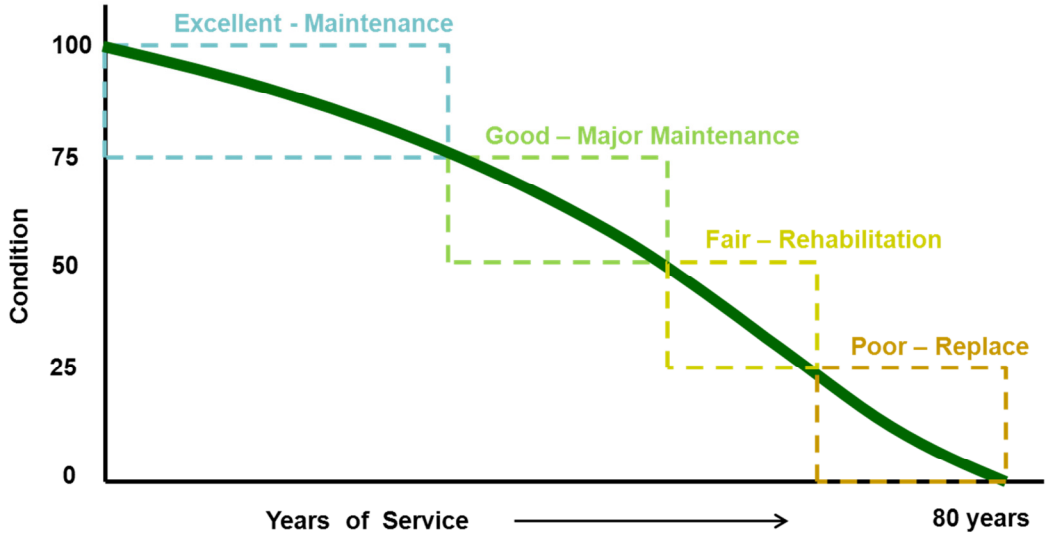
6.4.4 Bridges & Culverts (greater than 3m span)

The best approach to develop a 10 year needs list for the town's relatively small bridge structure portfolio would be to have the structural engineer who performs the inspections to develop a maintenance requirements report, a rehabilitation and replacement requirements report and identify additional detailed inspections as required. This approach is described in more detail within the "Bridges & Culverts (greater than 3m) Inspections" section above.

6.4.5 Water Network

As with roads and sewers above, the following analysis has been conducted at a fairly high level, using industry standard activities and costs for water main rehabilitation and replacement.

The following diagram depicts a general deterioration profile of a water main with an 80 year life.



As shown above, during the water main's life cycle there are various windows available for work activity that will maintain or extend the life of the asset. These windows are: maintenance; major maintenance; rehabilitation; and replacement or reconstruction.

The windows or thresholds for when certain work activities should be applied also coincide approximately with the condition state of the asset as shown below:

Asset Condition and Related Work Activity: Water Main

Condition	Condition Range	Work Activity
Excellent condition (Maintenance only phase)	100-76	■ maintenance only (cleaning & flushing etc.)
Good Condition (Preventative maintenance phase)	75 - 51	■ water main break repairs ■ small pipe section repairs
Fair Condition (Rehabilitation phase)	50 -26	■ structural water main relining
Poor Condition (Reconstruction phase)	25 - 1	■ pipe replacement
Critical Condition (Reconstruction phase)	0	■ critical includes assets beyond their useful lives which make up the backlog. they require the same interventions as the "Poor" category above.

Water main Lifecycle Activity Option				
Category	Cost	Added Life	Condition Range	Cost of Activity / Added Life
Structural Rehab (m)				
0.000 - 0.150m	$209.70	50	50 - 75	$4.19
0.150 - 0.300m	$315.00	50	50 - 75	$6.30
0.300 - 0.400m	$630.00	50	50 - 75	$12.60
0.400 - 0.700m	$1,500.00	50	50 - 75	$30.00
0.700 m - & +	$2,000.00	50	50 - 75	$40.00
Replacement (m)				
0.000 - 0.150m	$233.00	80	76 - 100	$2.91
0.150 - 0.300m	$350.00	80	76 - 100	$4.38
0.300 - 0.400m	$700.00	80	76 - 100	$8.75
0.400 - 0.700m	$1,500.00	80	76 - 100	$18.75
0.700 m - & +	$2,000.00	80	76 - 100	$25.00

Water rehab technologies still require some digging (known as low dig technologies, due to lack of access) and are actually more expensive on a life cycle basis. However, if the road above the water main is in good condition lining avoids the cost of road reconstruction still resulting in a cost effective solution.

It should be noted, that the industry is continually expanding its technology in this area and therefore future costs should be further reviewed for change and possible price reductions.

At this time, it is recommended that the town only utilize water main structural lining when the road above requires rehab or no work.

6.5 Growth and Demand

Typically a municipality will have specific plans associated with population growth. It is essential that the asset management strategy should address not only the existing infrastructure, as above, but must include the impact of projected growth on defined project schedules and funding requirements. Projects would include the funding of the construction of new infrastructure, and/or the expansion of existing infrastructure to meet new demands. The town should enter these projects into the CityWide software in order to be included within the short and long term budgets as required.

6.6 Project Prioritization

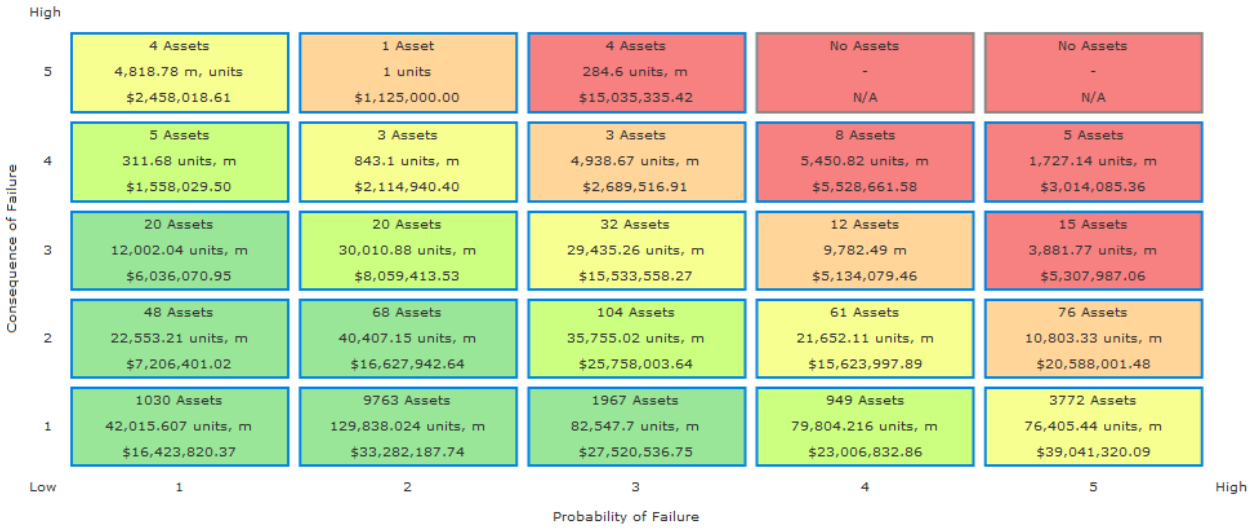
The above techniques and processes when established for the road, water, sewer networks and bridges will supply a significant listing of potential projects. Typically the infrastructure needs will exceed available resources and therefore project prioritization parameters must be developed to ensure the right projects come forward into the short and long range budgets. An important method of project prioritization is to rank each project, or each piece of infrastructure, on the basis of how much risk it represents to the organization.

6.6.1 Risk Matrix and Scoring Methodology

Risk within the infrastructure industry is often defined as the probability (likelihood) of failure multiplied by the consequence of that failure.

RISK LIKELIHOOD OF FAILURE **x** CONSEQUENCE OF FAILURE

The likelihood of failure relates to the current condition state of each asset, whether they are in Excellent, Good, Fair, Poor or Critical condition, as this is a good indicator regarding their future risk of failure. The consequence of failure relates to the magnitude, or overall effect, that an asset's failure will cause. For instance, a small diameter water main break in a sub division may cause a few customers to have no water service for a few hours, whereby a large trunk water main break outside a hospital could have disastrous effects and would be a front page news item. The following table represents the scoring matrix for risk:



All of the town's assets analyzed within this asset management plan have been given both a likelihood of failure score and a consequence of failure score within the CityWide software.

The following risk scores have been developed at a high level for each asset class within the CityWide software system. It is recommended that the town undertake a detailed study to develop a more tailored

suite of risk scores, particularly in regards to the consequence of failure, and that this be updated within the CityWide software with future updates to this Asset Management Plan.

The current scores that will determine budget prioritization currently within the system are as follows:

All assets:
The Likelihood of Failure score is based on the condition of the assets:

Likelihood of Failure: **All Assets**	
Asset condition	Likelihood of failure
Excellent condition	score of 1
Good condition	score of 2
Fair condition	score of 3
Poor condition	score of 4
Critical condition	score of 5

Bridges (based on valuation):
The consequence of failure score for this initial AMP is based upon the replacement value of the structure. The higher the value, probably the larger the structure and therefore probably the higher the consequential risk of failure:

Consequence of Failure: **Bridges**	
Replacement Value	Consequence of failure
Up to $100k	score of 1
$101-$200k	score of 2
$201-$300k	score of 3
$301-$400k	score of 4
$401k and above	score of 5

Roads (based on classification):
The consequence of failure score for this initial AMP is based upon the road classification as this will reflect traffic volumes and number of people affected.

Consequence of Failure: **Roads**	
Road Classification	Consequence of failure
Gravel	score of 1
Tar and chip	score of 3
Paved	score of 5

Sanitary Sewer (based on diameter):
The consequence of failure score for this initial AMP is based upon pipe diameter as this will reflect potential upstream service area affected.

Consequence of Failure: **Sanitary Sewer**	
Pipe Diameter	Consequence of failure
Up to 200mm	score of 1
201-300mm	score of 2
301-400mm	score of 3
401-700mm	score of 4
701mm and above	score of 5

Water (based on diameter):
The consequence of failure score for this initial AMP is based upon pipe diameter as this will reflect potential service area affected.

Consequence of Failure: **Water**	
Pipe Diameter	Consequence of Failure
Up to 100mm	score of 1
101-150mm	score of 2
151-200mm	score of 3
201-250mm	score of 4
251mm and above	score of 5

Storm Sewer (based on diameter):
The consequence of failure score for this initial AMP is based upon pipe diameter as this will reflect potential upstream service area affected.

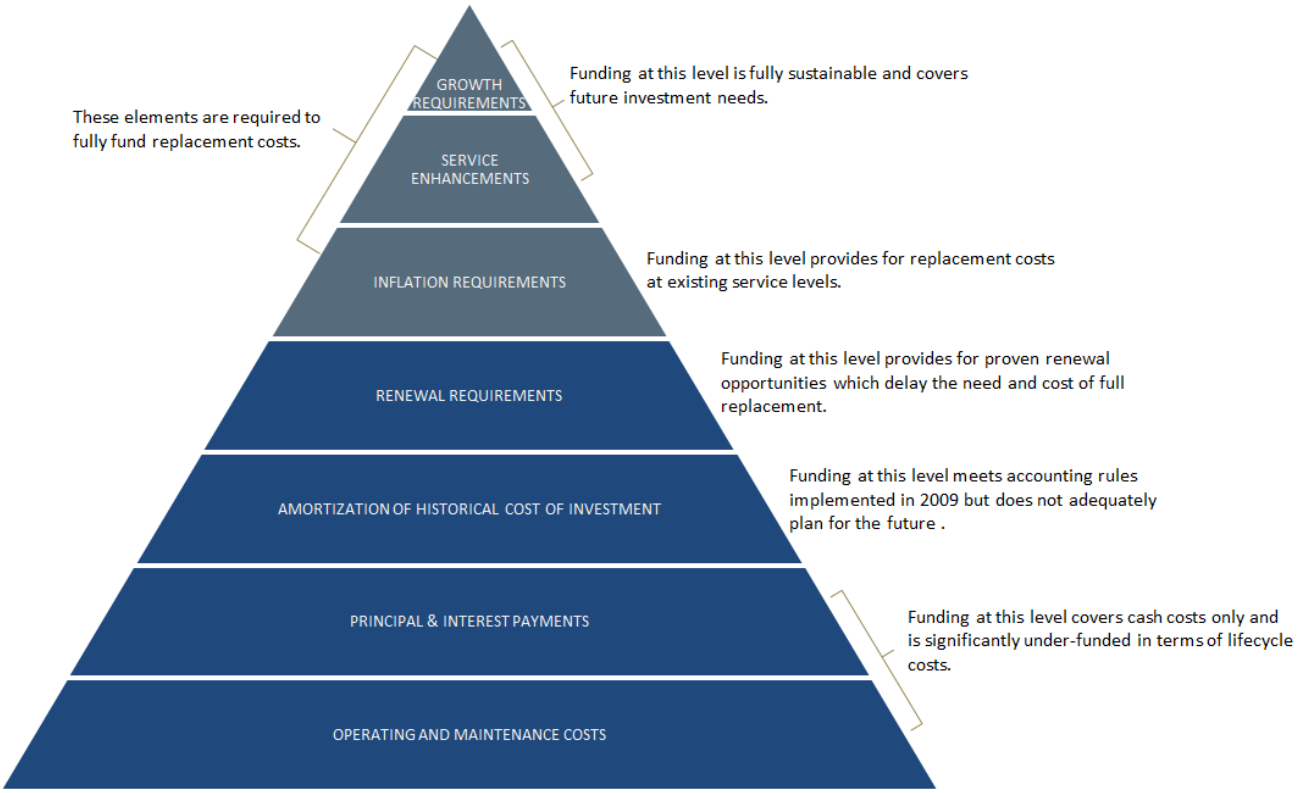
Consequence of Failure: **Storm Sewer**	
Replacement Value	Consequence of failure
Up to 250mm	score of 1
251-450mm	score of 2
451-650mm	score of 3
651-900mm	score of 4
901mm and above	score of 5

7.0 Financial Strategy

7.1 General overview of financial plan requirements

In order for an AMP to be effectively put into action, it must be integrated with financial planning and long-term budgeting. The development of a comprehensive financial plan will allow the Town of Kingsville to identify the financial resources required for sustainable asset management based on existing asset inventories, desired levels of service and projected growth requirements.

The following pyramid depicts the various cost elements and resulting funding levels that should be incorporated into AMP's that are based on best practices.



This report develops such a financial plan by presenting several scenarios for consideration and culminating with final recommendations. As outlined below, the scenarios presented model different combinations of the following components:

a) the financial requirements (as documented in the SOTI section of this report) for:
- existing assets
- existing service levels
- requirements of contemplated changes in service levels (none identified for this plan)
- requirements of anticipated growth (none identified for this plan)

b) use of traditional sources of municipal funds:
- tax levies
- user fees
- reserves
- debt (no additional debt required for this AMP)
- development charges (not applicable)

c) use of non-traditional sources of municipal funds:
- reallocated budgets (not required for this AMP)
- partnerships (not applicable)
- procurement methods (no changes recommended)

d) use of senior government funds:
- gas tax
- grants (not included in this plan due to Provincial requirements for firm commitments)

If the financial plan component of an AMP results in a funding shortfall, the Province requires the inclusion of a specific plan as to how the impact of the shortfall will be managed. In determining the legitimacy of a funding shortfall, the Province may evaluate a municipality's approach to the following:

a) in order to reduce financial requirements, consideration has been given to revising service levels downward
b) all asset management and financial strategies have been considered. For example:
- if a zero debt policy is in place, is it warranted? If not, the use of debt should be considered.
- do user fees reflect the cost of the applicable service? If not, increased user fees should be considered.

This AMP includes recommendations that avoid long-term funding deficits.

7.2 Financial information relating to the Town of Kingsville's AMP

7.2.1 Funding objective

We have developed scenarios that would enable the Town of Kingsville to achieve full funding within 5 years or 10 years for the following assets:

a) Tax funded assets – Road network (paved roads); Bridges & Culverts; Storm Sewer Network
b) Rate funded assets – Water Network; Sanitary Sewer Network

Note: For the purposes of this AMP, we have excluded the category of gravel roads since gravel roads are a perpetual maintenance asset and end of life replacement calculations do not normally apply. If gravel roads are maintained properly they, in essence, could last forever.

For each scenario developed we have included strategies, where applicable, regarding the use of tax revenues, user fees and reserves.

7.3 Tax funded assets

7.3.1 Current funding position

Tables 1 and 2 outline, by asset category, the Town of Kingsville's average annual asset investment requirements, current funding positions and funding changes required to achieve full funding on assets funded by taxes.

Table 1. Summary of Infrastructure Requirements & Current Funding Available

Asset Category	Average Annual Investment Required	2013 Annual Funding Available				Annual Deficit
		Taxes	Gas Tax	Other	Total	
Paved Roads	6,899,000	382,000	1,026,000	0	1,408,000	5,491,000
Bridges & Culverts	613,000	46,000	0	0	46,000	567,000
Storm Sewers	527,000	136,000	0	0	136,000	391,000
Total	**8,039,000**	**564,000**	**1,026,000**	**0**	**1,590,000**	**6,449,000**

7.3.2. Recommendations for full funding

The average annual investment requirement for paved roads, bridges & culverts and storm sewers is $8,039,000. Annual revenue currently allocated to these assets is $1,590,000 leaving an annual deficit of $6,449,000. To put it another way, these infrastructure categories are currently funded at 20% of their long-term requirements.

Kingsville has annual tax revenues of $11,251,000 in 2013. As illustrated in table 2, full funding would require an increase in tax revenue of 57.3% over time.

Table 2. Overview of Revenue Requirements for Full Funding

Asset Category	Tax Increase Required for Full Funding
Paved Roads	48.8%
Bridges & Culverts	5.0%
Storm Sewer Network	3.5%
Total	**57.3%**

As illustrated in table 8, Kingsville's debt payments for these asset categories will be decreasing by $18,000 from 2013 to 2017 (5 years). Although not illustrated, debt payments will decrease by $42,000 from 2013 to 2022 (10 years). Normally our recommendations include capturing those decreases in cost and allocating them to the infrastructure deficit outlined above. However, the amounts in this case are immaterial.

Through table 3, we have expanded the above scenario to present multiple options. Due to the significant increases required, we have provided phase-in options of up to 20 years:

Table 3. Revenue Options for Full Funding

	Tax Revenues			
	5 YEARS	10 YEARS	15 YEARS	20 YEARS
Annual tax increases required	11.5%	5.7%	3.8%	2.9%

We recommend the 15 year option in table 3. This involves full funding being achieved over 15 years by:

a) increasing tax revenues by 3.8% each year for the next 15 years solely for the purpose of phasing in full funding to the asset categories covered in this section of the AMP.
b) allocating the $1,026,000 of gas tax revenue to the paved roads category.
c) increasing existing and future infrastructure budgets by the applicable inflation index on an annual basis in addition to the deficit phase-in.

Notes:

1. We realize that raising revenues by 3.8% per year for infrastructure purposes will be very difficult to do. However, considering a phase-in window greater than ten years may have even greater consequences in terms of infrastructure failure.
2. As in the past, periodic senior government infrastructure funding will most likely be available during the phase-in period. By Provincial AMP rules, this funding cannot be incorporated into the AMP unless there are firm commitments in place.

Although this option achieves full funding on an annual basis in 15 years and provides financial sustainability over the period modeled (to 2050), the recommendations do require prioritizing capital projects to fit the resulting annual funding available. For example, as of 2013, age based data shows a pent up investment demand of $24,148,000 for paved roads, $7,915,000 for bridges/culverts and $1,057,000 for storm sewers. Prioritizing these and future projects will require the age based data to be replaced by condition based data. Although our recommendations include no further use of debt, the results of the condition based analysis may demand otherwise.

7.4 Rate funded assets

7.4.1 Current funding position

Tables 4 and 5 outline, by asset category, the Town of Kingsville's average annual asset investment requirements, current funding positions and funding changes required to achieve full funding on assets funded by rates.

Table 4. Summary of Infrastructure Requirements & Current Funding Available

Asset Category	Average Annual Investment Required	2013 Annual Funding Available				Annual Deficit (Surplus)
		Rates	Less: Allocated to Operations	Other	Total	
Sanitary Sewer Network	950,000	1,603,000	-1,345,000	0	258,000	692,000
Water Network	961,000	4,735,000	-4,225,000	0	510,000	451,000
Total	**1,911,000**	**6,338,000**	**-5,570,000**	**0**	**768,000**	**1,143,000**

7.4.2. Recommendations for full funding

The average annual investment requirement for sanitary and water services is $1,911,000. Annual revenue currently allocated to these assets for capital purposes is $768,000 leaving an annual deficit of $1,143,000. As a result, these infrastructure categories are currently funded at 40% of their long-term requirements.

In 2013, Kingsville has annual sanitary revenues of $1,603,000 and water revenues of $4,735,000. As illustrated in table 5, a move to full funding require increasing sanitary rates by 43.2% over time and water rates by 9.5% over time.

Table 5. Overview of Revenue Requirements for Full Funding

Asset Category	Rate Increases Required for Full Funding
Sanitary Sewer Network	43.2%
Water Network	9.5%

Through table 6, we have expanded the above scenario to present multiple options.

Table 6. Revenue Options for Full Funding

	Sanitary Sewer Network		Water Network	
	5 YEARS	10 YEARS	5 YEARS	10 YEARS
Annual rate increase required	8.6%	4.3%	1.9%	1.0%

Considering all of the above information, we recommend the 10 year option in table 6. This involves full funding being achieved over 10 years by:

c) increasing rate revenues by 4.3% for sanitary services and 1.0% for water services each year for the next 10 years solely for the purpose of phasing in full funding to the asset categories covered in this section of the AMP.

d) increasing existing and future infrastructure budgets by the applicable inflation index on an annual basis in addition to the deficit phase-in.

Notes:

1. As in the past, periodic senior government infrastructure funding will most likely be available during the phase-in period. By Provincial AMP rules, this funding cannot be incorporated into an AMP unless there are firm commitments in place.
2. Any increase in rates required for operations would be in addition to the above recommendations.

Although this option achieves full funding on an annual basis in 10 years and provides financial sustainability over the period modeled (to 2050), the recommendations do require prioritizing capital projects to fit the resulting annual funding available. As of 2013, age based data shows a pent up investment demand of $2,218,000 for sanitary services and $4,792,000 for water services. Prioritizing future projects will require the age based data to be replaced by condition based data. Although our recommendations include no further use of debt, the results of the condition based analysis may require otherwise.

7.5 Use of debt

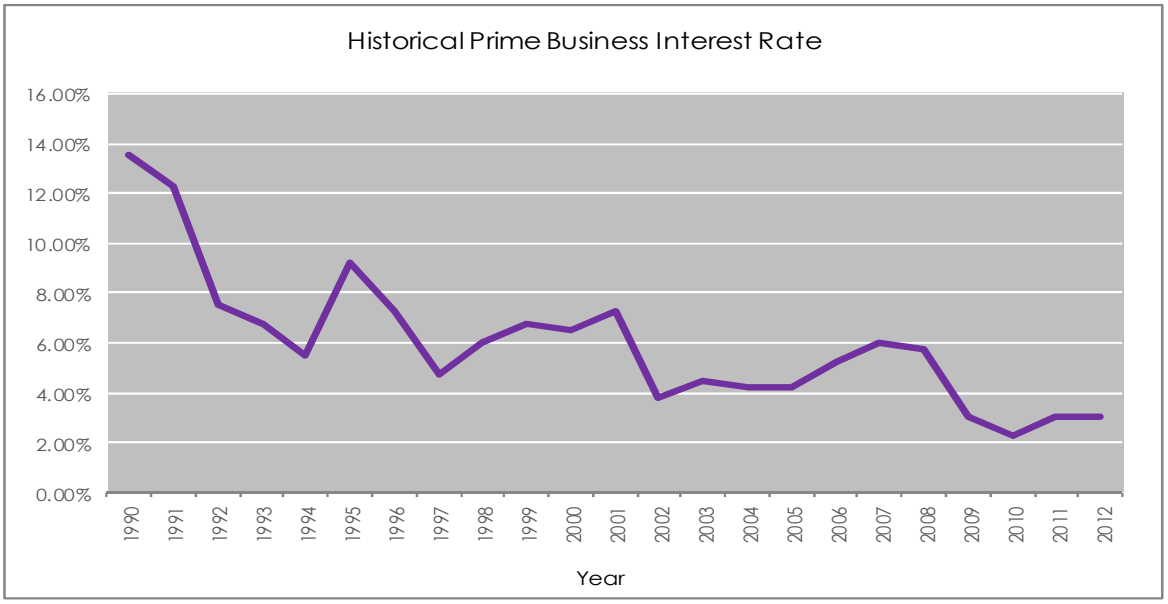
For reference purposes, table 7 outlines the premium paid on a project if financed by debt. For example, a $1M project financed at 3.0%[1] over 15 years would result in a 26% premium or $260,000 of increased costs due to interest payments. For simplicity, the table does not take into account the time value of money or the effect of inflation on delayed projects.

Table 6. Total Interest Paid as a % of Project Costs

Interest Rate	Number Of Years Financed					
	5	10	15	20	25	30
7.0%	22%	42%	65%	89%	115%	142%
6.5%	20%	39%	60%	82%	105%	130%
6.0%	19%	36%	54%	74%	96%	118%
5.5%	17%	33%	49%	67%	86%	106%
5.0%	15%	30%	45%	60%	77%	95%
4.5%	14%	26%	40%	54%	69%	84%
4.0%	12%	23%	35%	47%	60%	73%
3.5%	11%	20%	30%	41%	52%	63%
3.0%	9%	17%	26%	34%	44%	53%
2.5%	8%	14%	21%	28%	36%	43%
2.0%	6%	11%	17%	22%	28%	34%
1.5%	5%	8%	12%	16%	21%	25%
1.0%	3%	6%	8%	11%	14%	16%
0.5%	2%	3%	4%	5%	7%	8%
0.0%	0%	0%	0%	0%	0%	0%

It should be noted that current interest rates are near all-time lows. Sustainable funding models that include debt need to incorporate the risk of rising interest rates. The following graph shows where historical lending rates have been:

[1] Current municipal Infrastructure Ontario rates for 15 year money is 3.2%.



As illustrated in table 6, a change in 15 year rates from 3% to 6% would change the premium from 26% to 54%. Such a change would have a significant impact on a financial plan.

Tables 7 and 8 outline how the Town of Kingsville has historically used debt for investing in the asset categories as listed. In terms of overall debt capacity, Kingsville currently has $1,432,000 of total outstanding debt and $165,000 of total annual principal and interest payment commitments. These principal and interest payments are well within its provincially prescribed annual maximum of $5,388,000.

Table 7. Overview of Use of Debt

Asset Category	Current Debt Outstanding	Use Of Debt In Last Five Years				
		2009	2010	2011	2012	2013
Paved Roads	1,333,000	0	0	0	0	0
Bridges & Culverts	0	0	0	0	0	0
Storm Sewer Network	0	0	0	0	0	0
Sanitary Sewer Network	0	0	0	0	0	0
Water Network	0	0	0	0	0	0
Total for AMP Categories	**0**	**0**	**0**	**0**	**0**	**0**
Non AMP Debt	0	0	0	0	0	0
Overall Total	**1,333,000**	**0**	**0**	**0**	**0**	**0**

Table 8. Overview of Debt Costs					
	Principal & Interest Payments In Next Five Years				
Asset Category	2013	2014	2015	2016	2017
Paved Roads	165,000	160,000	156,000	151,000	147,000
Bridges & Culverts	0	0	0	0	0
Storm Sewers	0	0	0	0	0
Sanitary Services	0	0	0	0	0
Water Services	0	0	0	0	0
Total for AMP Categories	**165,000**	**160,000**	**156,000**	**151,000**	**147,000**
Non AMP Debt	0	0	0	0	0
Overall Total	**165,000**	**160,000**	**156,000**	**151,000**	**147,000**

The revenue options outlined in this plan allow Kingsville to fully fund its long-term infrastructure requirements without further use of debt. However, as explained in sections 7.3.2 and 7.4.2, the recommended condition rating analysis may require otherwise.

7.6 Use of reserves

7.6.1 Available reserves

Reserves play a critical role in long-term financial planning. The benefits of having reserves available for infrastructure planning include:

- the ability to stabilize tax rates when dealing with variable and sometimes uncontrollable factors
- financing one-time or short-term investments
- accumulating the funding for significant future infrastructure investments
- managing the use of debt
- normalizing infrastructure funding requirements

By infrastructure category, table 9 outlines the details of the reserves currently available to the Town of Kingsville.

Table 9. Summary of Reserves Available	
Asset Category	Balance at December 31, 2013
Paved Roads	0
Bridges & Culverts	0
Storm Sewer Network	0
Total Tax Funded	0
Sanitary Sewer Network	509,000
Water Network	510,000
Total Rate Funded	**1,019,000**

There is considerable debate in the municipal sector as to the appropriate level of reserves that a municipality should have on hand. There is no clear guideline that has gained wide acceptance. Factors that municipalities should take into account when determining their capital reserve requirements include:

- breadth of services provided
- age and condition of infrastructure
- use and level of debt

- economic conditions and outlook
- internal reserve and debt policies

The reserves in table 10 are available for use by applicable asset categories during the phase-in period to full funding. This, coupled with Kingsville's judicious use of debt in the past, allows the scenarios to assume that, if required, available reserves and debt capacity can be used for high priority and emergency infrastructure investments in the short to medium-term.

7.6.2 Recommendation

As the Town of Kingsville updates its AMP and expands it to include other asset categories, that future planning should include determining what its long-term reserve balance requirements are and a plan to achieve such balances in the long-term.

8.0 Appendix A: Report Card Calculations

Key Calculations

1. "Weighted, unadjusted star rating":

(% of assets in given condition) x (potential star rating)

2. "Adjusted star rating"

(weighted, unadjsted star rating) x (% of total replacement value)

3. "Overall Rating"

$$\frac{\textit{(Condition vs. Performance star rating)} + \textit{(Needs vs. Funding star rating)}}{2}$$

Grade Cuttoffs

1. Conditions vs Performance

Letter Grade	Star Rating
F	0
D	2
D+	2.5
C	2.9
C+	3.5
B	3.9
B+	4.5
A	4.9
A	5

2. Funding vs Need

Funding %	Star rating	Grade
0.0%	0	F
25.0%	1	F
46.0%	1.9	D
61.0%	2.9	C
76.0%	3.9	B
91.0%	4.9	A
100.0%	5	A

Roads Network: Town of Kingsville

1. Condition vs. Performance

Total category replacement value (excludes gravel/minor appurtenances)	$131,498,439	Segment replacement value	$131,498,439	Segment value as a % of total category replacement value	100.0%

Segment 1 (of1)	Condition	Letter grade	Star rating	Quantity (m) in given condition	% of Assets in given condition	Weighted, unadjusted star rating	Segment adjusted star rating
Tar & chip, and asphalt	Excellent	A	5	25,320	12%	0.6	3.07
	Good	B	4	43,067	21%	0.8	
	Fair	C	3	77,761	38%	1.1	
	Poor	D	2	34,798	17%	0.3	
	Critical	F	1	22,337	11%	0.1	
			Totals	**203,283**	**100%**	**3.1**	

Category star rating	Category letter grade
3.1	**C**

2. Needs vs. Funding

Average annual investment required	2013 funding available	Funding percentage	Deficit
$6,899,000	$1,408,000	20.4%	$5,491,000

Category star rating	Category letter grade
0.0	**F**

3. Overall Rating

Condition vs Performance star rating	Needs vs Funding star rating	Average star rating	Overall letter grade
3.1	0.0	**1.5**	**F**

Bridges & Culverts: Town of Kingsville

1. Condition vs Performance

Total category replacement value	$26,245,962	Segment replacement value	$26,245,962	Segment value as a % of total category replacement value	100.0%

Segment 1 (of 1)	Condition	Letter grade	Star rating	Units in given condition	% of Assets in given condition	Weighted, unadjusted star rating	Segment adjusted star rating
Bridges & culverts	Excellent	A	5	5	5%	0.3	1.99
	Good	B	4	11	11%	0.4	
	Fair	C	3	13	13%	0.4	
	Poor	D	2	19	19%	0.4	
	Critical	F	1	51	52%	0.5	
			Totals	**99**	**100%**	**2.0**	

Category star rating	Category letter grade
2.0	**F**

2. Needs vs Funding

Average annual investment required	2013 funding available	Funding percentage	Deficit			Category star rating	Category letter grade
$613,000	$46,000	7.5%	$567,000			**0.0**	**F**

3. Overall Rating

Condition vs Performance star rating	Needs vs Funding star rating	Average star rating	Overall letter grade
2.0	0.0	**1.0**	**F**

Water Network: Town of Kingsville

1. Condition vs Performance

Total category replacement value (	$39,662,570	Segment replacement value	$32,483,970	Segment value as a % of total category replacement value	81.9%

Segment 1 (of 2)	Condition	Letter grade	Star rating	Quantity (m) in given condition	% of Assets in given condition	Weighted, unadjusted star rating	Segement adjusted star rating
Water mains	Excellent	A	5	17,034	7%	0.36	2.53
	Good	B	4	91,340	39%	1.55	
	Fair	C	3	51,408	22%	0.66	
	Poor	D	2	45,252	19%	0.38	
	Critical	F	1	30,217	13%	0.13	
			Totals	**235,251**	**100%**	**3.08**	

Total category replacement value	$39,662,570	Segment replacement value	$7,178,600	Segment value as a % of total category replacement value	18.1%

Segment 2 (of 2)	Condition	Letter grade	Star rating	Units in given condition	% of Assets in given condition	Weighted, unadjusted star rating	Segmentadjusted star rating
Hydrants and valves	Excellent	A	5	240	10%	0.5	0.47
	Good	B	4	647	26%	1.1	
	Fair	C	3	458	19%	0.6	
	Poor	D	2	116	5%	0.1	
	Critical	F	1	992	40%	0.4	
			Totals	**2,453**	**100%**	**2.6**	

Category star rating	Category letter grade
3.0	**C**

2. Needs vs Funding

Average annual investment required	2013 funding available	Funding percentage	Deficit		
$961,000	$510,000	53.1%	$451,000.00		

Category star rating	Category letter grade
1.9	**D**

3. Overall Rating

Condition vs Performance star rating	Needs vs Funding star rating	Average star rating	Overall letter grade
3.0	1.9	**2.4**	**D**

Sanitary Sewer Network: Town of Kingsville

1. Condition vs Performance

Total category replacement value (excludes minor appurtenances)	$38,774,657	Segment replacement value	$24,459,286	Segment value as a % of total category replacement value	63.1%

Segment 1 (of 2)	Condition	Letter grade	Star rating	Quantity (m) of assets in given condition	% of Assets in given condition	Weighted, unadjusted star rating	Segment adjusted star rating
Mains/Pipes	Excellent	A	5	23,478	25%	1.23	**2.20**
	Good	B	4	38,505	40%	1.61	
	Fair	C	3	4,645	5%	0.15	
	Poor	D	2	19,313	20%	0.40	
	Critical	F	1	9,587	10%	0.10	
			Totals	**95,528**	**100%**	**3.49**	

Total category replacement value	$38,774,657	Segment replacement value	$14,315,371	Segment value as a % of total category replacement value	36.9%

Segment 2 (of 2)	Condition	Letter grade	Star rating	Replacement cost in given condition	% of Assets in given condition (based on replacement cost)	Weighted, unadjusted star rating	Segment adjusted star rating
Facilities	Excellent	A	5	$693,402	4.8%	0.2	**1.10**
	Good	B	4	$902,611	6.3%	0.3	
	Fair	C	3	$11,484,633	80.2%	2.4	
	Poor	D	2	$0	0.0%	0.0	
	Critical	F	1	$1,234,725	8.6%	0.1	
			Totals	**$14,315,371**	**100.0%**	**3.0**	

Category star rating	Category letter grade
3.3	**C**

2. Needs vs Funding

Average annual investment required	2013 funding available	Funding percentage	Deficit			Category star rating	Category letter grade
$950,000	$258,000	27.2%	$692,000.00			**1.0**	**F**

3. Overall Rating

Condition vs Performance star rating	Needs vs Funding star rating	Average star rating	Overall letter grade
3.3	1.0	**2.2**	**D**

Storm Network: Town of Kingsville

1. Condition vs Performance

Total category replacement value	$24,599,301	Segment replacement value	$18,299,301	Segment value as a % of total category replacement value	74.4%

Segment 1 (of 2)	Condition	Letter grade	Star rating	Quantity (m) of assets in given condition	% of Assets in given condition	Weighted, unadjusted star rating	Segment adjusted star rating
Mains/Pipes	Excellent	A	5	10,934	25%	1.25	2.49
	Good	B	4	12,852	29%	1.18	
	Fair	C	3	5,977	14%	0.41	
	Poor	D	2	8,527	19%	0.39	
	Critical	F	1	5,439	12%	0.12	
			Totals	**43,729**	**100%**	**3.35**	

Total category replacement value	$24,599,301	Segment replacement value	$6,300,000	Segment value as a % of total category replacement value	25.6%

Segment 2 (of 2)	Condition	Letter grade	Star rating	Units in given condition	% of assets in given condition	Weighted, unadjusted star rating	Segment adjusted star rating
Manholes and catch basins	Excellent	A	5	250	9%	0.4	0.82
	Good	B	4	1,478	52%	2.1	
	Fair	C	3	350	12%	0.4	
	Poor	D	2	146	5%	0.1	
	Critical	F	1	620	22%	0.2	
			Totals	**2,844**	**100%**	**3.2**	

Category star rating	Category letter grade
3.3	**C**

2. Needs vs Funding

Average annual investment required	2013 funding available	Funding percentage	Deficit		
$527,000	$136,000	25.8%	$391,000.00		

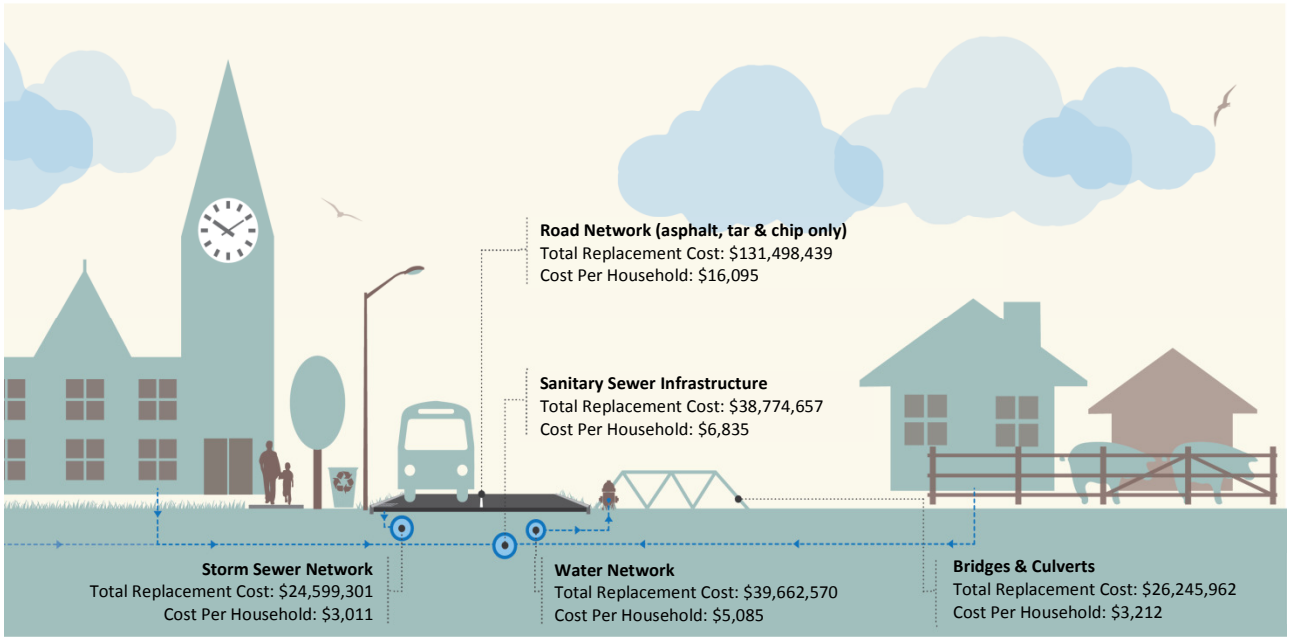
Category star rating	Category letter grade
1.0	**F**

3. Overall Rating

Condition vs Performance star rating	Needs vs Funding star rating	Average star rating	Overall letter grade
3.3	1.0	**2.2**	**D**

Infrastructure Replacement Cost Per Household

Total: $34,239 per household



Daily Investment Required Per Household for Infrastructure Sustainability